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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For Fiscal Year Ended July 31, 2004

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

For the Transition Period From _____ to _____

Commission File 000-23262

CMGI, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**04-2921333**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1100 Winter Street Waltham, Massachusetts	**02451**
(Address of principal executive offices)	**(zip code)**

(781) 663-5001
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
(Title of Class)
Common Stock, $0.01 par value

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

The approximate aggregate market value of Registrant's Common Stock held by non-affiliates of the Registrant on January 30, 2004, based upon the closing price of a share of the Registrant's Common Stock on such date as reported by Nasdaq: $1,034,596,873

On October 5, 2004, the Registrant had outstanding 475,885,103 shares of Common Stock, $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the "Definitive Proxy Statement") to be filed with the Securities and Exchange Commission relative to the Company's 2004 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED JULY 31, 2004

CMGI, INC.

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. The important factors discussed under the caption "Factors That May Affect Future Results" in Item 7 of this report, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management. Such forward-looking statements represent management's current expectations and are inherently uncertain. Investors are warned that actual results may differ from management's expectations. CMGI does not undertake any obligation to update forward-looking statements.

PART I

ITEM 1.—BUSINESS

General

CMGI, Inc. (together with its consolidated subsidiaries, "CMGI" or the "Company"), through its direct and indirect subsidiaries, provides industry-leading global supply chain management services and marketing distribution solutions that help businesses market, sell and distribute their products and services. In addition, through its venture capital affiliate, @Ventures, CMGI invests venture capital in a variety of technology ventures. The Company previously operated under the name CMG Information Services, Inc. and was incorporated in Delaware in 1986. CMGI's address is 1100 Winter Street, Suite 4600, Waltham, Massachusetts 02451.

CMGI's business strategy over the years has led to the development, acquisition and operation of majority-owned subsidiaries focused on technology and supply chain management services, as well as the strategic investment in other companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its subsidiaries, investments and affiliates. The Company expects to continue to develop and refine its product and service offerings, and to continue to pursue the development or acquisition of, or the investment in, additional companies and technologies. A further description of the Company's recent development is set forth in Notes 4, 8 and 23 of the Notes to Consolidated Financial Statements included in Item 8 below and is incorporated herein by reference.

Historically, CMGI's supply chain management business has been operated by SalesLink Corporation and SL Supply Chain Services International Corp. On July 31, 2003, CMGI contributed the capital stock of SL Supply Chain Services International Corp. to SalesLink. As used herein, with respect to our supply chain management business, references to SalesLink refer to SalesLink Corporation and SL Supply Chain Services International Corp.

On August 2, 2004, CMGI completed its acquisition of Modus Media, Inc., a privately held provider of supply chain management solutions ("Modus"), which conducted business through its wholly owned subsidiary, Modus Media International, Inc. CMGI acquired Modus in order to expand the geographic presence of its supply chain management offerings, diversify its customer base, broaden its product and service offerings and bolster its management team. Modus Media International, Inc., which has been renamed ModusLink Corporation, and the supply chain management business of SalesLink, are being integrated and operated under the ModusLink name. SalesLink's marketing distribution services business continues to operate as SalesLink Corporation.

Products and Services

Supply Chain Management Services

Through ModusLink, we provide extended supply chain management services and solutions to the technology industry on a global basis. The services and solutions are designed to optimize the supply chain, improving time to market, inventory management and distribution. Our clients include hardware manufacturers, software publishers, telecommunication carriers, broadband and wireless service providers and other companies that engage us to manage and perform the multiple business processes that occur from raw material procurement, through manufacturing, to order entry and final delivery to their distributors, retail channels and end customers. These services and solutions include supply base and inventory management, sourcing, demand planning, manufacturing, configuration and assembly processes, EDI solutions offering direct connections with customers' IT systems, distribution and fulfillment, web-store design and e-commerce, order management, customer service, reverse logistics, repair and supply chain design and consulting. We are also a Microsoft Authorized Replicator, further enhancing our position as a valued supply chain services provider to leading technology hardware OEMs.

Additionally, we offer flexible integrated IT solutions to manage the flow and use of information throughout the supply chain. Our enterprise resource planning (ERP) solution is a fully integrated manufacturing, distribution, reverse logistics and financial management system. To provide a full service, end-to-end supply chain solution we have also invested in front-end web design, web hosting, customer service and real time order processing. We offer a secure and redundant network environment to ensure our clients' data and information is secure and accurate. We work with clients to integrate data, tools and applications to create a technology solution that meets our clients' business needs.

Our comprehensive solutions leverage a scalable technology platform, proven business process expertise and a global network of operations centers to manage all aspects of the supply chain. Our global operational footprint consists of an integrated network of 39 strategically located facilities in 13 countries, including sites in North America, Europe and China. Our facilities are regionally optimized and globally scalable, providing us with the flexibility to deliver solutions regionally close to the customer or in more cost effective regions such as China and Mexico.

Marketing Distribution Services

We provide marketing distribution services through our subsidiary, SalesLink. On behalf of its clients, SalesLink fulfills orders for promotional collateral and products by assembling and shipping the items requested. As part of its fulfillment programs, SalesLink also provides print on demand solutions, product and literature inventory control and warehousing, comprehensive reporting and analysis, shipments, billings, back orders and returns.

SalesLink incorporates its leading edge SLAdvantage™ and SLDocXtreme™ technology solutions into its marketing distribution services. SLAdvantage allows clients to create online catalogs, enabling customers or prospects to view, download, print, email, and order marketing, sales and promotional materials using any Web browser anywhere in the world. Clients can also provide electronic, password-protected subscriptions that notify and forward materials as new communications are received and posted, and customize password-protected user groups and vary user client views based on segmentation business rules. SLAdvantage also enables clients to monitor orders through an online order-tracking feature that links directly to major ground/air carrier Web sites, and also measure the impact of print requests by tracking the cost of requested materials against sales results. SalesLink's SLDocXtreme offers clients a fast, cost-efficient, and high-quality alternative to offset printing that can customize and personalize fulfillment communications, thereby allowing clients to respond to changes in the marketplace, launch new products and services, target new audiences, and test new messages quickly and easily. In addition, to enhance the speed of communications delivery, clients can take advantage of SalesLink's distributed production capabilities, producing custom marketing materials closer to the end recipient.

Sales and Marketing

Dedicated sales and marketing staffs identify and develop, on a global basis, specific market segments and opportunities to which they market and sell our supply chain management service offerings and marketing distribution service offerings. These sales and marketing staffs also identify vertical integration leads that will enhance our service offerings to new and existing markets and allow further diversification of our customer base.

Competition

The markets for the supply chain management and marketing distribution service offerings provided by our operating subsidiaries are very competitive. The Company expects the intensity of competition to continue to increase from both global and regional competitors. A failure to maintain and enhance the Company's competitive position, including the expansion into geographical areas where the Company currently has no presence, will limit its ability to maintain and increase market share, which would result in serious harm to the Company's business. Increased competition may also result in price reductions, reduced gross margins and loss of market share. The Company competes in the supply chain management market on the basis of quality, performance, service levels, global capabilities, technology, operational efficiency and price.

Some of the Company's competitors have substantially greater financial, infrastructure, personnel, and other resources than does the Company. Furthermore, some of the Company's competitors have well established, large and experienced marketing and sales capabilities and greater name recognition, including well established relationships with the Company's current and potential clients. As a result, the Company's competitors may be in a stronger position to respond quickly to new or emerging technologies and changes in client requirements. They may also develop and promote their services more effectively than the Company and may have more strategic geographical locations in low cost production areas of the world. Also, the Company may lose potential clients to competitors for various reasons, including the ability or willingness of its competitors to offer lower prices and other incentives or concessions that the Company cannot or will not match. There can be no assurance that the Company's competitors will not develop products and services that are superior to those of the Company or that achieve greater market acceptance than the Company's offerings.

Venture Capital

The Company maintains interests in several venture capital funds: CMG@Ventures I, LLC ("CMG@Ventures I"); CMG@Ventures II, LLC ("CMG@Ventures II"); CMG@Ventures III, LLC ("CMG@Ventures III"); CMG@Ventures Expansion, LLC ("CMG@Ventures Expansion"); CMGI@Ventures IV, LLC ("CMGI@Ventures IV"); and @Ventures V, LLC ("@Ventures V"). These venture funds invest in emerging, innovative and promising technology companies.

The Company owns 100% of the capital and is entitled to approximately 77.5% of the cumulative net profits of CMG@Ventures I. The Company owns 100% of the capital and is entitled to approximately 80% of the cumulative net profits of CMG@Ventures II.

CMGI formed the @Ventures III venture capital funds ("@Ventures III Fund") in August 1998. The @Ventures III Fund secured capital commitments from outside investors and CMGI, to be invested in emerging Internet and technology companies. The @Ventures III Fund consists of four entities, which co-invest in each investment made by the @Ventures III Fund. Approximately 78% of each investment made by the @Ventures III Fund is made by two entities, @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. CMGI does not have a direct ownership interest in either of these entities, but CMGI is entitled to approximately 0.1% of the capital of each entity as a result of its ownership of an approximately 10% interest in the general partner of each of such entities, @Ventures Partners, III, LLC ("@Ventures Partners III"). CMG@Ventures III co-invests approximately 20% of the total amount invested in each @Ventures III Fund portfolio company investment. CMGI owns 100% of the capital and is entitled to approximately 80% of the cumulative net capital gains realized by CMG@Ventures III. @Ventures Partners III is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III. The remaining 2% invested in each @Ventures III Fund investment is provided by a fourth entity, @Ventures Investors, LLC, in which CMGI has no interest. During fiscal year 2000, CMGI formed additional venture capital fund entities to provide follow-on financing to @Ventures III Fund portfolio companies. These "expansion funds" have a structure that is substantially identical to the @Ventures III Fund, and CMGI's interests in such funds are comparable to its interests in the @Ventures III Fund.

CMGI owns 100% of the capital and is entitled to a percentage (ranging from approximately 80% to approximately 92.5%) of the net profits realized by CMGI@Ventures IV on each of its investments.

During fiscal year 2004, CMGI formed @Ventures V. CMGI owns 100% of the capital and is entitled to approximately 93% of the capital gains realized by @Ventures V. During fiscal year 2004, @Ventures V did not make any investments.

An aggregate of approximately $2.1 million was invested by CMGI's venture capital affiliates during the fiscal year ended July 31, 2004. In addition, the Company received distributions of approximately $0.4 million from certain of its venture capital portfolio companies during fiscal 2004.

As of July 31, 2004, the Company, through its @Ventures entities, held investments in 23 portfolio companies. From time to time, the Company may make new and follow-on venture capital investments and will

from time to time receive distributions from investee companies. As of July 31, 2004, the Company was not obligated to fund any new or follow-on investments.

Other

A limited number of clients account for substantially all of the Company's consolidated net revenue. One client, Hewlett-Packard, accounted for approximately 71%, 74% and 12% of the Company's consolidated net revenue for fiscal years 2004, 2003 and 2002, respectively. As a result of the Modus acquisition, the Company expects that in the future Hewlett-Packard will account for less of the Company's consolidated net revenue on a percentage basis. In addition, for the year ended December 31, 2003, five end customers accounted for approximately 44% of Modus' net revenues. During fiscal year 2004, five customers accounted for approximately 84% of the Company's net revenues. The Company currently does not have any agreements that obligate any customer to buy a minimum amount of products or services from CMGI or any subsidiary, or to designate CMGI or any subsidiary as its sole supplier of any particular products or services. The loss of a significant amount of business with Hewlett-Packard, or any other key customer, would have a material adverse effect on CMGI. CMGI believes that it will continue to derive the vast majority of its consolidated operating revenue from sales to a small number of customers. There can be no assurance that CMGI's revenue from key customers will not decline in future periods. As of September 30, 2004, Hewlett-Packard owned approximately 5.1% of the Company's issued and outstanding shares of Common Stock.

The Company relies upon a combination of patent, trade secret, copyright and trademark laws to protect its intellectual property. New trade secrets and other intellectual property are from time to time developed or obtained through the Company's research and development and acquisition activities. The Company's business is not substantially dependent on any single or group of related patents, trademarks, copyrights or licenses.

At July 31, 2004, the Company employed a total of 514 persons on a full-time basis. Immediately following the Company's acquisition of Modus on August 2, 2004, the Company employed approximately 4,100 persons on a full-time basis. The Company's subsidiaries in Mexico are parties to collective bargaining agreements covering approximately 55 employees. The Company's subsidiaries in France and The Netherlands are parties to collective bargaining agreements covering approximately 390 employees pursuant to and in accordance with applicable law that provide representation for all employees of those subsidiaries. Approximately 250 of the employees of the Company's Irish subsidiaries are members of labor unions. The Company considers its employee relations to be good.

Certain segment information, including revenue, profit and asset information, is set forth in Note 3 of the Notes to Consolidated Financial Statements included in Item 8 below and in Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 below, and is incorporated herein by reference.

Significant customers information is set forth under the heading "Diversification of Risk" in Note 2 of the Notes to Consolidated Financial Statements included in Item 8 below and is incorporated herein by reference.

For the last three fiscal years, the Company's assets were primarily located in the United States. Approximately 58%, 39% and 5% of the Company's consolidated revenue was generated outside the United States during fiscal years 2004, 2003 and 2002, respectively. During 2004, the Company experienced a shift in the location of the sources of a majority of its revenue from North America to countries outside of North America. We believe that with the acquisition of Modus, which has considerable operations in Europe and Asia, this trend will continue.

During fiscal years 2004 and 2003, respectively, the Company did not incur any research and development costs. In fiscal 2002, the Company expended approximately $4.7 million or 3% of net revenue on research and development.

Our contracts generally do not obligate our clients to purchase any minimum amount of our products or services. Consequently, sales are subject to demand variability by such customers and the Company is often

required to purchase and maintain adequate levels of inventory in order to meet customer needs rapidly and on a timely basis. The Company is often required to finance the purchase of products or components that are necessary to fulfill customer orders. In most cases, the Company has no guaranteed price, quantity or delivery agreements with its suppliers. Because of the diversity of the Company's products and services, as well as the wide geographic dispersion of its facilities, the Company uses numerous sources for the wide variety of raw materials needed for its operations. The Company has not been adversely affected by an inability to obtain raw materials.

Available Information

We make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports available through our website, free of charge, as soon as reasonably practicable after we file such material with, or furnish it to the Securities and Exchange Commission. Our internet address is http://www.cmgi.com. The contents of our website are not part of this annual report on Form 10-K, and our internet address is included in this document as an inactive textual reference only.

ITEM 2.—PROPERTIES

At September 30, 2004, in its eBusiness and Fulfillment segment, the Company leased approximately 3.5 million square feet of office, storage, warehouse, production and assembly, sales and marketing, and operations space, including principal properties in the following locations:

Location	Approximate Sq. Ft.
California	270,000
Colorado	85,000
Florida	33,000
Illinois	80,000
Indiana	135,000
Massachusetts	170,000
Tennessee	465,000
North Carolina	140,000
Texas	165,000
Utah	470,000
China	415,000
France	135,000
Ireland (1)	110,000
Malaysia	73,000
Mexico	185,000
The Netherlands	242,000
Scotland	130,000
Singapore	70,000
Taiwan	100,000
Total Square Feet	3,473,000

(1) *Approximately 25,000 square feet is located in a building owned by the Company.*

These leases generally expire at varying dates through fiscal year 2013 and include renewals at our option. Certain leases for facilities located in Ireland and Singapore have expiration dates ranging from 2019 through 2093. Leased facilities have increased worldwide subsequent to fiscal year 2004, primarily due to the acquisition of Modus Media, Inc., which occurred on August 2, 2004. In addition, certain facilities leased by the Company are subleased in whole or in part to subtenants and the Company is seeking to sublease additional office and warehouse space that is not currently being utilized by the Company. We believe that our existing facilities are suitable and adequate for our present purposes, and that new facilities will be available in the event we need additional or new space.

ITEM 3.—LEGAL PROCEEDINGS

On September 24, 2003, the Official Committee of Unsecured Creditors of Engage, Inc. (the "Creditors Committee") filed a complaint against the Company in the U.S. Bankruptcy Court (Massachusetts, Western Division). The complaint was amended on November 6, 2003. In the amended complaint, the Creditors Committee asserted a number of causes of action, including the following: (i) re-characterization of debt as equity, (ii) equitable subordination, (iii) invalidation of a release, (iv) fraudulent transfer, (v) preferential transfers, (vi) illegal redemption of shares, (vii) turnover of property of estate, (viii) alter ego, (ix) breach of contract, (x) breach of covenant of good faith and fair dealing, (xi) promissory estoppel, (xii) unjust enrichment, (xiii) unfair and deceptive trade practices under Massachusetts General Laws §93A, and (xiv) declaration with respect to scope and extent of security interests. The Creditors Committee seeks monetary damages and other relief, including cancellation of a $2.0 million promissory note, return of $2.5 million in cash, certain other unspecified amounts and a finding that the Company is liable for Engage's debt. The Company believes that these claims are without merit and intends to vigorously defend this matter.

In addition, on May 28, 2004, the Creditors Committee filed a complaint in the U.S. Bankruptcy Court against David Wetherell, George McMillan, Andrew Hajducky and Christopher Cuddy, in their individual capacities as former officers and/or directors of Engage. The Complaint asserts the following causes of action: (i) breaches of fiduciary duties, (ii) fraudulent misrepresentations, (iii) negligent misrepresentations, and (iv) unfair and deceptive trade practices. The Creditors Committee seeks unspecified monetary and other damages. The Company is obligated to indemnify each of Messrs. Wetherell, McMillan and Hajducky in connection with the foregoing action, subject to the terms of the Company's certificate of incorporation and by-laws.

On August 23, 2004, the U.S. Bankruptcy Court entered an order consolidating the foregoing two cases into a single proceeding.

The Company is also a party to other litigation, which it considers routine and incidental to its business. Management does not expect the results of any of such routine and incidental matters to have a material adverse effect on the Company's business, results of operation or financial condition.

ITEM 4.—SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the Company's stockholders during the fourth quarter of 2004.

PART II

ITEM 5.—MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock trades on the Nasdaq National Market under the symbol "CMGI." Other market information is set forth in Note 20 of the Notes to Consolidated Financial Statements included in Item 8 below and is incorporated herein by reference.

On October 6, 2004, there were approximately 6,060 holders of record of Common Stock of the Company.

The Company has never declared or paid cash dividends on its Common Stock. The Company currently intends to retain earnings, if any, to support its growth strategy and does not anticipate paying cash dividends in the foreseeable future. Payment of future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account various factors, including the Company's financial condition, operating results, current and anticipated cash needs and plans for expansion.

Information regarding the Company's equity compensation plans and the securities authorized for issuance thereunder is set forth in Item 12 below.

The Company did not repurchase any shares of Common Stock during the fourth quarter of fiscal 2004.

On July 2, 2004, in connection with the settlement of a breach of contract claim, the Company issued an aggregate of 133,547 shares of Common Stock to an equipment lease financing company that previously provided services to a former subsidiary of the Company. The offer and sale of these securities was effected without registration in reliance on the exemption afforded by Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved in the issuance and sale of these securities.

ITEM 6.—SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial information of the Company for the five years ended July 31, 2004. 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 consolidated financial statements and notes to those statements included elsewhere or incorporated by reference in this report. The following consolidated financial data includes the results of operations (from date of acquisition) of the fiscal 2002 acquisition of the assets and operations of iLogistix. The following consolidated financial data also includes the results of operations of certain subsidiary companies that have been sold or ceased operations. In fiscal 2001, the operations of iCast, 1stUp, and ExchangePath ceased and the Company sold a majority of its interest in Signatures SNI, Inc. (Signatures). In fiscal 2002, the operations of NaviPath and MyWay ceased and the Company sold its interest in Activate. In fiscal 2003, the operations of ProvisionSoft ceased, the Company's former operating companies AltaVista and uBid each sold substantially all of their assets, and the Company divested its interest in NaviSite, Engage, Equilibrium, Yesmail, Tallán and its remaining minority interest in Signatures. For all periods presented, the results of operations of NaviSite, Engage, AltaVista, Yesmail, uBid, Tallán and ProvisionSoft have been accounted for within discontinued operations. A description of the Company's recent discontinued operations and divestiture activities is set forth in Note 4 of the Notes to Consolidated Financial Statements. The historical results presented herein are not necessarily indicative of future results.

	Years Ended July 31,				
	2004	2003	2002	2001	2000
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Net revenue	$ 397,422	$ 436,987	$ 168,476	$ 280,840	$ 313,469
Cost of revenue	372,293	403,883	152,140	351,015	356,189
Research and development	—	—	4,732	25,347	48,477
In-process research and development	—	—	—	762	6,266
Selling	5,323	6,792	28,357	62,590	86,715
General and administrative	37,532	62,668	54,598	138,805	123,678
Amortization of intangible assets and stock-based compensation	333	218	4,941	182,704	171,683
Impairment of long-lived assets	—	456	2,482	170,659	20,873
Restructuring, net	5,604	55,348	(3,118)	109,207	—
Operating loss	(23,663)	(92,378)	(75,656)	(760,249)	(500,412)
Interest income (expense), net	1,837	3,717	36,416	(187)	(22,312)
Gains on issuance of stock by subsidiaries and affiliates	—	—	—	121,794	80,387
Other gains (losses), net	43,398	(41,317)	(67,983)	(322,033)	524,863
Other income (expense), net	(2,831)	(1,455)	(15,408)	(759)	(28,339)
Income tax benefit (expense)	69,532	(3,249)	7,096	(12,171)	(88,621)
Earnings (loss) from continuing operations before extraordinary item	88,273	(134,682)	(115,535)	(973,605)	(34,434)
Loss from discontinued operations, net of income taxes	(1,298)	(81,626)	(540,664)	(4,514,315)	(1,330,259)
Extraordinary gain on retirement of debt, net of income taxes	—	—	131,281	—	—
Net income (loss)	86,975	(216,308)	(524,918)	(5,487,920)	(1,364,693)
Preferred stock accretion and amortization of discount	—	—	(2,301)	(7,499)	(11,223)
Gain on repurchase of Series C convertible preferred stock	—	—	63,505	—	—
Net income (loss) available to common stockholders	$ 86,975	$ (216,308)	$ (463,714)	$ (5,495,419)	$ (1,375,916)
Basic and diluted earnings (loss) per share:					
Earnings (loss) from continuing operations before extraordinary item	$ 0.22	$ (0.34)	$ (0.14)	$ (2.97)	$ (0.17)
Loss from discontinued operations, net of income taxes	—	(0.21)	(1.43)	(13.70)	(5.09)
Extraordinary gain on retirement of debt, net of income taxes	—	—	0.35	—	—
Net earnings (loss)	$ 0.22	$ (0.55)	$ (1.22)	$ (16.67)	$ (5.26)
Shares used in computing basic earnings (loss) per share	399,153	393,455	379,800	329,623	261,555
Shares used in computing diluted earnings (loss) per share	404,246	393,455	379,800	329,623	261,555

Consolidated Balance Sheet Data:	As of July 31,				
	2004	2003	2002	2001	2000
Working capital	$ 261,106	$ 217,135	$ 203,879	$ 580,824	$ 1,110,105
Total assets	433,766	455,341	910,267	2,054,375	8,557,107
Long-term obligations	18,768	26,016	122,697	319,043	654,417
Redeemable preferred stock	—	—	—	390,640	383,140
Stockholders' equity	293,315	247,012	416,696	805,072	5,783,083

ITEM 7.—MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The matters discussed in this report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, that involve risks and uncertainties. All statements other than statements of historical information provided herein may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects" and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, those discussed in this section under the heading "Factors That May Affect Future Results" and elsewhere in this report and the risks discussed in the Company's other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Overview

CMGI, through its direct and indirect subsidiaries, provides industry-leading global supply chain management services and marketing distribution solutions that help businesses market, sell and distribute their products and services. In addition, through its venture capital affiliates, @Ventures, CMGI invests venture capital in a variety of technology ventures.

CMGI's business strategy over the years has led to the development, acquisition and operation of majority-owned subsidiaries focused on technology and supply chain management services, as well as the strategic investment in other companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its subsidiaries, investments and affiliates. The Company expects to continue to develop and refine its product and service offerings, and to continue to pursue the development or acquisition of, or the investment in, additional companies and technologies. A further description of the Company's recent development is set forth in Notes 4, 8 and 23 of the Notes to Consolidated Financial Statements included in Item 8 below and is incorporated herein by reference.

Historically, CMGI's supply chain management business has been operated by SalesLink Corporation and SL Supply Chain Services International Corp. On July 31, 2003, CMGI contributed the capital stock of SL Supply Chain Services International Corp. to SalesLink. As used herein, with respect to our supply chain management business, references to SalesLink refer to SalesLink Corporation and SL Supply Chain Services International Corp.

On August 2, 2004, CMGI completed its acquisition of Modus Media, Inc., a privately held provider of supply chain management solutions ("Modus"), which conducted business through its wholly owned subsidiary, Modus Media International, Inc. CMGI acquired Modus in order to expand the geographic presence of its supply chain management offerings, diversify its customer base, broaden its product and service offerings and bolster its management team. Modus Media International, Inc., which has been renamed ModusLink Corporation, and the supply chain management business of SalesLink, are being integrated and operated under the ModusLink name. Under the terms of the Company's merger agreement with Modus, CMGI issued approximately 68.6 million shares of CMGI common stock and assumed or substituted options to purchase approximately 12.6 million shares of CMGI common stock in exchange for all outstanding equity of Modus, and made a net cash payment of approximately $66.2 million to retire Modus' debt and pay certain deal related costs. By acquiring Modus, CMGI expects to create a supply chain management market leader with nearly $1 billion in annual revenue, 38 locations in 13 countries, including a significant China presence, and a widely diversified client base that includes leaders in technology, software and consumer electronics. SalesLink's marketing distribution services business will continue to operate as SalesLink Corporation.

Historically the Company, through its SalesLink subsidiary, provided extended supply chain management services and solutions to the technology industry on a global basis, including supply base and inventory

management, sourcing, manufacturing, configuration and assembly processes, EDI solutions offering direct connections with customers' IT systems, distribution and fulfillment, e-commerce, order management, customer service and supply chain design and consulting. We also supplement traditional supply chain management with services at the front-end such as design and consulting, and at the back-end with after sales services such as returns management and repair.

In addition to its supply chain management services, the Company's SalesLink subsidiary also provides marketing distribution services. On behalf of its clients, SalesLink fulfills orders for promotional collateral and products by assembling and shipping the items requested. As part of its fulfillment programs, SalesLink also provides print on demand solutions, product and literature inventory control and warehousing, comprehensive reporting and analysis, shipments, billings, back orders and returns.

Our clients include hardware manufacturers, software publishers, telecommunication carriers, broadband and wireless service providers, financial services institutions and other companies that engage us to manage and perform multiple services across their supply chains.

We have a limited number of key customers that account for a significant percentage of our revenue. For the fiscal year ended July 31, 2004, one customer accounted for approximately 71% of our consolidated net revenue. We currently do not have any agreements which obligate any customer to buy a minimum amount of products or services from CMGI or any subsidiary. Consequently, our sales are subject to demand variability by our supply chain management customers and marketing distribution services. The level and timing of orders placed by these customers vary for a variety of reasons, including seasonal buying by end-users, the introduction of new technologies and general economic conditions. We expect to continue to derive the vast majority of our operating revenue from sales to a small number of key customers. Our supply chain management business is often required to purchase and maintain adequate levels of inventory in order to meet customer needs rapidly and on a timely basis.

The market for supply chain management and marketing distribution products and services is very competitive, and the intensity of the competition is expected to continue to increase. Increased competition may result in price reductions, reduced gross margins and loss of market share. As a result of these competitive pressures, the gross margins in our SalesLink business are low; however, we expect them to increase as a result of the Modus acquisition, as Modus has historically generated higher gross margins than that of SalesLink. Increased competition arising from industry consolidation and/or low demand for certain of our customers' products and services may hinder our ability to maintain or improve our gross margins. These low gross margins magnify the impact of variations in revenue and operating costs on our financial results. A portion of our operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. We must continue to focus on margin improvement, through cost reductions and asset and employee productivity gains in order to improve the profitability of our business and maintain our competitive position. We are reacting to margin and pricing pressures in several ways, including efforts to lower our cost to service customers, move work to lower-cost venues, establish facilities closer to our customers to gain efficiencies, and add other service offerings at higher margins.

The Company currently conducts business in the United Kingdom, The Netherlands, Hungary, France, Singapore, Taiwan, China, Malaysia, Ireland and certain other foreign locations, in addition to the Company's North American operations. We also have interests in joint ventures in Korea and Japan. Our supply chain management customers have, at times, requested that the Company add capacity or open a facility in locations near their sites.

Basis of Presentation

The Company reports one current operating segment, eBusiness and Fulfillment. The eBusiness and Fulfillment segment includes the results of operations of SalesLink. The Other category represents corporate expenses consisting primarily of directors and officers insurance costs, costs associated with maintaining certain of the Company's information technology systems and certain corporate administrative functions such as legal and finance, as well as certain administrative costs related to the Company's venture capital affiliates.

In addition to its one current operating segment, the Company continues to report an Enterprise Software and Services segment (that consists of the operations of Equilibrium, and CMGI Solutions), a Portals segment (that consists of the operations of MyWay and iCast) and a Managed Application Services segment (that consists of the operations of NaviPath, ExchangePath, and Activate), as these entities do not meet the aggregation criteria under SFAS No. 131 with respect to the Company's current reporting segments. The historical results of these companies will continue to be reported in the Enterprise Software and Services, Portals and Managed Application Services segments, respectively, as well as any residual results from operations that exist through the cessation of operations of these entities, each of which has been divested or substantially wound down.

During fiscal year 2003, the Company's divestiture of its interests in Engage, NaviSite, Yesmail and Tallán, the asset sales by uBid and AltaVista, and the cessation of operations by ProvisionSoft met the criteria for discontinued operations accounting. Accordingly, uBid, which was previously included in the eBusiness and Fulfillment segment, Tallán, Yesmail, AltaVista, ProvisionSoft and Engage, which were previously included in the Enterprise Software and Services segment and NaviSite, which was previously included in the Managed Application Services segment have been reported as discontinued operations in the consolidated financial statements for all periods presented.

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

In accordance with accounting principles generally accepted in the United States of America, all significant intercompany transactions and balances have been eliminated in consolidation. Accordingly, segment results reported by the Company exclude the effect of transactions between the Company and its subsidiaries and between the Company's subsidiaries.

Results of Operations

Fiscal 2004 compared to Fiscal 2003

NET REVENUE:

	2004	As a % of Total Net Revenue	2003	As a % of Total Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$396,808	100%	$435,879	100%	$(39,071)	(9)%
Enterprise Software and Services	—	—	227	—	(227)	(100)%
Managed Application Services	614	—	881	—	(267)	(30)%
Total	$397,422	100%	$436,987	100%	$(39,565)	(9)%

The decrease in revenue within the eBusiness and Fulfillment segment during the fiscal year ended July 31, 2004, as compared to the prior year, was primarily attributable to lower order volumes and lower per unit selling prices for certain programs that support a major U.S. based original equipment manufacturer (OEM) customer. These volume reductions were largely attributable to reduced product shipments as a result of changes in demand for a major customer's products distributed from SalesLink's U.S. operations. In addition, the prior period included revenue related to certain customer programs that were discontinued during the prior year and have not been replaced. The decrease in revenue from the prior period was partially offset by the addition of new projects in supply chain management and marketing distribution services, and stronger overall demand for our customers' products in Europe during fiscal 2004. Sales to one customer comprised approximately 71% and 74% of eBusiness and Fulfillment segment revenue for the fiscal year ended July 31, 2004 and 2003, respectively. As a result of the Company's August 2, 2004 acquisition of Modus, the Company expects to create a supply chain management market leader with nearly $1 billion in annual revenue. However, the Company continues to see

volatility in the global electronics markets and as such maintains a conservative view on order volumes and revenues. Visibility remains relatively low, and our clients' performance varies from quarter-to-quarter based on market acceptance of their product introductions and overall demand for their products.

Cost of Revenue:

	2004	As a % of Segment Net Revenue	2003	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$372,293	94%	$403,868	93%	$(31,575)	(8)%
Enterprise Software and Services	—	—	15	7%	(15)	(100)%
Total	$372,293	94%	$403,883	92%	$(31,590)	(8)%

Cost of revenue consists primarily of expenses related to the cost of products purchased for sale or distribution as well as salaries and benefit expenses, consulting and contract labor costs, fulfillment and shipping costs, and applicable facilities costs. The Company's cost of revenue decreased in fiscal 2004 as compared to the prior fiscal year, primarily due to a $39.1 million, or 9%, decrease in revenue within the eBusiness and Fulfillment segment. Cost of revenue as a percentage of net revenue within the eBusiness and Fulfillment segment was 94% in fiscal 2004 as compared to 93% in fiscal 2003. Cost of revenue as a percent of revenue within the eBusiness and Fulfillment segment increased in fiscal 2004 primarily due to price reductions provided to a major customer during the year. The Company's gross margin percentages within the eBusiness and Fulfillment segment were approximately 6% and 7% for the fiscal years ended July 31, 2004 and 2003, respectively. The decrease in the Company's gross margins was primarily attributable to changes in the composition of products distributed for certain of our customers and overall lower average per unit selling prices than in the prior year. The Company remains focused on margin improvement through cost reductions and asset and employee productivity gains, in order to improve the profitability of our business and maintain our competitive position. We are reacting to margin and pricing pressures in several ways, including efforts to lower our cost to service customers, move work to lower-cost venues, establish facilities closer to our customers to gain efficiencies and add other service offerings at higher margins. The Company anticipates that the acquisition of Modus will have a favorable impact on the Company's gross margins in fiscal 2005 as Modus has historically generated higher gross margins than that of SalesLink.

Selling Expenses:

	2004	As a % of Segment Net Revenue	2003	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$5,297	1%	$4,322	1%	$ 975	23%
Enterprise Software and Services	—	—	464	204%	(464)	(100)%
Other	26	—	2,006	—	(1,980)	(99)%
Total	$5,323	1%	$6,792	2%	$(1,469)	(22)%

Selling expenses consist primarily of compensation and employee-related expenses, sales commissions, facilities costs, marketing expenses, and travel costs. Selling expenses decreased during the fiscal year ended July 31, 2004, as compared to the prior fiscal year largely due to cost savings in the Other segment of approximately $2.0 million, of which $1.4 million related to the Company's amended stadium sponsorship agreement with the owners of the New England Patriots that was completed in August 2002. This decrease was partially offset by an increase in selling expenses within the eBusiness and Fulfillment segment primarily related to costs associated with the expansion of the sales force within the Company's SalesLink subsidiary in fiscal 2004. The Company anticipates an increase in selling expenses in fiscal 2005 as a result of the acquisition of Modus.

General and Administrative Expenses:

	2004	As a % of Segment Net Revenue	2003	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$18,844	5%	$26,013	6%	$ (7,169)	(28)%
Enterprise Software and Services	—	—	664	293%	(664)	(100)%
Managed Application Services	5	1%	(331)	(38)%	336	102%
Portals	27	—	(1,011)	—	1,038	103%
Other	18,656	—	37,333	—	(18,677)	(50)%
Total	$37,532	9%	$62,668	14%	$(25,136)	(40)%

General and administrative expenses consist primarily of compensation and other employee-related costs, facilities costs, depreciation expense and fees for professional services. General and administrative expenses decreased by 40% during the fiscal year ended July 31, 2004, as compared to the prior fiscal year. This decrease was primarily attributable to a reduction in headcount and related expenses at the Company's corporate headquarters and its SalesLink subsidiary in connection with restructuring activities designed to reduce the overall cost structure of the Company in response to decreased demand for SalesLink's supply chain management services in the United States. General and administrative costs related to the Company's IT infrastructure, insurance programs, and real estate commitments were also significantly lower in fiscal 2004 as compared to the prior year as a result of restructuring activities and a continued focus on cost reductions and productivity gains.

The general and administrative expenses within the Other category primarily reflect the cost of the Company's directors and officers insurance, costs associated with maintaining certain of the Company's information technology systems and costs associated with certain corporate administrative functions such as legal and finance which are not fully allocated to the Company's subsidiary companies, and administrative costs related to the Company's venture capital affiliates. General and administrative expenses within the Other category, decreased compared to the same period in the prior fiscal year, primarily as a result of restructuring initiatives at the Company's corporate headquarters that were designed to reduce the overall cost structure of the Company. These restructuring initiatives primarily included headcount reductions, a substantial downsizing of the Company's IT infrastructure and the write-off of unutilized office space and equipment that resulted from the overall downsizing of the Company's corporate infrastructure. Additionally, during the fiscal year ended July 31, 2004, the Company incurred lower costs related to its insurance programs, principally directors and officers insurance, as compared to the prior fiscal year. These cost reductions were partially offset by severance related costs, costs associated with a potential acquisition that was not consummated, and integration costs associated with the Modus acquisition. The Company anticipates an increase in general and administrative expenses in fiscal 2005 as a result of the acquisition of Modus.

Amortization of Intangible Assets and Stock-Based Compensation:

	2004	As a % of Segment Net Revenue	2003	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
Other	$333	—	$218	—	$ 115	53%
Total	$333	—	$218	—	$ 115	53%

The increase in amortization of stock-based compensation during the fiscal year ended July 31, 2004, as compared to the prior fiscal year primarily related to the amortization of deferred compensation associated with a grant of an aggregate of 535,000 shares of restricted CMGI common stock to certain executives and other employees of the Company during the first quarter of fiscal 2004. The restricted stock shares vest over a three-year period. The Company anticipates an increase in stock-based compensation charges in fiscal 2005, related to

certain assumed Modus stock options in connection with the Modus acquisition, and restricted stock grants to certain executives and other employees subsequent to July 31, 2004. In addition, in fiscal 2005, we expect to record amortization charges related to certain amortizable intangible assets related to the Modus acquisition.

Restructuring, net:

	2004	As a % of Segment Net Revenue	2003	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$2,981	1%	$21,697	5%	$(18,716)	(86)%
Enterprise Software and Services	(23)	—	(70)	(31)%	47	67%
Managed Application Services	15	2%	1,556	177%	(1,541)	(99)%
Portals	1,780	—	881	—	899	102%
Other	851	—	31,284	—	(30,433)	(97)%
Total	$5,604	1%	$55,348	13%	$(49,744)	(90)%

The Company's restructuring initiatives during fiscal 2004 and 2003 involved strategic decisions to exit certain businesses and to reposition certain on-going businesses of the Company. Restructuring charges consisted primarily of contract terminations, severance charges and facility and equipment charges incurred as a result of the cessation of operations of certain subsidiaries and actions taken at our remaining subsidiaries to increase operational efficiencies, improve margins, and further reduce expenses. Severance charges included employee termination costs as a result of workforce reductions. The contract terminations primarily consisted of costs to exit facility and equipment leases, including leasehold improvements, and to terminate bandwidth and other vendor contracts. The Company also recorded charges related to operating leases with no future economic benefit to the Company as a result of the abandonment of unutilized facilities.

During the fiscal year ended July 31, 2004, the Company recorded net restructuring charges of approximately $5.6 million. The restructuring charges primarily reflect adjustments of approximately $1.8 million at iCast and $2.9 million at SalesLink to previously recorded restructuring estimates for facility lease obligations primarily based on changes to the underlying assumptions regarding the estimated length of time required to sublease each vacant space and the expected rent recovery rates. These charges were partially offset by a $0.9 million reduction to a previously recorded restructuring estimate for a facility lease obligation that the Company settled for an amount less than originally estimated. During the fiscal year ended July 31, 2004, the Company also recorded a $0.6 million charge related to a hosting services contract that the Company is no longer utilizing, as it represented excess capacity. The reduction in hosting services required to support the business is primarily the result of the divestiture of several subsidiaries in fiscal 2003. During the fiscal year ended July 31, 2004, the Company also recorded a charge of $0.4 million related to a workforce reduction of 42 employees, a charge of $0.5 million to write-off certain software and hardware related assets no longer being utilized by the Company, and a $0.5 million charge related to equipment and facility lease obligations under which the Company expects to realize no future economic benefit. The Company may incur additional restructuring charges during fiscal 2005 related to lease obligations and further reductions in workforce related to the integration of the SalesLink and Modus supply chain management businesses.

During the fiscal year ended July 31, 2003, the Company recorded net restructuring charges of approximately $55.3 million. The charges primarily related to restructuring initiatives at SalesLink, which recorded charges of approximately $21.7 million during the period, and at the Company's corporate headquarters, which recorded charges of approximately $31.3 million during the period. The restructuring charges at SalesLink included charges related to unoccupied facilities in California ($7.2 million), vacant partitioned space in SalesLink's Memphis facility ($3.3 million), unutilized fixed assets in these facilities ($7.8 million), and a workforce reduction of 219 employees ($2.3 million). These restructuring charges were the result of the implementation of a restructuring plan designed to reduce overhead costs in response to reduced demand for U.S. based supply chain management services. The restructuring charges at the Company's corporate headquarters primarily included the termination of its former facility lease obligation at its headquarters in

Andover, MA ($10.0 million), certain operating equipment lease obligations ($5.2 million) under which the Company expects to realize no future economic benefit, the restructuring of the Company's hosting services arrangements ($0.9 million) in response to the divestiture of several subsidiaries and the reduction in hosting services required to support the ongoing business operations of the Company, and a workforce reduction of 54 employees ($1.6 million) as part of the Company's continued focus on cost savings. The balance of the Company's restructuring charges during the fiscal year ended July 31, 2003 related primarily to the recognition of the cumulative translation component of equity as a result of the shutdown of the Company's European operations ($5.0 million), the write-off of certain unutilized software related and leasehold improvement assets ($6.6 million), and a charge related to facility lease obligations beyond the Company's previous restructuring estimates ($3.2 million). These charges were partially offset by the settlement of certain facility lease obligations related to the Company's European operations for amounts less than originally anticipated ($1.5 million). The Company also recognized restructuring charges of $2.7 million related to operating equipment and facility lease obligations at its NaviPath, iCast, and MyWay subsidiaries under which the Company expects to realize no future economic benefit.

Other Income/Expense:

Interest income increased by approximately $0.2 million to $3.6 million for the fiscal year ended July 31, 2004 from $3.4 million for the prior fiscal year. The increase in interest income is a result of a higher average cash balance during the current fiscal year as compared to the prior fiscal year. The increase in the average cash balance is primarily attributable to proceeds from the sale of approximately 3.2 million shares of Overture Services, Inc. common stock by the Company's AltaVista subsidiary during the fourth quarter of fiscal 2003 and the first quarter of fiscal 2004.

Interest (expense) recovery, net totaled $(1.7) million for the fiscal year ended July 31, 2004, as compared to a net recovery of $0.3 million for the prior fiscal year. Interest expense for the fiscal year ended July 31, 2004 primarily relates to imputed interest expense on the Company's stadium obligation, in connection with the Company's amended stadium sponsorship agreement, as well as interest expense on a term loan of the Company's SalesLink subsidiary. For the fiscal year ended July 31, 2003, the interest recovery primarily consisted of a fair market value adjustment of approximately $6.3 million related to the Company's Pacific Century CyberWorks Limited. (PCCW) stock holdings, interest expense related to the Company's stadium obligation of $0.9 million, interest expense related to the obligation to the former holders of the Series C Preferred Stock of $4.3 million, and $0.8 million of interest expense on a term loan of the Company's SalesLink subsidiary.

In connection with the repurchase of the outstanding shares of its Series C Preferred Stock in November 2001, the Company incurred an obligation to deliver approximately 448.3 million shares of its PCCW stock holdings to the former holders of the Series C Preferred Stock no later than December 2, 2002. On December 2, 2002, the Company fulfilled its obligation to deliver approximately 448.3 million shares of PCCW to the former holders of the Series C Preferred Stock. Prior to the satisfaction of the obligation to deliver the shares, the Company had accounted for the 448.3 million shares of PCCW stock as a trading security and the liability related to the obligation to deliver the PCCW stock as a current note payable, both of which were carried at market value. Changes in the fair value of the PCCW stock and the note payable have been recorded in the consolidated statements of operations as Other gains (losses), net and as adjustments to interest (expense) recovery, net, respectively. The fair market value adjustment of the note payable through July 31, 2003 resulted in a $6.3 million decrease to interest expense, offset by a loss of $6.3 million on the fair value adjustment of the trading security, which was included in Other gains (losses), net in the Company's consolidated statement of operations.

Other gains (losses), net totaled $43.4 million for the fiscal year ended July 31, 2004 as compared to $(41.3) million for the prior fiscal year. Other gains (losses), net for the fiscal year ended July 31, 2004 primarily consisted of a $40.5 million gain by the Company's AltaVista subsidiary on the sale of approximately 3.2 million shares of Overture Services, Inc. common stock, a gain of approximately $2.1 million by the Company on its sale of approximately 1.0 million shares of Loudeye Corp. common stock, a gain of approximately $0.8 million by the Company on its sale of approximately 0.2 million shares of Primus Knowledge Solutions common stock, a gain of approximately $1.1 million by the Company on its sale of approximately 0.2 million shares of NaviSite, Inc. common stock, and a loss of $(1.6) million related to impairment charges for other-than-temporary declines

in the carrying value of certain investments in affiliates. Other gains (losses), net during fiscal 2003 primarily consisted of a loss of approximately ($28.2) million related to impairment charges for other-than-temporary declines in the carrying value of certain investments in affiliates, a $14.1 million impairment charge for an other than temporary decline in the carrying value of the Company's investment in Signatures SNI, Inc., a loss of approximately ($6.3) million related to impairment charges for other-than-temporary declines in the carrying value of marketable securities, a loss of approximately ($3.5) million on the Company's sale of Equilibrium, offset by a gain of approximately $7.4 million related to the acquisition of Vicinity by Microsoft and a pre-tax gain of approximately $6.3 million on the sale of Overture common stock by AltaVista.

Equity in income (losses) of affiliates, net, resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating income (losses) is included in equity in income (losses) of affiliates. Equity in income (losses) of affiliates decreased to a loss of approximately $0.8 for the fiscal year ended July 31, 2004, from a loss of approximately $1.8 million for the fiscal year ended July 31, 2003, primarily as a result of improved operating performance at certain of the investee companies.

Minority interest of approximately $(2.1) million for the fiscal year ended July 31, 2004 relates primarily to a minority stockholder interest in the $40.5 million realized gain by AltaVista on its sale of approximately 3.2 million shares of Overture Services, Inc. common stock during the period, as well as minority interest attributable to a consolidated joint venture in which SalesLink held a 50% interest as of July 31, 2004.

Income Tax Expense (Benefit):

During fiscal 2004, the Company recorded an income tax benefit of approximately $69.5 million, primarily as a result of a $76.4 million reduction in the Company's estimate of certain tax liabilities that had been included in accrued income taxes on the Company's balance sheet. The income tax benefit for the fiscal year ended July 31, 2004 differs from the amount computed by applying the U.S. federal income tax rate of 35 percent to income from continuing operations primarily as a result of a reduction in the Company's estimate of certain tax liabilities that had been included in accrued income taxes on the Company's balance sheet and valuation allowances recognized on deferred tax assets. The income tax benefit recorded during fiscal 2004 has been reduced by provisions for taxes in the U.S. and certain other tax jurisdictions.

Fiscal 2003 compared to Fiscal 2002

Net Revenue:

	2003	As a % of Total Net Revenue	2002	As a % of Total Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$435,879	100%	$154,493	92%	$281,386	182%
Enterprise Software and Services	227	—	1,289	—	(1,062)	(82)%
Managed Application Services	881	—	6,158	4%	(5,277)	(86)%
Portals	—	—	6,536	4%	(6,536)	(100)%
Total	$436,987	100%	$168,476	100%	$268,511	159%

The increase in net revenue within the eBusiness and Fulfillment segment was due to the net revenue of SL Supply Chain Services International Corp. (SL Supply Chain), through which the Company acquired substantially all of the worldwide assets and operations of Software Logistics Corporation d/b/a iLogistix (iLogistix) during the fourth quarter of fiscal year 2002. The increase in revenue resulting from the SL Supply Chain acquisition was partially offset by a decline in net revenue at SalesLink. Net revenue at SalesLink declined as compared to the same period in the prior year, primarily due to volume and price declines for supply chain management services. These declines are largely the result of the continued difficult economic climate for many of the major OEMs that comprise a large part of the revenue base for SalesLink, and the migration of supply chain management programs to the Company's competitors in Asia, more specifically, China. Sales to one customer comprised approximately 74% of eBusiness and Fulfillment segment revenue in fiscal 2003.

The decrease in net revenue within the Enterprise Software and Services segment was the result of the Company's sale during the first quarter of fiscal 2003 of Equilibrium. The decrease in net revenue within the Managed Application Services segment was primarily due to the cessation of operations of NaviPath in January 2002. The decrease in net revenue within the Portals segment was primarily due to the cessation of operations of MyWay during fiscal year 2002.

Cost of Revenue:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$403,868	93%	$133,231	86%	$270,637	203%
Enterprise Software and Services	15	7%	217	17%	(202)	(93)%
Managed Application Services	—	—	14,748	239%	(14,748)	(100)%
Portals	—	—	3,944	60%	(3,944)	(100)%
Total	$403,883	92%	$152,140	90%	$251,743	165%

Cost of revenue consists primarily of expenses related to the cost of products purchased for sale or distribution as well as salaries and benefit expenses, consulting and contract labor costs, fulfillment and shipping costs, and applicable facilities costs. Cost of revenue as a percentage of net revenue was 92% in fiscal 2003 as compared to 90% in fiscal 2002. Cost of revenue as a percent of revenue increased in fiscal 2003 primarily due to the cost of revenue of the SL Supply Chain business, within the eBusiness and Fulfillment segment, which the Company acquired during the fourth quarter of fiscal year 2002. The increase in cost of revenue from the SL Supply Chain acquisition was partially offset by reduced cost of revenue at SalesLink due to volume declines in supply chain management services, and decreased cost of revenue as a result of the Company's restructuring efforts, which included the sale or cessation of operations of several companies, and actions taken to increase operational efficiencies, improve margins and further reduce expenses.

Cost of revenue as a percentage of net revenue within the eBusiness and Fulfillment segment increased as a result of the increase in cost of revenues from the SL Supply Chain acquisition, which generated lower gross margins than those realized in fiscal 2002 by the SalesLink business. The Company's gross margin percentages within the eBusiness and Fulfillment segment were approximately 7% and 14% for the fiscal years ended July 31, 2003 and 2002, respectively. Also, during fiscal 2003, the Company settled a royalty dispute for an amount less than originally estimated, which partially offset the increase in cost of revenue within the eBusiness and Fulfillment segment by approximately $1.0 million. In addition, SalesLink also incurred increased costs in fiscal 2003 related to amortization associated with a new Enterprise Resource Planning (ERP) system.

The decrease in cost of revenue within the Managed Application Services segment was due to the cessation of operations of NaviPath and the sale of Activate in the first quarter of fiscal year 2002. The decrease in cost of revenue within the Portals segment was due to the cessation of operations of MyWay during fiscal year 2002.

Research and Development Expenses:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
Enterprise Software and Services	$ —	—	$2,531	196%	$(2,531)	(100)%
Managed Application Services	—	—	507	8%	(507)	(100)%
Portals	—	—	1,694	26%	(1,694)	(100)%
Total	$ —	—	$4,732	3%	$(4,732)	(100)%

Research and development expenses consist primarily of personnel and related costs to design, develop, enhance, test and deploy the Company's products and services either prior to the development efforts reaching technological feasibility or once the product had reached the maintenance phase of its life cycle. The Company's operating businesses, within the eBusiness and Fulfillment segment, do not incur significant research and development costs and the Company does not expect to incur significant research and development expenditures in the foreseeable future. The decrease in research and development expenses within the Enterprise Software and Services segment during fiscal 2003, as compared to fiscal 2002, was primarily the result of the sale of Equilibrium during the first quarter of fiscal 2003. The decrease in research and development expenses during fiscal 2003 within the Managed Application Services segment was the result of the sale of Activate during fiscal 2002 and the decrease within the Portals segment was due to the cessation of operations of MyWay during fiscal 2002.

Selling Expenses:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$4,322	1%	$ 2,212	1%	$ 2,110	95%
Enterprise Software and Services	464	204%	4,647	361%	(4,183)	(90)%
Managed Application Services	—	—	1,128	18%	(1,128)	(100)%
Portals	—	—	(1,705)	(26)%	1,705	100%
Other	2,006	—	22,075	—	(20,069)	(91)%
Total	$6,792	2%	$28,357	17%	$(21,565)	(76)%

Selling expenses consist primarily of advertising and other general marketing related expenses, compensation and employee-related expenses, sales commissions, facilities costs, and travel costs. The decrease in selling expenses in fiscal 2003 as compared to fiscal 2002 was primarily due to a one-time charge of approximately $20.0 million recorded in fiscal 2002 in connection with the Company's amended sponsorship arrangement with the owners of the New England Patriots. The overall decrease in selling expenses during fiscal 2003 was due in part to the cessation of operations at NaviPath and MyWay, the sale of Activate in fiscal 2002, and the sale of Equilibrium during the first quarter of fiscal 2003.

The increase in selling expenses within the eBusiness and Fulfillment segment was primarily attributable to the Company's acquisition of the SL Supply Chain business during the fourth quarter of fiscal 2002. The acquisition resulted in increased headcount and personnel-related costs within the selling and marketing functions. The decrease in selling expenses within the Enterprise Software and Services segment was primarily the result of the sale of Equilibrium in the first quarter of fiscal 2003. The decrease in selling expenses within the Managed Application Services segment was the result of the cessation of operations of NaviPath and the sale of Activate. The increase in selling expense within the Portals segment was the result of the cessation of operations of MyWay during fiscal 2002.

The decrease in selling expenses within the Other category was primarily due to a one-time charge of approximately $20.0 million recorded in fiscal 2002 as a result of the Company's amended sponsorship arrangement with the owners of the New England Patriots. Under the terms of the amendment, the Company is obligated to make a series of payments of $1.6 million per year through July 2015. During fiscal 2003, approximately $1.4 million of one-time costs were included in selling expenses with respect to this arrangement. The remaining $0.6 million represents headcount and other costs associated with the Company's corporate marketing programs.

General and Administrative Expenses:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$26,013	6%	$17,946	12%	$ 8,067	45%
Enterprise Software and Services	664	292%	3,792	294%	(3,128)	(82)%
Managed Application Services	(331)	(38)%	4,075	66%	(4,406)	(108)%
Portals	(1,011)	—	(1,935)	(30)%	924	48%
Other	37,333	—	30,720	—	6,613	22%
Total	$62,668	14%	$54,598	32%	$ 8,070	15%

The overall increase in general and administrative expenses was primarily attributable to the Company's acquisition of the SL Supply Chain business during the fourth quarter of fiscal year 2002, and a charge of $5.6 million related to vacant office space at the Company's former Andover, Massachusetts headquarters facility. General and administrative expenses consist primarily of compensation and other employee-related costs, facilities costs, bad debt expense, depreciation expense and fees for professional services. The overall increase in general and administrative expenses during fiscal 2003 were partially offset by decreases attributable to the sale of Activate in fiscal 2002, the sale of Equilibrium during the first quarter of fiscal 2003, and the cessation of operations of NaviPath and MyWay in fiscal 2002.

The increase in general and administrative expenses within the eBusiness and Fulfillment segment was primarily attributable to the Company's acquisition of the SL Supply Chain business during the fourth quarter of fiscal 2002. The decrease in general and administrative expenses within the Enterprise Software and Services segment was primarily the result of the Company's sale of Equilibrium during the first quarter of fiscal 2003.

The decrease in general and administrative expenses in the Managed Application Services segment was due to the cessation of operations at NaviPath and the sale of Activate. The decrease in the general and administrative expenses within the Portals segment was the result of the cessation of operations of MyWay. The Company's Portal segment results for fiscal 2003 include the impact of a $1.0 million benefit in general and administrative expenses due to the settlement of certain contractual obligations of MyWay at amounts less than originally anticipated.

The general and administrative expenses within the Other category primarily reflect the cost of the Company's directors and officers insurance, costs related to the Company's former Andover, Massachusetts corporate headquarters facility, and costs associated with maintaining certain of the Company's information technology systems. General and administrative expenses also include certain corporate administrative functions such as legal, and finance, which are not fully allocated to the Company's subsidiary companies, and administrative costs related to the Company's venture capital affiliates. General and administrative expenses increased in fiscal 2003 primarily due to a charge of $5.6 million during fiscal 2003 related to vacant office space at the Company's former Andover, Massachusetts headquarters facility.

Amortization of Intangible Assets and Stock-Based Compensation:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$ —	—	$ 2,194	1%	$(2,194)	(100)%
Enterprise Software and Services	—	—	4,591	356%	(4,591)	(100)%
Other	218	—	(1,844)	—	2,062	112%
Total	$218	—	$ 4,941	3%	$(4,723)	(96)%

Amortization of intangible assets and stock-based compensation during fiscal 2003 consisted primarily of amortization expense related to stock-based compensation. Amortization of intangible assets and stock-based compensation during the same period in the prior fiscal year consisted primarily of goodwill amortization expense related to acquisitions made by the Company during fiscal year 2000. Included within amortization of intangible assets and stock-based compensation expenses was approximately $0.2 million of stock-based compensation for fiscal 2003 and 2002, respectively.

The decrease in amortization of intangible assets and stock-based compensation within the eBusiness and Fulfillment and the Enterprise Software and Services segments during fiscal 2003, as compared to fiscal 2002, was primarily the result of the adoption of Statement of Financial Accounting Standard (SFAS) Nos. 141 and 142. In accordance with the provisions of these statements as of August 1, 2002, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are subject to periodic impairment tests. Other intangible assets will continue to be amortized over their estimated useful lives. As a result of adoption of SFAS Nos. 141 and 142, during fiscal 2003 there was no amortization of intangible assets with indefinite lives. Amortization of intangible assets during the same period in the prior fiscal year related to goodwill amortization for Equilibrium, which was sold during the first quarter of fiscal 2003. Amortization of intangible assets within the eBusiness and Fulfillment segment in the prior fiscal year related to goodwill amortization for SalesLink. Amortization of intangible assets within the Other category in the prior fiscal year includes a $2.1 million benefit related to goodwill amortization in connection with the deconsolidation of the Company's former subsidiary Blaxxun.

Impairment of Long-Lived Assets:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
Managed Application Services	$309	35%	—	—	$ 309	100%
Portals	147	—	154	2%	(7)	(5)%
Other	—	—	2,328	—	(2,328)	(100)%
Total	$456	—	$2,482	1%	$(2,026)	(82)%

During fiscal 2003, the Company recorded approximately $0.5 million in impairment charges related to the write-off of computer equipment and furniture and fixtures. During fiscal 2002, the Company recorded impairment charges totaling approximately $2.3 million related to the write-off of capitalized software development costs, computer equipment, and furniture and fixtures at the Company's former corporate headquarters in Andover, Massachusetts.

Restructuring, net:

	2003	As a % of Segment Net Revenue	2002	As a % of Segment Net Revenue	$ Change	% Change
			(in thousands)			
eBusiness and Fulfillment	$21,697	5%	$ —	—	$21,697	100%
Enterprise Software and Services	(70)	(31)%	$ (532)	(41)%	462	87%
Managed Application Services	1,556	177%	(16,668)	(271)%	18,224	109%
Portals	881	—	6,131	94%	(5,250)	(86)%
Other	31,284	—	7,951	—	23,333	293%
Total	$55,348	13%	$ (3,118)	(2)%	$58,466	1,875%

The Company's restructuring initiatives during fiscal 2003 and 2002 involved strategic decisions to exit certain businesses and to reposition certain on-going businesses of the Company. Restructuring charges consisted primarily of contract terminations, severance charges and facility and equipment charges incurred as a result of the cessation of operations of certain subsidiaries and actions taken at several remaining subsidiaries to increase operational efficiencies, improve margins, and further reduce expenses. Severance charges included employee termination costs as a result of workforce reductions. The contract terminations primarily consisted of costs to exit facility and equipment leases, including leasehold improvements, and to terminate bandwidth and other vendor contracts. The Company also recorded charges related to operating leases with no future economic benefit to the Company as a result of the abandonment of unutilized facilities.

During the fiscal year ended July 31, 2003, the Company recorded net restructuring charges of approximately $55.3 million. The charges primarily related to restructuring initiatives at SalesLink, which recorded charges of approximately $21.7 million during the period, and at the Company's corporate headquarters, which recorded charges of approximately $31.3 million during the period. The restructuring charges at SalesLink included charges related to unoccupied facilities in California ($7.2 million), vacant partitioned space in SalesLink's Memphis facility ($3.3 million), unutilized fixed assets in these facilities ($7.8 million), and a workforce reduction of 219 employees ($2.3 million). These restructuring charges were the result of the implementation of a restructuring plan designed to reduce overhead costs in response to reduced demand for U.S. based supply chain management services. The restructuring charges at the Company's corporate headquarters primarily included the termination of its facility lease obligation at its headquarters in Andover, MA ($10.0 million), certain operating equipment lease obligations ($5.2 million) under which the Company expects to realize no future economic benefit, the restructuring of the Company's hosting services arrangements ($0.9 million) in response to the divestiture of several subsidiaries and the reduction in hosting services required to support the ongoing business operations of the Company, and a workforce reduction of 54 employees ($1.6 million) as part of the Company's continued focus on cost savings. The balance of the Company's restructuring charges during the fiscal year ended July 31, 2003 related primarily to the recognition of the cumulative translation component of equity as a result of the shutdown of the Company's European operations ($5.0 million), the write-off of certain software related and leasehold improvement assets ($6.6 million), and a charge related to facility lease obligations beyond the Company's previous restructuring estimates ($3.2 million). These charges were partially offset by the settlement of certain facility lease obligations related to the Company's European operations for amounts less than originally anticipated ($1.5 million). The Company also recognized restructuring charges of $2.7 million related to operating equipment and facility lease obligations at its NaviPath, iCast, and MyWay subsidiaries, under which the Company expects to realize no future economic benefit.

During the fiscal year ended July 31, 2002, the Company recorded a net restructuring benefit of approximately $3.1 million. The restructuring benefit primarily resulted from certain vendor and customer contractual obligations of NaviPath (primarily purchase commitments and service contracts) being settled for amounts less than originally estimated ($21.1 million). The restructuring benefit was partially offset by charges related to restructuring initiatives at the Company's NaviPath, iCast and MyWay subsidiaries, as well as at the Company's Andover, MA. corporate headquarters. The restructuring charges at NaviPath related to severance, legal, and other professional fees incurred in connection with the cessation of its operations ($4.1 million). The restructuring charge at iCast related to vacant space at iCast's corporate headquarters in Woburn, MA. The restructuring charges at MyWay included the write-off of property and equipment, as well as the termination of customer and vendor contracts in connection with the cessation of its operations ($5.4 million). The restructuring charge at the Company's headquarters consisted of severance costs related to the termination of approximately 70 employees ($0.9 million), as well as costs related to vacant space at certain of the Company's facilities in San Francisco, CA ($2.3 million), and in Europe ($2.6 million), as well as unutilized fixed assets related to these facilities ($2.0 million) from which the Company expects to realize no future economic benefit.

Other Income/Expense:

Interest income decreased $11.0 million to $3.4 million in fiscal year 2003 from $14.4 million in fiscal year 2002, reflecting decreased interest income associated with lower average cash and cash equivalent balances and lower interest rates in fiscal 2003 as compared to fiscal 2002.

Interest (expense) recovery, net totaled $0.3 million in fiscal 2003, compared to interest recovery of $22.0 million in fiscal 2002. The net recovery during fiscal 2003 primarily consisted of a fair market value adjustment of approximately $6.3 million related to the Company's PCCW stock holdings, offset by interest expense related to the Company's stadium obligation of $0.9 million, interest expense related to the obligation to the former holders of the Series C Preferred Stock of $4.3 million and interest expense of $0.8 million related to a bank borrowing arrangement at the Company's SalesLink subsidiary. The net interest recovery during fiscal 2002 primarily related to a fair market value adjustment of approximately $36.4 million related to the Company's PCCW stock holdings, offset by interest expense related to the obligation to the former holders of the Series C Preferred Stock of $8.2 million, and interest expense of approximately $6.2 million related to the Company's note payable to HP.

In connection with the repurchase of the outstanding shares of its Series C Preferred Stock in November 2001, the Company incurred an obligation to deliver approximately 448.3 million shares of its PCCW stock holdings to the Series C Preferred Stockholders no later than December 2, 2002. On December 2, 2002 the Company fulfilled its obligation to deliver approximately 448.3 million shares of PCCW stock to the Series C Preferred Stockholders. Prior to the satisfaction of the obligation to the deliver the shares, the Company had accounted for the 448.3 million shares of PCCW stock as a trading security and the liability related to the obligation to deliver the PCCW stock as a current note payable, both of which were carried at market value. Changes in the fair value of the PCCW stock and the note payable have been recorded in the consolidated statements of operations as Other gains (losses), net and as adjustments to interest expense, respectively.

Other gains (losses), net totaled ($41.3) million during fiscal 2003 as compared to ($68.0) million for the same period in the prior fiscal year. Other gains (losses), net during fiscal 2003 primarily consisted of a loss of approximately ($28.2) million related to impairment charges for other-than-temporary declines in the carrying value of certain investments in affiliates, a $14.1 million impairment charge for an other than temporary decline in the carrying value of the Company's investment in Signatures SNI, Inc., a loss of approximately ($6.3) million related to impairment charges for other-than-temporary declines in the carrying value of marketable securities, a loss of approximately ($3.5) million on the Company's sale of Equilibrium, offset by a gain of approximately $7.4 million related to the acquisition of Vicinity by Microsoft and a gain of approximately $6.3 million on the sale of Overture common stock by AltaVista. Other losses, net of ($68.0) million during fiscal 2002 consisted primarily of a loss of ($31.9) million on the sale of certain marketable securities, a ($21.4) million loss from the sale of the Company's Activate subsidiary, a loss of approximately ($44.7) million related to impairment charges for other-than-temporary declines in the carrying value of certain investments in affiliates, a loss of approximately ($20.7) million related to impairment charges for other-than-temporary declines in the carrying value of certain investments in marketable securities, offset by a gain of approximately $53.9 million on the arrangement that hedged the Company's investment in Yahoo! common stock, which was settled during fiscal 2002.

Equity in losses of affiliates, net resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company records its proportionate share of each affiliate's operating losses. Equity in losses of affiliates decreased $13.6 million to $1.8 million in fiscal 2003 from $15.4 million in 2002, primarily as a result of a decreased number of investments accounted for under the equity method as compared to the prior fiscal year. The Company expects its affiliate companies to continue to invest in the development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Minority interest of $0.3 million during fiscal 2003 related to a consolidated joint venture in which SL Supply Chain holds a 50% interest. Minority interest during fiscal 2002 was $0.

Income Tax Expense (Benefit):

Income tax expense attributable to continuing operations recorded for fiscal 2003 was approximately $3.2 million. Income tax expense for the twelve months ended July 31, 2003 differs from the amount computed by applying the U.S. federal income tax rate of 35 percent to pre-tax loss primarily as a result of valuation allowances recognized on deferred tax assets. The income tax expense recorded includes a provision for taxes in the U.S. and certain other jurisdictions.

Extraordinary Item:

During the second quarter of fiscal 2002, the Company recorded an extraordinary gain of approximately $131.3 million, net of approximately $1.8 million in state taxes, related to the extinguishment of the Company's $220.0 million in face amounts of notes payable to HP. As part of an agreement between the Company and HP, HP agreed to deem the Company's $220.0 million in face amounts of notes payable, plus accrued interest thereon, paid in full in exchange for $75.0 million in cash, approximately 4.5 million shares of CMGI common stock and CMGI's 49% ownership interest in its affiliate, B2E Solutions LLC, of which HP had previously owned the remaining 51%. The gain was calculated as the difference between the carrying value of the notes payable plus accrued interest thereon, less the carrying value of the consideration exchanged. The carrying value of the consideration approximated fair market value at the date of the transaction.

Discontinued Operations:

During the fiscal year ended July 31, 2003, the Company divested of a number of its operating companies, certain of which have been accounted for as discontinued operations. On September 9, 2002, the Company sold all of its equity and debt ownership interests in Engage. On September 11, 2002, the Company sold all its equity and debt ownership interests in NaviSite. On February 28, 2003, InfoUSA acquired Yesmail in a cash merger. On March 7, 2003, the Company sold all of its equity interests in Tallán. On April 25, 2003 and April 2, 2003, respectively, AltaVista and uBid sold substantially all of their assets and business operations. During the three months ended April 30, 2003, ProvisionSoft, a majority-owned operating company of CMGI ceased operations. As a result, each of these entities has been reported as discontinued operations for all periods presented.

The loss from discontinued operations for the fiscal year ended July 31, 2004 was $1.3 million. The loss was primarily attributable to residual costs associated with the discontinued operations of AltaVista, Yesmail and uBid subsequent to divestiture.

The loss from discontinued operations for the fiscal year ended July 31, 2003 was $81.6 million. The loss from discontinued operations included revenues from discontinued operations of $168.8 million, total expenses of $374.9 million, and an operating loss of $206.2 million. The $206.2 million operating loss from discontinued operations was partially offset by a net gain on divestitures of $124.5 million. The net gain on divestitures included a $16.5 million loss on the Company's sale of its equity and debt interests in Engage, a $2.3 million gain on the Company's sale of its equity and debt interests in NaviSite, a $99.4 million gain by AltaVista on its sale of its assets and business operations, a $1.6 million gain on the Company's sale of its equity interests in Yesmail, the recognition of minority interest of approximately $35.7 million upon the cessation of operations of ProvisionSoft, a $1.9 million gain on the Company's sale of its equity interests in Tallán, and a $0.1 million gain by uBid on its sale of its assets and business operations.

The loss from discontinued operations for the fiscal year ended July 31, 2002 was $540.7 million. The loss from discontinued operations included revenues of $583.8 million and total expenses of $1,124.4 million. The $540.7 million loss from discontinued operations included impairment and restructuring charges of $139.5 million and $26.7 million, respectively.

The Company does not expect any future residual costs related to discontinued operations to be significant.

Liquidity and Capital Resources

Historically, the Company has financed its operations and met its capital requirements primarily through funds generated from operations, the issuance of CMGI common stock, the sale of investments in subsidiary and affiliate entities and borrowings from lending institutions. As of July 31, 2004, the Company's primary source of liquidity consisted of cash and cash equivalents of $271.9 million. Additionally, prior to July 31, 2004, the Company's SalesLink subsidiary had a revolving bank credit facility of $23.0 million and a term loan facility of $4.8 million. On July 31, 2004, SalesLink replaced its outstanding bank facilities with a new Loan and Security Agreement (the Loan Agreement). The Loan Agreement provides a revolving credit facility not to exceed $30.0 million. Advances under the credit facility may be in the form of loans or letters of credit. As of July 31, 2004, approximately $15.8 million of borrowings were outstanding under the facility, and approximately $7.8 million had been reserved in support of outstanding letters of credit. All borrowings under the Loan Agreement mature on June 30, 2005. The credit facility includes restrictive financial covenants, all of which SalesLink was in compliance with at July 31, 2004. These covenants include liquidity and profitability measures and restrictions that limit the ability of SalesLink, among other things, to merge, acquire or sell assets without prior approval from the bank. The Company's working capital at July 31, 2004 was approximately $261.1 million, compared to $217.1 million at July 31, 2003.

Net cash used for operating activities of continuing operations was $18.7 million in fiscal 2004, $66.6 million in fiscal 2003 and $94.3 million in fiscal 2002. Cash used for operating activities of continuing operations represents net income (loss) as adjusted for non-cash items and changes in working capital. In fiscal 2004, non-cash items primarily included depreciation, amortization and impairment charges of $7.1 million, equity in losses of affiliates of $0.8 million, and non-operating gains, net of $43.4 million. The non-operating gains primarily included a $40.5 million gain on the sale by AltaVista of approximately 3.2 million shares of Overture Services, Inc. common stock and a $2.1 million gain on the sale of approximately 1.0 million shares of Loudeye Corp. common stock. In fiscal 2003, non-cash items primarily included depreciation, amortization and impairment charges of $11.3 million, restructuring charges of $14.4 million, the realization in income of a cumulative translation adjustment of $5.0 million related to the Company's shutdown of its European operations, and non-operating losses, net of $31.8 million. In fiscal 2002, non-cash items primarily included depreciation, amortization and impairment charges of $21.7 million, equity in loss of affiliates of $15.4 million, and non-operating gains, net of $102.1 million.

The Company believes that further reductions in the net cash used for operating activities of continuing operations is dependent on several factors, including increased profitability, effective inventory management practices, and optimization of the credit terms of certain vendors of the Company. On August 2, 2004 the Company completed its acquisition of Modus. Under the terms of the merger agreement, CMGI issued approximately 68.6 million shares of CMGI common stock and assumed or substituted options to purchase approximately 12.6 million shares of CMGI common stock in exchange for all outstanding equity of Modus, and made a net cash payment of approximately $66.2 million to retire Modus' debt and pay certain deal related costs.

Investing activities of continuing operations provided cash of approximately $84.1 million in fiscal 2004, and $97.1 million in fiscal 2003, and used cash of $6.9 million in fiscal 2002. The $84.1 million of cash provided from investing activities of continuing operations in fiscal 2004 primarily included $75.4 million in cash proceeds from AltaVista's sale of approximately 3.2 million shares of Overture Services, Inc. common stock, $11.2 million of cash proceeds from the release of the escrow portion of the AltaVista proceeds, $2.4 million of cash proceeds from the Company's sale of approximately 1.0 million shares of Loudeye Corp. common stock, $1.0 million in cash proceeds from the sale of approximately 0.2 million shares of Primus Knowledge Solutions common stock, $1.0 million of cash proceeds from the repayment of a note receivable from uBid, and $1.1 million in cash proceeds from the sale of approximately 0.2 million shares of NaviSite, Inc. common stock, partially offset by $6.2 million in capital expenditures and $2.1 million in investments in affiliates. The $97.1 million of cash provided from investing activities of continuing operations in fiscal 2003 primarily included $64.7 million in cash proceeds from AltaVista's sale of substantially all of its assets and business operations, and

the subsequent sale by AltaVista of a portion of the Overture common stock received from the transaction, $7.1 million of cash proceeds from the Company's sale of Tallán, $5.0 million of cash proceeds from the Company's sale of Yesmail, $15.4 million of cash proceeds related to the acquisition of Vicinity by Microsoft, and $8.0 million of cash proceeds that the Company received from the sale of its minority interest in Signatures, partially offset by $4.0 million in capital expenditures. The $6.9 million of cash used for investing activities of continuing operations in fiscal 2002 primarily included $16.7 million of cash used for capital expenditures, $40.3 million of cash used for acquisitions, and $11.2 million of cash used for investments in affiliates. These expenditures were partially offset by $57.9 million of cash provided from the sale of marketable security investments.

Financing activities of continuing operations provided cash of $10.8 million in fiscal 2004, and $0.2 million in fiscal 2003, and used cash of $176.3 million in fiscal 2002. The $10.8 million of cash provided by financing activities of continuing operations during fiscal 2004 included $1.3 million of proceeds from the issuance of common stock, and $13.0 million of borrowings under SalesLink's revolving line of credit in order to support expected demand for certain products of a major OEM customer, partially offset by $3.5 million of repayments of borrowings from a bank. The $0.2 million of cash provided by financing activities of continuing operations in fiscal 2003 primarily included $1.2 million of proceeds from the issuance of common stock, partially offset by $1.0 million of payments of long-term debt. The $176.3 million of cash used for financing activities of continuing operations in fiscal 2002 primarily included $75.0 million of payments of notes payable and $100.3 million of payments to retire the Company's Series C Convertible Preferred Stock obligations.

Cash used for discontinued operations totaled $1.2 million, $29.9 million and $118.6 million for fiscal years 2004, 2003 and 2002, respectively.

The Company believes that it has sufficient working capital and liquidity to support and leverage its global supply chain management and fulfillment services business, as well as continue to make investments through its venture capital affiliates.

Off-Balance Sheet Financing Arrangements

The Company does not have any off-balance sheet financing arrangements.

CONTRACTUAL OBLIGATIONS

The Company leases facilities and certain other machinery and equipment under various non-cancelable operating leases and executory contracts expiring through June 2015. In August 2000, the Company announced it had acquired the exclusive naming and sponsorship rights to the New England Patriots' new stadium for a period of fifteen years. In August 2002, the Company finalized an agreement with the owner of the stadium to amend the sponsorship agreement. Under the terms of the amended agreement, the Company relinquished the stadium naming rights and remains obligated for a series of annual payments of $1.6 million per year through 2015.

On July 31, 2004, SalesLink replaced its outstanding Loan and Security Agreement with a new Loan Agreement. The Loan Agreement provides a revolving credit facility not to exceed $30.0 million. Interest on the revolving credit facility is based on Prime or LIBOR rates plus an applicable margin. The effective interest rate was 3.5625% at July 31, 2004. As of July 31, 2004, approximately $15.8 million of borrowings were outstanding under the facility, and approximately $7.8 million had been reserved in support of outstanding letters of credit. All borrowings under the Loan Agreement mature on June 30, 2005. In addition, SalesLink has a $1.7 million mortgage arrangement with a bank in Ireland. The mortgage provides for interest at the One Month EURIBOR, plus 1.75%. The effective interest rate was approximately 3.85% and 3.83% at July 31, 2004 and 2003, respectively. The mortgage arrangement matures in 2015 and is secured by the mortgaged property as well as the borrower's assets. Future minimum payments, including previously recorded restructuring obligations, as of July 31, 2004 are as follows:

Contractual Obligations	Total	Less than 1 year	1–3 years	3–5 years	After 5 years
			(in thousands)		
Operating leases	$45,527	$ 9,620	$11,729	$13,850	$10,328
Stadium obligations	17,600	1,600	3,200	3,200	9,600
Long-term debt	1,719	175	350	350	844
Revolving line of credit	15,785	15,785	—	—	—
Total	$80,631	$27,180	$15,279	$17,400	$20,772

Total future minimum lease payments have been reduced by future minimum sublease rentals of approximately $0.5 million.

The Company anticipates an increase in contractual obligations in fiscal 2005 as a result of the acquisition of Modus.

Total rent and equipment lease expense charged to continuing operations was approximately $8.2 million, $14.3 million and $29.6 million for the fiscal years ended July 31, 2004, 2003 and 2002, respectively.

From time to time the Company provides guarantees of payment to vendors doing business with certain of the Company's subsidiaries. These guarantees require that in the event that the subsidiary cannot satisfy its obligations with certain of its vendors, the Company will be required to settle the obligation. As of July 31, 2004, the Company had outstanding guarantees of subsidiary indebtedness totaling approximately $13.1 million.

From time to time, the Company agrees to provide indemnification to its customers in the ordinary course of business. Typically, the Company agrees to indemnify its customers for losses caused by the Company including with respect to certain intellectual property, such as databases, software masters, certificates of authenticity and similar valuable intellectual property. As of July 31, 2004, the Company had no recorded liabilities with respect to these arrangements.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, inventories, investments, intangible assets, income taxes, restructuring, impairment of long-lived assets and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates.

The Company has identified the accounting policies below as the policies most critical to its business operations and the understanding of our results of operations. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations where such policies affect our reported and expected financial results. Our critical accounting policies are as follows:

- *Revenue recognition*
- *Restructuring expenses*
- *Loss contingencies*
- *Accounting for impairment of long-lived assets, goodwill and other intangible assets*
- *Investments*
- *Income taxes*

Revenue Recognition. The Company derives its revenue primarily from the sale of products, supply chain management services, marketing distribution services and other services. Revenue is recognized as product is shipped and related services are performed in accordance with all applicable revenue recognition criteria.

The Company recognizes revenue when there is persuasive evidence of an arrangement, title and risk of loss have passed, delivery has occurred or the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. The Company also applies the provisions of Emerging Issues Task Force (EITF) Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The Company's application of EITF 99-19 includes evaluation of the terms of each major customer contract relative to a number of criteria that management considers in making its determination with respect to gross vs. net reporting of revenue for transactions with its customers. Management's criteria for making these judgments place particular emphasis on determining the primary obligor in a transaction and which party bears general inventory risk. The Company records all shipping and handling fees billed to customers as revenue, and related costs as cost of sales, when incurred, in accordance with EITF 00-10, "Accounting for Shipping and Handling Fees and Costs."

In November 2002, the Financial Accounting Standards Board's Emerging Issues Task Force reached a consensus on Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how the arrangement consideration should be measured and allocated to the separate units of accounting. EITF 00-21 became effective for revenue arrangements entered into in periods beginning after June 15, 2003. For revenue arrangements occurring on or after August 1, 2003, the Company has revised its revenue recognition policy to comply with the provisions of EITF 00-21.

For those contracts which contain multiple deliverables, management must first determine whether each service, or deliverable, meets the separation criteria of EITF 00-21. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has standalone value to the customer and if there is objective and reliable evidence of the fair value of the remaining deliverables in the arrangement. Each deliverable that meets the separation criteria is considered a "separate unit of accounting." Management allocates the total arrangement consideration to each separate unit of accounting based on the relative fair value of each separate unit of accounting. The amount of arrangement consideration that is allocated to a unit of accounting that has already been delivered is limited to the amount that is not contingent upon the delivery of another separate unit of accounting. After the arrangement consideration has been allocated to each separate unit of accounting, management applies the appropriate revenue recognition method for each separate unit of accounting as described previously based on the nature of the arrangement. All deliverables that do not meet the separation criteria of EITF 00-21 are combined into one unit of accounting, and the appropriate revenue recognition method is applied.

In December 2003, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 104 ("SAB 104"), "Revenue Recognition.", which updates portions of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements ("SAB 101"). SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple element revenue arrangements, superseded as a result of the issuance of EITF 00-21. While the wording of SAB 104 has changed to reflect the issuance of EITF 00-21, the revenue recognition principles of SAB 101 remain largely unchanged by the issuance of SAB 104. As a result, the adoption of this pronouncement did not have a material effect on the Company's financial position or results of operations.

Restructuring Expenses. For restructuring plans implemented prior to December 31, 2002, the Company assessed the need to record restructuring charges in accordance with EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" (EITF 94-3). The Company also applies EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination" and Staff Accounting Bulletin (SAB) No. 100, "Restructuring and Impairment Charges." In accordance with this guidance, management must execute an exit plan that will result in the incurrence of costs that have no future economic benefit. Also under the terms of EITF 94-3, a liability for the restructuring charges is recognized in the period management approves the restructuring plan. The Company records liabilities that primarily include the estimated severance and other costs related to employee benefits and certain estimated costs to exit equipment and facility lease obligations, bandwidth agreements and other service contracts. These estimates are based on the remaining amounts due under various contractual agreements, adjusted for any anticipated contract cancellation penalty fees or any anticipated or unanticipated event or changes in circumstances that would reduce these obligations. The settlement of these liabilities could differ materially from recorded amounts. In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF 94-3. The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing, or other exit or disposal activity. The provisions of this Statement have been applied by the Company to exit or disposal activities that were initiated after December 31, 2002.

Loss Contingencies. The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. The Company considers the likelihood of the loss or impairment of an asset or the incurrence of a liability as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when it is probable that a liability has been incurred or an asset has been impaired and the amount of the loss can be reasonably estimated. The Company regularly evaluates the current information available to us to determine whether such accruals should be adjusted.

Accounting for Impairment of Long-Lived Assets, Goodwill and Other Intangible Assets. On August 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, the Company tests certain long-lived assets or group of assets for recoverability whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. SFAS No. 144 defines impairment as the condition that exists when the carrying amount of a long-lived asset or group exceeds its fair value. When events or changes in circumstances dictate an impairment review of a long-lived asset or group, the Company evaluates recoverability by determining whether the undiscounted cash flows expected to result from the use and eventual disposition of that asset or group cover the carrying value at the evaluation date. If the undiscounted cash flows are not sufficient to cover the carrying value, the Company measures any impairment loss as the excess of the carrying amount of the long-lived asset or group over its fair value. Management predominantly uses third party valuation reports in its determination of fair value.

On August 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires the Company to evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and to make any necessary reclassifications in order to conform with the new criteria in SFAS No. 141 for recognition apart from goodwill. Accordingly, the Company is required to reassess the useful lives and residual values of all identifiable intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments. In addition, to the extent an intangible asset is then determined to have an indefinite useful life, the Company is required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142. The Company's valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. Management predominantly uses third party valuation reports to assist in its determination of the fair value of reporting units subject to impairment testing. If these assumptions differ materially from future results, the Company may record impairment charges in the future. Additionally, the Company's policy is to perform its annual impairment testing for all reporting units in the fourth quarter of each fiscal year. The Company performed its annual impairment test during the fourth quarter of fiscal 2004 and concluded goodwill was not impaired. At July 31, 2004 the Company's carrying value of goodwill totaled $22.1 million.

Investments

The Company maintains interests in several privately held companies primarily through its various venture capital affiliates. These venture affiliates ("CMGI @Ventures") invest in early-stage technology companies. These equity investments are generally made in connection with a round of financing with other third-party investors. At July 31, 2004, the Company had approximately $18.6 million of equity investments in privately held companies. Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities are carried at the lower of cost or net realizable value unless it is determined that the Company exercises significant influence over the investee company, in which case the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. These adjustments are reflected in "Equity in losses of affiliates" in the Company's Consolidated Statements of Operations.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular equity investment's net realizable value is less than its carrying cost requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes, and competition. This valuation process is based primarily on information that the Company requests from these privately held

companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and accuracy of the data may vary. Based on the Company's evaluation, it recorded impairment charges related to its investments in privately held companies of $1.6 million, $28.2 million, and $44.7 million for the fiscal years ended 2004, 2003, and 2002, respectively. These impairment losses are reflected in "Other gains (losses), net" in the Company's Consolidated Statements of Operations.

Estimating the net realizable value of investments in privately held early-stage technology companies is inherently subjective and may contribute to significant volatility in our reported results of operations. We may incur additional impairments to our equity investments in privately held companies, which could have an adverse impact on our future results of operations.

At the time an equity method investee sells its stock to unrelated parties at a price in excess of its book value, the Company's net investment in that affiliate increases. If at that time, the affiliate is not a newly formed, non-operating entity, or a research and development company, start-up or development stage company, and if there is no question as to the affiliate's ability to continue in existence, the Company records the increase as a gain in its Consolidated Statements of Operations.

Income Taxes

Income taxes are accounted for under the provisions of SFAS No. 109, "Accounting for Income Taxes," using the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. SFAS No. 109 also requires that the deferred tax assets be reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This methodology requires estimates and judgments in the determination of the recoverability of deferred tax assets and in the calculation of certain tax liabilities. At July 31, 2004 and 2003, respectively, a full valuation allowance has been recorded against the gross deferred tax asset since management believes that after considering all the available objective evidence, both positive and negative, historical and prospective, with greater weight given to historical evidence, it is more likely than not that these assets will not be realized.

In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions. The Company records liabilities for estimated tax obligations in the U.S. and other tax jurisdictions. These estimated tax liabilities include the provision for taxes that may become payable in the future. During the fiscal year ended July 31, 2004, the Company recorded an income tax benefit of approximately $69.5 million, primarily as a result of a $76.4 million reduction in the Company's estimate of certain tax liabilities that had been included in accrued income taxes on the Company's balance sheet.

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2002, the EITF reached a consensus on EITF Issue 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." EITF Issue 00-21 provides guidance on how to determine when an arrangement that involves multiple revenue-generating activities or deliverables should be divided into separate units of accounting for revenue recognition purposes, and if this division is required, how the arrangement consideration should be allocated among the separate units of accounting. The guidance in the consensus is effective for revenue arrangements entered into on or after June 15, 2003. The adoption of EITF Issue 00-21 did not have a material effect on the Company's financial position or results of operations.

In December 2003, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. ("SAB") 104, "Revenue Recognition," which supersedes SAB 101, "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple element revenue arrangements, superseded as a result of the issuance of EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." The issuance of SAB 104 reflects the concepts contained in EITF 00-21; the other revenue recognition concepts contained in SAB 101 remain largely unchanged. The application of SAB 104 did not have a material impact on the Company's financial position or results of operations.

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 46 "Consolidation of Variable Interest Entities" ("FIN 46") and, in December 2003, issued a revision to that interpretation ("FIN 46R"). FIN 46R further explains how to identify variable interest entities ("VIE") and how to determine when a business enterprise should include the assets, liabilities, noncontrolling interest and results of a VIE in its financial statements. The Company adopted FIN 46R as of April 30, 2004. The adoption of the provisions of FIN 46R did not have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity", which establishes standards for how an issuer of financial instruments classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on a fixed monetary amount known at inception, variations in something other than the fair value of the issuer's equity shares or variations inversely related to changes in the fair value of the issuer's equity shares. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. On November 7, 2003 the FASB deferred the classification and measurement provisions of SFAS No. 150 as they apply to certain mandatory redeemable non-controlling interests. This deferral is expected to remain in effect while these provisions are further evaluated by the FASB. The Company has not entered into or modified any financial instruments covered by this statement after May 31, 2003 and the application of this standard did not have a material impact on our consolidated financial statements or results of operations.

Factors That May Affect Future Results

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. Forward-looking statements in this document and those made from time to time by us through our senior management are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements concerning the expected future revenues or earnings or concerning projected plans, performance, or development of products and services, as well as other estimates related to future operations are necessarily only estimates of future results and there can be no assurance that actual results will not materially differ from expectations. Forward-looking statements represent management's current expectations and are inherently uncertain. We do not undertake any obligation to update forward-looking statements. Factors that could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to, the following:

We may not realize all of the anticipated benefits of our acquisition of Modus.

The success of our acquisition of Modus will depend in part on our ability to realize the anticipated synergies and cost savings from integrating the businesses of Modus with SalesLink's supply chain management business. Our success in realizing these benefits and the timing of this realization depend upon the successful integration of the technology, personnel and operations of Modus. The integration of two independent companies

is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

- retaining key employees;
- retaining key customers;
- consolidating corporate and administrative infrastructures;
- maintaining customer service levels;
- minimizing the diversion of management's attention from ongoing business concerns;
- coordinating geographically disparate organizations;
- effectively consolidating facilities;
- coordinating and maintaining SalesLink's supplier base with Modus' supplier base; and
- consolidating and integrating information technology systems.

We cannot assure you that our integration of Modus' supply chain management business will result in the realization of the full benefits that we anticipate in a timely manner or at all.

We may not be profitable in the future and our acquisition of Modus may harm our prospects for achieving profitability and deplete our working capital.

During the fiscal year ended July 31, 2004, we had an operating loss of approximately $23.7 million. We anticipate that we will continue to incur significant operating expenses in the future, including significant costs of revenue and general and administrative expenses. We also have significant commitments and contingencies, including real estate leases, continuing stadium sponsorship obligations, and guarantees entered into by us and on behalf of our current and former operating companies. As a result, we can give no assurance that we will achieve profitability or be capable of sustaining profitable operations. We may also use significant amounts of cash to fund growth and expansion of our operations, including through additional acquisitions. We may also incur significant costs and expenses in connection with pending and future litigation. At July 31, 2004, we had a consolidated cash, cash equivalents and marketable securities balance of approximately $272.2 million and fixed contractual obligations of $80.6 million. Our acquisition of Modus required us to make net cash payments to Modus to repay indebtedness and to pay certain deal related costs of approximately $66.2 million, which reduced our available cash reserves. If we are unable to reach and sustain profitability, we risk depleting our working capital balances and our business will be materially adversely affected.

We derive substantially all of our revenue from a small number of customers and adverse industry trends or the loss of any of those customers could significantly damage our business.

We derive substantially all of our revenue by providing supply chain management services. Our business and future growth will continue to depend in large part on the industry trend towards outsourcing supply chain management and other business processes. If this trend does not continue or declines, demand for our supply chain management services would decline and our financial results could suffer.

In addition, both SalesLink and Modus have been designated as authorized replicators for Microsoft. Such designation provides these companies with licenses to replicate Microsoft software products and documentation for their clients who want to bundle licensed software with their hardware products. These agreements typically have terms of limited duration, up to 12 months. A failure to maintain authorized replicator status could result in a reduction in our business and our revenues.

In addition, for the year ended December 31, 2003, five end customers accounted for approximately 44% of Modus' net revenues. For the fiscal year ended July 31, 2004, one customer, Hewlett-Packard accounted for

approximately 71% of CMGI's consolidated net revenue. In addition, nearly all the consolidated revenues of SalesLink are accounted for by sales to a limited number of customers, especially Hewlett-Packard and Microsoft, and sales of Microsoft products. The loss of any one or more of these customers would cause our revenues to decline, perhaps below expectations. We currently do not have any agreements which obligate any customer to buy a minimum amount of products or services. We do not currently have any agreements which designate us as the sole supplier of any particular products or services. The loss of a significant amount of business with Hewlett-Packard, Microsoft or any other key customers would have a material adverse effect on our business. We continue to derive the vast majority of our operating revenue from sales to a small number of key customers. There can be no assurance that our revenue from key customers will not decline in future periods.

We may have problems raising the money we need in the future.

We have generally financed our operations and growth through the selective sale of investments or minority or majority interests in subsidiaries or affiliates to outside investors. Market and other conditions largely beyond our control may affect our ability to engage in future sales of such securities, the timing of any such sales, and the amount of proceeds therefrom. Even if we are able to sell any such securities in the future, we may not be able to sell at favorable prices or on favorable terms. In addition, this funding source may not be sufficient in the future, and we may need to obtain funding from outside sources. However, we may not be able to obtain funding from outside sources. In addition, even if we find outside funding sources, we may be required to issue to such outside sources securities with greater rights than those currently possessed by holders of our common stock. We may also be required to take other actions, which may lessen the value of our common stock or dilute our common stockholders, including borrowing money on terms that are not favorable to us or issuing additional shares of common stock. If we experience difficulties raising money in the future, our business could be materially adversely affected.

A decline in the technology sector could reduce our revenues.

A large portion of our supply chain management revenue comes from customers in the technology sector, which is intensely competitive and very volatile. Declines in the overall performance of the technology sector have in the past and could in the future adversely affect the demand for supply chain management services and reduce our revenues and profitability from such customers.

The gross margins in the supply chain management business are low, which magnifies the impact of variations in revenue and operating costs on our financial results.

As a result of intense price competition in the technology products marketplace, the gross margins in our supply chain management business are low, and we expect them to continue to be low in the future. Increased competition arising from industry consolidation and/or low demand for certain products may hinder our ability to maintain or improve our gross margins. In addition, there may be additional pressure following our acquisition of Modus with respect to overlapping customers that may seek to reduce pricing to the lower of the pre-acquisition pricing of SalesLink and Modus. These low gross margins magnify the impact of variations in revenue and operating costs on our financial results. Portions of our operating expenses are relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, we may not be able to reduce our operating expenses as a percentage of revenue to mitigate any further reductions in gross margins. We may also be required to spend money to restructure our operations should future demand fall significantly in any one facility. If we cannot proportionately decrease our cost structure in response to competitive price pressures, our business and operating results could suffer.

Because we frequently sell to supply chain management customers on a purchase order basis, we are subject to uncertainties and variability in demand by customers, which could decrease revenue and adversely affect our financial results.

We frequently sell to our supply chain management customers on a purchase order basis rather than pursuant to long-term contracts or contracts with minimum purchase requirements. Consequently, our sales are subject to demand variability by our supply chain management customers. The level and timing of orders placed by these customers vary for a variety of reasons, including seasonal buying by end-users, the introduction of new technologies and general economic conditions. Customers submitting a purchase order may cancel, reduce or delay their orders. If we are unable to anticipate and respond to the demands of our supply chain management customers, we may lose customers because we have an inadequate supply of products, or we may have excess inventory, either of which may harm our business, financial position and operating results.

We are required to maintain adequate levels of inventory in our supply chain management business in order to meet customer needs, which presents risks to our financial position and operating results.

We are often required to purchase and maintain adequate levels of inventory in our supply chain management business in order to meet customer needs rapidly and on a timely basis. We are often required to finance the purchase of products or components that are necessary to fulfill customer orders. The technology sector served by our customers is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory on hand to decline substantially in value or to rapidly become obsolete. Our customers offer limited protection, if any, from the loss in value of inventory. In addition, our customers may become unable or unwilling to fulfill such protection obligations. The decrease or elimination of price protection or the inability of our customers to fulfill their protection obligations could lower our gross margins and cause us to record inventory write-downs. If we are unable to manage our inventory with our customers with a high degree of precision, we may have insufficient product supplies or we may have excess inventory, resulting in inventory write-downs, which may harm our business, financial position and operating results. In addition, we may not be able to recover fully the credit costs we would face with the financing of inventory.

The ability of our operating companies to obtain particular products or components in the required quantities and to fulfill customer orders on a timely basis is critical to our success. In most cases, our operating companies have no guaranteed price or delivery agreements with our respective suppliers. Our operating companies may occasionally experience a supply shortage of certain products as a result of strong demand or problems experienced by their suppliers. If shortages or delays persist, the price of those products may increase, or the products may not be available at all. Accordingly, if we are not able to secure and maintain an adequate supply of products or components to fulfill our customer orders on a timely basis, our business, financial position and operating results may be adversely affected.

Our failure to meet client expectations could result in lost revenues, increased expenses and negative publicity.

Our supply chain management customers face significant uncertainties in forecasting the demand for their products. Limitations on the size of facilities, number of personnel and availability of materials could make it difficult for our operating companies to meet customers' unforecasted demand for additional production. Any failure to meet customers' specifications, capacity requirements or expectations could result in lost revenue, lower client satisfaction, negative perceptions in the marketplace and potential claims for damages.

If we are not able to establish customer sites where requested, or if we fail to retain key customers at established sites, our customer relationships, revenue and expenses could be seriously harmed.

Our supply chain management customers have, at times, requested that we add capacity or open a facility in locations near their sites. If we elect not to add required capacity at sites near existing customers or establish sites

near existing or potential customers, customers may decide to seek alternate service providers. In addition, if we lose a significant customer of a particular site or open a site with the expectation of business that does not materialize, operations at that site could become unprofitable or significantly less efficient. Any of these events could have a material adverse effect on the business, expenses and revenues of CMGI or of our operating companies.

We may be affected by strikes, work stoppages and slowdowns by our employees.

Some of our international employees are covered by collective bargaining agreements or otherwise represented by labor unions. While we believe our relations with our employees are generally good, we may nonetheless experience strikes, work stoppages or slowdowns by employees. Such actions may affect our ability to meet our clients' needs, which may result in the loss of business and clients, which may have a material adverse effect on our financial condition and results of operations. The terms of future collective bargaining agreements also may affect our competitive position and results of operations.

Our continued expansion of the global operations is subject to special risks and costs.

We maintain operations outside of the United States, and we will likely expand these operations. This international expansion will require significant management attention and financial resources. Our operations are and will continue to be subject to numerous and varied regulations worldwide, some of which may have an adverse effect on our ability to develop our international operations in accordance with our business plans or on a timely basis.

We are subject to risks of operating internationally.

Our success depends, in part, on our ability to manage and expand our international operations. Failure to expand our international sales and fulfillment activities could limit our ability to grow.

With the completion of the Modus acquisition, we currently conduct business in Mexico, China, Taiwan, Singapore, Ireland, France, The Netherlands and certain other foreign locations, in addition to our United States operations. Prior to our acquisition of Modus, sales outside the United States accounted for 58%, 37%, and 11% of CMGI's total revenue for fiscal 2004, 2003, and 2002, respectively. In addition, sales outside the United States accounted for 68%, 66% and 60% of Modus' total revenue for calendar 2003, 2002, and 2001, respectively. There are certain risks inherent in conducting international operations, including:

- added fulfillment complexities in operations, including multiple languages, currencies, bills of materials and stock keeping units;
- exposure to currency fluctuations and repatriation complexities and delays;
- longer payment cycles;
- greater difficulties in accounts receivable collections;
- the complexity of ensuring compliance with multiple U.S. and foreign laws, particularly differing laws on intellectual property rights and export control; and
- labor practices, difficulties in staffing and managing foreign operations, political instability and potentially adverse tax consequences.

In addition, a substantial portion of our business is now conducted in China, where we face additional risks, including the following:

- the challenge of navigating a complex set of licensing requirements and restrictions affecting the conduct of business in China by foreign companies;
- difficulties and limitations on the repatriation of cash;

- currency fluctuation and exchange rate risks;
- protection of intellectual property, both for us and our customers; and
- difficulty retaining management personnel and skilled employees.

If we are unable to manage these risks following the merger, we may face significant liability, our international sales may decline and our financial results may be adversely affected.

International laws and regulations may result in unanticipated costs and litigation.

Our international operations will increase our exposure to international laws and regulations. Noncompliance with foreign laws and regulations, which are often complex and subject to variation and unexpected changes, could result in unexpected costs and potential litigation. For example, the governments of foreign countries might attempt to regulate our products and services or levy sales or other taxes relating to our activities. In addition, foreign countries may impose tariffs, duties, price controls or other restrictions on foreign currencies or trade barriers, any of which could make it more difficult to conduct our business.

The intellectual property of our supply chain management customers may be damaged, misappropriated, stolen or lost while in our possession, subjecting us to litigation and other adverse consequences.

In the course of providing supply chain management services to our customers, we and our operating companies have possession of or access to certain intellectual property of such customers, including databases, software masters, certificates of authenticity and similar valuable intellectual property. In the event such intellectual property is damaged, misappropriated, stolen or lost, we could suffer:

- claims under indemnification provisions in customer agreements or other liability for damages;
- delayed or lost revenue due to adverse customer reaction;
- negative publicity; and
- litigation that could be costly and time consuming.

We depend on third-party software, systems and services.

We rely on products and services of third-party providers in our business operations. There can be no assurance that we will not experience operational problems attributable to the installation, implementation, integration, performance, features or functionality of such third-party software, systems and services. Any interruption in the availability or usage of the products and services provided by third parties could have a material adverse effect on our business or operations.

We depend on certain important employees, and the loss of any of those employees may harm our business.

Our performance is substantially dependent on the performance of our executive officers and other key employees, as well as management of our operating companies. The familiarity of these individuals with technology and service related industries makes them especially critical to our success following our acquisition of Modus. In addition, our success is dependent on our ability to attract, train, retain and motivate high quality personnel, especially for our operating companies' management teams. Competition for such personnel is intense. The loss of the services of any of our executive officers or key employees may harm our business.

There may be conflicts of interest among CMGI, CMGI's subsidiaries, and their respective officers, directors and stockholders.

Some of CMGI's officers and directors also serve as officers or directors of one or more of CMGI's subsidiaries. In addition, David S. Wetherell, CMGI's Chairman of the Board, has significant compensatory interests in certain of CMGI's @Ventures venture capital affiliates. As a result, CMGI, CMGI's officers and directors, and CMGI's subsidiaries and venture capital affiliates may face potential conflicts of interest with each other and with stockholders. Specifically, CMGI's officers and directors may be presented with situations in their capacity as officers, directors or management of one of CMGI's subsidiaries and venture capital affiliates that conflict with their fiduciary obligations as officers or directors of CMGI or of another subsidiary or affiliate.

Our strategy of expanding our business through acquisitions of other businesses and technologies presents special risks.

We intend to continue to expand our business in certain areas through the acquisition of businesses, technologies, products and services from other businesses. Acquisitions involve a number of special problems, including:

- the need to incur additional indebtedness, issue stock or use cash in order to consummate the acquisition;
- difficulty integrating acquired technologies, operations and personnel with the existing businesses;
- diversion of management attention in connection with both negotiating the acquisitions and integrating the assets;
- strain on managerial and operational resources as management tries to oversee larger operations;
- the funding requirements for acquired companies may be significant;
- exposure to unforeseen liabilities of acquired companies;
- increased risk of costly and time-consuming litigation, including stockholder lawsuits; and
- potential issuance of securities in connection with an acquisition with rights that are superior to the rights of holders of our common stock, or which may have a dilutive effect on our common stockholders.

We may not be able to successfully address these problems. Moreover, our future operating results will depend to a significant degree on our ability to successfully integrate acquisitions and manage operations while also controlling expenses and cash burn.

Our quarterly results may fluctuate significantly.

Our operating results have fluctuated widely on a quarterly basis during the last several years, and we expect to experience significant fluctuations in future quarterly operating results. Many factors, some of which are beyond our control, have contributed to these quarterly fluctuations in the past and may continue to do so. Such factors include:

- demand for our products and services;
- timing of new product introductions or software releases by our customers or their competitors;
- payment of costs associated with our acquisitions, sales of assets and investments;
- timing of sales of assets and marketable securities;
- market acceptance of new products and services;
- seasonality;

- temporary shortages in supply from vendors;
- charges for impairment of long-lived assets in future periods;
- potential restructuring charges in connection with our continuing restructuring efforts;
- political instability or natural disasters in the countries in which we operate;
- specific economic conditions in the industries in which we compete; and
- general economic conditions.

We believe that period-to-period comparisons of our results of operations will not necessarily be meaningful and should not be relied upon as indicative of our future performance. It is also possible that in some fiscal quarters, our operating results will be below the expectations of securities analysts and investors. In such circumstances, the price of our common stock may decline.

The price of our common stock has been volatile and may fluctuate based on the value of our assets.

The market price of our common stock has been and is likely to continue to be volatile. In recent years, the stock market has experienced significant price and volume fluctuations, which have particularly impacted the market prices of equity securities of many companies providing technology-related products and services. Some of these fluctuations appear to be unrelated or disproportionate to the operating performance of such companies. Future market movements may adversely affect the market price of our common stock. In addition, should the market price of our common stock be below $1.00 per share for an extended period, we risk Nasdaq delisting, which would have an adverse effect on our business and on the trading of our common stock. In order to maintain compliance with Nasdaq listing standards, we may consider several strategies, including without limitation a reverse stock split.

In addition, a portion of our assets includes the equity securities of both publicly traded and privately held companies. The market price and valuations of the securities that we hold may fluctuate due to market conditions and other conditions over which we have no control. Fluctuations in the market price and valuations of the securities that we hold in other companies may result in fluctuations of the market price of our common stock and may reduce the amount of working capital available to us.

We will continue to be subject to intense competition.

The markets for our products and services are highly competitive and often lack significant barriers to entry, enabling new businesses to enter these markets relatively easily. Numerous well-established companies and smaller entrepreneurial companies are focusing significant resources on developing and marketing products and services that will compete with our products and services. The market for supply chain management products and services is very competitive, and the intensity of the competition is expected to continue to increase. Any failure to maintain and enhance our competitive position and the competitive position of our operating companies would limit our ability to maintain and increase market share, which would result in serious harm to our business. Increased competition may also result in price reductions, reduced gross margins and loss of market share. In addition, many of our current and potential competitors will continue to have greater financial, technical, operational and marketing resources than those of CMGI and our operating companies. We may not be able to compete successfully against these competitors. Competitive pressures may also force prices for supply chain management products and services down and such price reductions may reduce our revenues.

To succeed, we must respond to the rapid changes in the technology sector.

The markets for our technology-related products and services are characterized by:

- rapidly changing technology;
- evolving industry standards;

- frequent new product and service introductions;
- shifting distribution channels; and
- changing customer demands.

Our success will depend on our ability to adapt to this rapidly evolving marketplace. We may not be able to adequately adapt our products and services or to acquire new products and services that can compete successfully. In addition, we may not be able to establish and maintain effective distribution channels.

We could be subject to infringement claims and other liabilities.

From time to time, we have been, and will continue to be, subject to third-party claims in the ordinary course of business, including claims of alleged infringement of intellectual property rights. Any such claims may damage our business by:

- subjecting us to significant liability for damages;
- resulting in invalidation of our proprietary rights;
- resulting in costly license fees in order to settle such claims;
- being time-consuming and expensive to defend even if such claims are not meritorious; and
- resulting in the diversion of our management's time and attention.

ITEM 7A—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to equity price risks on the marketable portion of its equity securities. The Company's available-for-sale securities at July 31, 2004 primarily consisted of investments in companies in the Internet and technology industries, which have experienced significant historical volatility in their stock prices. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. A 20% adverse change in equity prices, based on a sensitivity analysis of the equity component of the Company's available-for-sale securities portfolio as of July 31, 2004, would result in an approximate $0.1 million decrease in the fair value of the Company's available-for-sale securities.

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

The Company has from time to time used derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates on its borrowing arrangements. The Company does not enter into derivative financial instruments for trading purposes. As a matter of policy all derivative positions are used to reduce risk by hedging underlying economic or market exposure. The derivatives the Company uses are straightforward instruments with liquid markets. At July 31, 2004, the Company was primarily exposed to the London Interbank Offered Rate (LIBOR) and Euro Interbank Offered Rate (EURIBOR) interest rate on its outstanding borrowing arrangements, and the Company had no open derivative positions.

The Company has historically had very low exposure to changes in foreign currency exchange rates, and as such, has not used derivative financial instruments to manage foreign currency fluctuation risk. As a result of the acquisition of Modus, the Company has added operations in various countries and currencies throughout the world and its financial position can be affected by significant fluctuations in foreign currency exchange rates. Modus has historically used derivative financial instruments to manage the exposure that results from such fluctuations, and the Company expects to continue such practice.

ITEM 8.—FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CMGI, Inc.:

We have audited the accompanying consolidated balance sheets of CMGI, Inc. and subsidiaries as of July 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended July 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with The Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMGI, Inc. and subsidiaries as of July 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 2004, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boston, Massachusetts
September 30, 2004

CMGI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	July 31,	
	2004	2003
	(in thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 271,871	$ 196,916
Available-for-sale securities	292	79,151
Accounts receivable, trade, net of allowance for doubtful accounts of $573 and $996 at July 31, 2004 and 2003, respectively	54,296	55,209
Inventories	34,460	30,475
Prepaid expenses and other current assets	21,364	35,356
Current assets of discontinued operations	83	1,876
Total current assets	382,366	398,983
Property and equipment, net	7,246	8,598
Investments in affiliates	18,635	19,470
Goodwill	22,122	22,122
Other assets	3,383	6,093
Non-current assets of discontinued operations	14	75
	$ 433,766	$ 455,341
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 178	$ 6,622
Revolving line of credit	15,785	—
Accounts payable	37,055	39,254
Current portion of accrued restructuring	8,872	9,268
Accrued income taxes	24,352	95,653
Accrued expenses	32,298	28,956
Other current liabilities	2,565	1,881
Current liabilities of discontinued operations	155	214
Total current liabilities	121,260	181,848
Long-term debt, less current installments	1,544	1,673
Long-term portion of accrued restructuring	6,269	10,878
Other long-term liabilities	10,857	11,660
Non-current liabilities of discontinued operations	98	1,805
Minority interest	423	465
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value per share. Authorized 5,000,000 shares; zero issued or outstanding as of July 31, 2004 and July 31, 2003	—	—
Common stock, $0.01 par value per share. Authorized 1,405,000,000 shares; issued and outstanding 401,572,283 shares at July 31, 2004 and 395,591,493 shares at July 31, 2003	4,016	3,956
Additional paid-in capital	7,300,010	7,296,230
Deferred compensation	(591)	—
Accumulated deficit	(7,009,785)	(7,096,760)
Accumulated other comprehensive income (loss)	(335)	43,586
Total stockholders' equity	293,315	247,012
	$ 433,766	$ 455,341

See accompanying notes to consolidated financial statements.

CMGI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Years Ended July 31,		
	2004	2003	2002
Net revenue	$397,422	$ 436,987	$ 168,476
Operating expenses:			
Cost of revenue	372,293	403,883	152,140
Research and development	—	—	4,732
Selling	5,323	6,792	28,357
General and administrative	37,532	62,668	54,598
Amortization of intangible assets and stock-based compensation	333	218	4,941
Impairment of long-lived assets	—	456	2,482
Restructuring, net	5,604	55,348	(3,118)
Total operating expenses	421,085	529,365	244,132
Operating loss	(23,663)	(92,378)	(75,656)
Other income (expense):			
Interest income	3,569	3,396	14,387
Interest (expense) recovery, net	(1,732)	321	22,029
Other gains (losses), net	43,398	(41,317)	(67,983)
Equity in losses of affiliates, net	(756)	(1,774)	(15,408)
Minority interest	(2,075)	319	—
	42,404	(39,055)	(46,975)
Income (loss) from continuing operations before income taxes and extraordinary item	18,741	(131,433)	(122,631)
Income tax expense (benefit)	(69,532)	3,249	(7,096)
Income (loss) from continuing operations before extraordinary item	88,273	(134,682)	(115,535)
Discontinued operations, net of income taxes:			
Loss from discontinued operations	(1,298)	(81,626)	(540,664)
Extraordinary gain on retirement of debt, net of income taxes	—	—	131,281
Net income (loss)	86,975	(216,308)	(524,918)
Preferred stock accretion	—	—	(2,301)
Gain on repurchase of Series C Convertible Preferred stock	—	—	63,505
Net income (loss)	$ 86,975	$(216,308)	$(463,714)
Basic and diluted earnings (loss) per share:			
Income (loss) from continuing operations before extraordinary item	$ 0.22	$ (0.34)	$ (0.14)
Loss from discontinued operations	—	(0.21)	(1.43)
Extraordinary gain on retirement of debt, net of income taxes	—	—	0.35
Net income (loss) available to common stockholders	$ 0.22	$ (0.55)	$ (1.22)
Shares used in computing basic earnings (loss) per share	399,153	393,455	379,800
Shares used in computing diluted earnings (loss) per share	404,246	393,455	379,800

See accompanying notes to consolidated financial statements.

CMGI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Deferred compensation	Accumulated deficit	Total stockholders' equity
Balance at July 31, 2001 (346,725,404 shares)	$ 3,467	$7,139,222	$ 17,682	$ (291)	$ (6,353,233)	$ 806,847
Comprehensive loss, net of taxes:						
Net loss	—	—	—	—	(524,918)	(524,918)
Other comprehensive income:						
Net unrealized holding loss arising during period	—	—	(18,160)	—	—	(18,160)
Less: Reclassification adjustment for net realized losses included in net loss	—	—	1,257	—	—	1,257
Net unrealized foreign currency translation adjustment arising during the period	—	—	(1,062)	—	—	(1,062)
Total comprehensive loss	—	—	—	—	—	(542,883)
Preferred stock accretion	—	—	—	—	(2,301)	(2,301)
Gain on repurchase of Series C Convertible Preferred stock and related issuance of common stock (34,701,034 shares)	347	154,070	—	—	—	154,417
Issuance of common stock pursuant to employee stock purchase plans and stock options (1,068,242 shares)	11	1,081	—	—	—	1,092
Issuance of common stock and payments on notes payable and long-term debt (10,117,664 shares)	101	21,186	—	—	—	21,287
Amortization of deferred compensation	—	(182)	—	291	—	109
Effect of subsidiaries' equity transactions, net	—	(21,872)	—	—	—	(21,872)
Balance at July 31, 2002 (392,679,011 shares)	$ 3,926	$7,293,505	$ (283)	$ —	$ (6,880,452)	$ 416,696

CMGI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(in thousands, except share amounts)

	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Deferred compensation	Accumulated deficit	Total stockholders' equity
Balance carried forward from previous page at July 31, 2002 (392,679,011 shares)	$ 3,926	$7,293,505	$ (283)	$ —	$ (6,880,452)	$ 416,696
Comprehensive loss, net of taxes:						
Net loss	—	—	—	—	(216,308)	(216,308)
Other comprehensive income:						
Net unrealized holding gain arising during period	—	—	50,229	—	—	50,229
Less: Reclassification adjustment for net realized gain included in net loss	—	—	(7,444)	—	—	(7,444)
Foreign currency translation adjustment arising during the period	—	—	1,084	—	—	1,084
Total comprehensive loss	—	—	—	—	—	(172,439)
Issuance of common stock pursuant to employee stock purchase plans and stock options (2,163,353 shares)	22	1,169	—	—	—	1,191
Issuance of common stock for lease buyout (750,000 shares)	8	1,335	—	—	—	1,343
Stock based compensation expense	—	221	—	—	—	221
Balance at July 31, 2003 (395,591,493 shares)	$ 3,956	$7,296,230	$ 43,586	$ —	$ (7,096,760)	$ 247,012
Comprehensive loss, net of taxes:						
Net income	—	—	—	—	86,975	86,975
Other comprehensive income:						
Net unrealized holding gain arising during period	—	—	960	—	—	960
Less: Reclassification adjustment for net realized gain included in net loss	—	—	(44,543)	—	—	(44,543)
Foreign currency translation adjustment arising during the period	—	—	(338)	—	—	(338)
Total comprehensive income	—	—	—	—	—	43,054
Issuance of common stock pursuant to employee stock purchase plans and stock options (5,038,924 shares)	50	1,252	—	—	—	1,302
Restricted Stock Grants (535,000 shares)	5	845	—	(850)	—	—
Amortization of deferred compensation	—	—	—	259	—	259
Stock option tax benefit	—	773	—	—	—	773
Issuance of common stock for settlement of contractual obligations (416,133 shares)	4	838	—	—	—	842
Stock based compensation expense	1	72	—	—	—	73
Balance at July 31, 2004 (401,572,283 shares)	$ 4,016	$7,300,010	$ (335)	$ (591)	$ (7,009,785)	$ 293,315

See accompanying notes to consolidated financial statements.

CMGI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended July 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net income (loss)	$ 86,975	$(216,308)	$(524,918)
Loss from discontinued operations	(1,298)	(81,626)	(540,664)
Income (loss) from continuing operations	88,273	(134,682)	15,746
Adjustments to reconcile net income (loss) to cash used for continuing operations:			
Depreciation, amortization and impairment charges	7,104	11,257	21,700
Realization of cumulative translation adjustment	—	5,026	—
Deferred income taxes	—	—	12,623
Non-cash restructuring charges	504	14,419	5,209
Non-operating (gains) losses, net	(43,398)	31,836	(102,064)
Equity in losses of affiliates	756	1,774	15,408
Deferred loss on sale of subsidiary	—	—	(31,869)
Minority interest	(42)	(319)	—
Changes in operating assets and liabilities, excluding effects from acquired and divested subsidiaries:			
Trade accounts receivable	913	(16,810)	15,906
Inventories	(3,985)	1,632	7,949
Prepaid expenses and other current assets	2,011	(18,634)	14,102
Accounts payable, accrued restructuring and accrued expenses	(2,913)	(9,461)	(83,300)
Accrued income taxes, net	(70,528)	3,249	17,903
Other assets and liabilities	2,591	44,094	(3,563)
Net cash used for operating activities of continuing operations	(18,714)	(66,619)	(94,250)
Cash flows from investing activities of continuing operations:			
Additions to property and equipment	(6,205)	(3,973)	(16,663)
Proceeds from the sale of available-for-sale securities	79,817	27,104	57,874
Maturities of available-for-sale securities	—	10,000	—
Purchases of available-for-sale securities	—	(9,958)	—
Proceeds from the sale of investment in Signatures SNI, Inc.	—	8,000	—
Cash impact of acquisitions and divestitures of subsidiaries, net	12,155	66,620	(40,276)
Net investments in affiliates	(2,097)	(4,488)	(11,200)
Proceeds from affiliate distributions	444	3,760	—
Other, net	—	—	3,384
Net cash provided by (used for) investing activities of continuing operations	84,114	97,065	(6,881)
Cash flows from financing activities of continuing operations:			
Repayments of notes payable	—	—	(75,000)
Repayments of long-term debt	(1,536)	(965)	(457)
Repayments of revolving line of credit	(2,000)	—	—
Proceeds from revolving line of credit	13,000	—	—
Payment for retirement of Series C Convertible Preferred Stock	—	—	(100,301)
Proceeds from issuance of common stock	1,301	1,191	1,092
Other	—	—	(1,641)
Net cash provided by (used for) financing activities of continuing operations	10,765	226	(176,307)
Net cash used for discontinued operations	(1,210)	(29,855)	(118,584)
Net increase (decrease) in cash and cash equivalents	74,955	817	(396,022)
Cash and cash equivalents at beginning of year	196,916	196,099	592,121
Cash and cash equivalents at end of year	$271,871	$ 196,916	$ 196,099

See accompanying notes to consolidated financial statements.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

CMGI, through its subsidiaries, provides industry-leading global supply chain management services and marketing distribution solutions that help businesses market, sell and distribute their products and services. In addition, through its venture capital affiliate, @Ventures, CMGI invests venture capital in a variety of technology ventures. The Company previously operated under the name CMG Information Services, Inc. and was incorporated in Delaware in 1986. CMGI's address is 1100 Winter Street, Suite 4600, Waltham, Massachusetts 02451.

CMGI's business strategy over the years has led to the development, acquisition and operation of majority-owned subsidiaries focused on technology and supply chain management services, as well as the strategic investment in other companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its subsidiaries, investments and affiliates. The Company expects to continue to develop and refine its product and service offerings, and to continue to pursue the development or acquisition of, or the investment in, additional companies and technologies.

Historically, CMGI's supply chain management business has been operated by SalesLink Corporation and SL Supply Chain Services International Corp. On July 31, 2003, CMGI contributed the capital stock of SL Supply Chain Services International Corp. to SalesLink. As used herein, with respect to our supply chain management business, references to SalesLink refer to SalesLink Corporation and SL Supply Chain Services International Corp.

On August 2, 2004, CMGI completed its acquisition of Modus Media, Inc., a privately held provider of supply chain management solutions ("Modus"), which conducted business through its wholly owned subsidiary, Modus Media International, Inc. CMGI acquired Modus in order to expand the geographic presence of its supply chain management offerings, diversify its customer base, broaden its product and service offerings and bolster its management team. Modus Media International, Inc., which has been renamed ModusLink Corporation, and the supply chain management business of SalesLink, are being integrated and operated under the ModusLink name. Under the terms of the Company's merger agreement with Modus, CMGI issued approximately 68.6 million shares of CMGI common stock and assumed or substituted options to purchase approximately 12.6 million shares of CMGI common stock in exchange for all outstanding equity of Modus, and made a net cash payment of approximately $66.2 million to retire Modus' debt and pay certain deal related costs. By acquiring Modus, CMGI expects to create a supply chain management market leader with nearly $1 billion in annual revenue, 38 locations in 13 countries, including a significant China presence, and a widely diversified client base that includes leaders in technology, software and consumer electronics. SalesLink's marketing distribution services business will continue to operate as SalesLink Corporation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Presentation

The consolidated financial statements of the Company include the results of its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company accounts for investments in businesses in which it owns less than 50% using the equity method, if the Company has the ability to exercise significant influence over the investee company. All other investments for which the Company does not have the ability to exercise significant influence or for which there is not a readily determinable market value, are accounted for under the cost method of accounting. Certain amounts for prior periods have been reclassified to conform to current year presentations.

Certain costs related to the purchase price of products sold, inbound and outbound shipping charges and packing costs associated with the Company's eBusiness and Fulfillment segment are classified as cost of revenue.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revenue Recognition. The Company derives its revenue primarily from the sale of products, supply chain management services and marketing distribution services and other services. Revenue is recognized as product is shipped and related services are performed in accordance with all applicable revenue recognition criteria.

The Company recognizes revenue when there is persuasive evidence of an arrangement, title and risk of loss have passed, delivery has occurred or the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. The Company also applies the provisions of Emerging Issues Task Force (EITF) Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The Company's application of EITF 99-19 includes evaluation of the terms of each major customer contract relative to a number of criteria that management considers in making its determination with respect to gross vs. net reporting of revenue for transactions with its customers. Management's criteria for making these judgments place particular emphasis on determining the primary obligor in a transaction and which party bears general inventory risk. The Company records all shipping and handling fees billed to customers as revenue, and related costs as cost of sales, when incurred, in accordance with EITF 00-10, "Accounting for Shipping and Handling Fees and Costs."

In November 2002, the Financial Accounting Standards Board's Emerging Issues Task Force reached a consensus on Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how the arrangement consideration should be measured and allocated to the separate units of accounting. EITF 00-21 became effective for revenue arrangements entered into in periods beginning after June 15, 2003. For revenue arrangements occurring on or after August 1, 2003, the Company has revised its revenue recognition policy to comply with the provisions of EITF 00-21.

For those contracts which contain multiple deliverables, management must first determine whether each service, or deliverable, meets the separation criteria of EITF 00-21. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has standalone value to the customer and if there is objective and reliable evidence of the fair value of the remaining deliverables in the arrangement. Each deliverable that meets the separation criteria is considered a "separate unit of accounting." Management allocates the total arrangement consideration to each separate unit of accounting based on the relative fair value of each separate unit of accounting. The amount of arrangement consideration that is allocated to a unit of accounting that has already been delivered is limited to the amount that is not contingent upon the delivery of another separate unit of accounting. After the arrangement consideration has been allocated to each separate unit of accounting, management applies the appropriate revenue recognition method for each separate unit of accounting as described previously based on the nature of the arrangement. All deliverables that do not meet the separation criteria of EITF 00-21 are combined into one unit of accounting, and the appropriate revenue recognition method is applied.

In December 2003, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 104 ("SAB 104"), "Revenue Recognition", which updates portions of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements ("SAB 101"). SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple element revenue arrangements, superseded as a result of the issuance of EITF 00-21. While the wording of SAB 104 has changed to reflect the issuance of EITF 00-21, the revenue recognition principles of SAB 101 remain largely unchanged by the issuance of SAB 104. As a result, the adoption of this pronouncement did not have a material effect on the Company's financial position or results of operations.

Foreign Currency Translation

For entities that do not operate in "highly inflationary" markets, assets and liabilities of international subsidiaries, whose functional currency is the local currency, are translated at the rates in effect at the balance sheet date. Statement of operations amounts are remeasured using an average of exchange rates in effect during the year.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Resulting translation adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are included in other gains and (losses), net. Net foreign currency transaction gains (losses) were $(405,000), $(447,000), and $1,794,000 for the years ended July 31, 2004, 2003 and 2002, respectively.

Cash Equivalents and Statement of Cash Flows Supplemental Information

Highly liquid investments with original maturities of three months or less at the time of acquisition are considered cash equivalents.

Cash used for operating activities reflect cash payments for interest and income taxes as follows:

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Interest	$660	$1,507	$547
Income taxes	$831	$ 332	$963

Portions of the consideration for acquisitions of businesses by the Company, or its subsidiaries, during fiscal year 2002 included the issuance of shares of the Company's common stock and the issuance of seller's notes (see Note 13).

During fiscal 2004, significant non-cash activities primarily included the issuance of 416,133 shares of the Company's common stock for the settlement of certain obligations as well as a grant of 535,000 restricted shares of the Company's common stock to certain executives and employees of the Company.

During fiscal 2003, significant non-cash activities primarily included the receipt by the Company of common stock and notes as a portion of the total consideration for certain of the Company's fiscal 2003 divestitures. The non-cash consideration received by the Company as part of its divestiture activity included the following: In September 2002, the Company received 131,579 shares of ClearBlue Technologies common stock in connection with the NaviSite divestiture. In March 2003, the Company received a $3.0 million note in connection with the Tallán divestiture. In April 2003, AltaVista received approximately 4.3 million shares of Overture Services, Inc. common stock in connection with its divestiture of substantially all of its assets and business operations, and uBid received a $2.0 million note in connection with its sale of substantially all of its assets and business operations. See Note 4 for further discussion of the Company's fiscal 2003 divestiture activities. Also during fiscal 2003, the Company settled its lease obligation related to its former corporate headquarters facility for consideration that included the issuance of 750,000 shares of the Company's common stock.

During fiscal 2002, significant non-cash activities included the Company's repurchase of all of the outstanding shares of its Series C Convertible Preferred Stock for approximately 34.7 million shares of the Company's common stock as well as additional consideration (see Note 15). The Company also issued approximately 5.4 million shares of its common stock as payment for the first quarter fiscal 2002 interest on its note payable to Hewlett-Packard Company (HP). During fiscal 2002, the Company also reached an agreement with HP in which HP agreed to deem the Company's $220.0 million in face amounts of notes payable, plus the accrued interest thereon, paid in full in exchange for approximately 4.5 million shares of CMGI common stock, CMGI's 49% ownership interest in its affiliate, B2E Solutions, LLC, of which HP had previously owned the remaining 51% as well as additional consideration (see Note 13). Additionally, the Company sold its majority-owned subsidiary, Activate.Net Corporation (Activate) to Loudeye Technologies, Inc. (Loudeye), in exchange

for $1.0 million in cash and a future payment of cash and stock. In September 2002, the Company received $2.0 million in cash and 1.0 million shares of Loudeye common stock in satisfaction of the future payment obligation.

Fair Value of Financial Instruments

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

Investments

Marketable securities held by the Company, which meet the criteria for classification as available-for-sale are carried at fair value, net of a market discount to reflect any restrictions on transferability, when applicable. Unrealized holding gains and losses on securities classified as available-for-sale are carried net of income taxes, when applicable, as a component of "Accumulated other comprehensive income (loss)" in the Consolidated Statements of Stockholders' Equity.

Marketable securities held by the Company, which meet the criteria for classification as trading are carried at fair value. Changes in the market value of securities classified as trading are recorded as a component of "Other gains (losses), net" in the accompanying Consolidated Statements of Operations.

The Company also maintains interests in several privately held companies through its various venture capital funds. These venture funds ("CMGI @Ventures") invest in early-stage technology companies. These equity investments are generally made in connection with a round of financing with other third-party investors. At July 31, 2004, the Company had approximately $18.6 million of equity investments in privately held companies. Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities are carried at the lower of cost or net realizable value unless it is determined that the Company exercises significant influence over the investee company, in which case the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. These adjustments are reflected in "Equity in losses of affiliates" in the Company's Consolidated Statements of Operations.

The Company assesses the need to record impairment losses on investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular equity investment's net realizable value is less than its carrying value requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes, and competition. This valuation process is based primarily on information that the Company requests from these privately held companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and accuracy of the data may vary. Based on the Company's evaluation, it recorded impairment charges related to its investments in privately held companies of $1.6 million, $28.2 million and $44.7 million in fiscal years ended 2004, 2003 and 2002, respectively. These impairment losses are reflected in "Other gains (losses), net" in the Company's Consolidated Statements of Operations.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Estimating the net realizable value of investments in privately held early-stage technology companies is inherently subjective and may contribute to significant volatility in our reported results of operations. As such, we may incur additional impairments to our equity investments in privately held companies, which could have an adverse impact on our future results of operations.

At the time an equity method investee sells its stock to unrelated parties at a price in excess of its book value, the Company's net investment in that affiliate increases. If at that time, the affiliate is not a newly formed, non-operating entity, or a research and development company, start-up or development stage company, and if there is no question as to the affiliate's ability to continue in existence, the Company records the increase as a gain in its Consolidated Statements of Operations.

Inventory

Inventories consist primarily of raw materials and are stated at the lower of cost or market. Cost is primarily determined by the first-in, first-out (FIFO) method.

Inventories at July 31 consisted of the following:

	2004	2003
	(in thousands)	
Raw materials	$23,047	$23,679
Work-in-process	39	15
Finished goods	11,374	6,781
	$34,460	$30,475

Long-Lived Assets, Goodwill and Other Intangible Assets

The Company follows the guidance in SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, the Company tests certain long-lived assets or group of assets for recoverability whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. SFAS No. 144 defines impairment as the condition that exists when the carrying amount of a long-lived asset or group exceeds its fair value. When events or changes in circumstances dictate an impairment review of a long-lived asset or group, the Company evaluates recoverability by determining whether the undiscounted cash flows expected to result from the use and eventual disposition of that asset or group cover the carrying value at the evaluation date. If the undiscounted cash flows are not sufficient to cover the carrying value, the Company measures any impairment loss as the excess of the carrying amount of the long-lived asset or group over its fair value.

The Company follows the guidance in SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires the Company to evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and to make any necessary reclassifications in order to conform with the new criteria in SFAS No. 141 (SFAS 141), "Business Combinations", for recognition apart from goodwill. Accordingly, the Company is required to reassess the useful lives and residual values of all identifiable intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments. In addition, to the extent an intangible asset is then determined to have an indefinite useful life, the Company is required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142. The Company's valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. Management predominantly uses third party valuation reports to assist in its determination of the fair value of reporting units subject to impairment testing. If these assumptions

differ materially from future results, the Company may record impairment charges in the future. Additionally, the Company's policy is to perform its annual impairment testing for all reporting units in the fourth quarter of each fiscal year. The Company performed its annual impairment test during the fourth quarter of fiscal 2004 and concluded Goodwill was not impaired. At July 31, 2004 the Company's carrying value of goodwill totaled $22.1 million.

Restructuring Expenses

For restructuring plans implemented prior to December 31, 2002, the Company assessed the need to record restructuring charges in accordance with EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" (EITF 94-3). The Company also applies EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination" and Staff Accounting Bulletin (SAB) No. 100, "Restructuring and Impairment Charges." In accordance with this guidance, management must execute an exit plan that will result in the incurrence of costs that have no future economic benefit. Also under the terms of EITF 94-3, a liability for the restructuring charges is recognized in the period management approves the restructuring plan. The Company records liabilities that primarily include the estimated severance and other costs related to employee benefits and certain estimated costs to exit equipment and facility lease obligations, bandwidth agreements and other service contracts. These estimates are based on the remaining amounts due under various contractual agreements, adjusted for any anticipated contract cancellation penalty fees or any anticipated or unanticipated event or changes in circumstances that would reduce these obligations. The settlement of these liabilities could differ materially from recorded amounts. In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF 94-3. The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing, or other exit or disposal activity. The provisions of this Statement have been applied by the Company to exit or disposal activities that were initiated after December 31, 2002.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is provided on the straight-line basis over the estimated useful lives of the respective assets (three to seven years). Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the lease term.

Maintenance and repairs are charged to operating expenses as incurred. Major renewals and betterments are added to property and equipment accounts at cost.

Advertising Costs

Advertising costs are expensed in the year incurred. Advertising expenses were approximately $0.1 million, $1.6 million and $21.0 million for the fiscal years ended July 31, 2004, 2003 and 2002, respectively.

Income Taxes

Income taxes are accounted for under the provisions of SFAS No. 109, "Accounting for Income Taxes," using the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing

assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. SFAS No. 109 also requires that the deferred tax assets be reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This methodology requires estimates and judgments in the determination of the recoverability of deferred tax assets and in the calculation of certain tax liabilities. At July 31, 2004 and 2003, respectively, a full valuation allowance has been recorded against the gross deferred tax asset since management believes that after considering all the available objective evidence, both positive and negative, historical and prospective, with greater weight given to historical evidence, it is more likely than not that these assets will not be realized.

In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions. The Company records liabilities for estimated tax obligations in the U.S. and other tax jurisdictions. These estimated tax liabilities include the provision for taxes that may become payable in the future. During the fiscal year ended July 31, 2004, the Company recorded an income tax benefit of approximately $69.5 million, primarily as a result of a $76.4 million reduction in the Company's estimate of certain tax liabilities that had been included in accrued income taxes on the Company's balance sheet.

Earnings (Loss) Per Share

The Company calculates earnings per share in accordance with SFAS No. 128, "Earnings per Share". Basic earnings per share is computed based on the weighted average number of common shares outstanding during the period. The dilutive effect of common stock equivalents and convertible preferred stock are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive. Approximately 5.1 million weighted average common stock equivalents were included in the denominator in the calculation of dilutive earnings per share for the year ended July 31, 2004. Approximately 6.3 million outstanding options were excluded from the denominator in the diluted earnings per share calculation for the year ended July 31, 2004, as their inclusion would be antidilutive. Approximately 6.6 million and 4.7 million weighted average common stock equivalents were excluded from the denominator in the diluted loss per share calculation for the years ended July 31, 2003 and 2002, respectively, as their inclusion would be antidilutive. Given that the Company's outstanding Series C Convertible Preferred Stock was repurchased in November 2001 (see Note 15), there is no effect of assumed conversion of convertible preferred stock for the year ended July 31, 2002.

If a subsidiary has dilutive stock options or warrants outstanding, diluted earnings per share is computed by first deducting from net income (loss), the income attributable to the potential exercise of the dilutive stock options or warrants of the subsidiary. The effect of income attributable to dilutive subsidiary common stock equivalents was immaterial during the years ended July 31, 2004, 2003 and 2002, respectively.

Stock-Based Compensation Plans

The Company accounts for its stock compensation plans under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by SFAS No. 123, the Company measures compensation cost in accordance with Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, no accounting recognition is given to stock options granted at fair market value until they are exercised. Upon exercise, net proceeds, including tax benefits realized, are credited to equity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

SFAS No. 123 sets forth a fair-value based method of recognizing stock-based compensation expense. As permitted by SFAS No. 123, the Company has elected to continue to apply APB No. 25 to account for its stock-based compensation plans. Had compensation cost for awards in fiscal 2004, 2003 and 2002 under the Company's stock-based compensation plans been determined based on the fair value method set forth under SFAS No. 123, the pro forma effect on the Company's net income (loss) and net earnings (loss) per share would have been as follows:

	Years Ended July 31,		
	2004	2003	2002
	(in thousands, except per share data)		
Net income (loss)	$ 86,975	$(216,308)	$(463,714)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(91,916)	(245,386)	(241,065)
Add: Total stock-based employee compensation expense included in reported net income (loss), net of related tax effects	333	218	218
Pro-forma net loss	$ (4,608)	$(461,476)	$(704,561)
Net earnings (loss) per share:			
Basic – as reported	$ 0.22	$ (0.55)	$ (1.22)
Basic – pro-forma	$ (0.01)	$ (1.17)	$ (1.85)
Diluted – as reported	$ 0.22	$ (0.55)	$ (1.22)
Diluted – pro-forma	$ (0.01)	$ (1.17)	$ (1.85)

The fair value of each stock option grant has been estimated on the date of grant using the Black-Scholes option-pricing model, assuming no expected dividends and the following weighted average assumptions:

	Years Ended July 31,		
	2004	2003	2002
Volatility	100.13%	134.6%	97.1%
Risk-free interest rate	2.8%	2.6%	3.6%
Expected life of options (in years)	4.7	4.3	5.9
Weighted average fair value	$ 1.19	$ 0.63	$0.66

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 those estimates.

Diversification of Risk

Sales to one customer, Hewlett-Packard, accounted for approximately 71%, 74% and 12% of consolidated net revenue and 71%, 75% and 13% of eBusiness and Fulfillment segment net revenue for fiscal years 2004, 2003 and 2002, respectively. Accounts receivable from this customer amounted to approximately 69% and 73% of total trade accounts receivable at July 31, 2004 and 2003, respectively. The Company's products and services are provided to customers primarily in North America.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Financial instruments, which potentially subject the Company to concentrations of credit risk are cash equivalents, available-for-sale securities, accounts receivable, and long-term debt. The Company's cash equivalent investment portfolio is diversified and consists primarily of short-term investment grade securities. To reduce risk, the Company performs ongoing credit evaluations of its customers' financial condition. The Company generally does not require collateral on accounts receivable.

Derivative Instruments and Hedging Activities

The Company accounts for derivative arrangements it may enter into from time to time in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes standards of accounting and reporting for derivative instruments and hedging activities. SFAS No. 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statements of operations or as a component of comprehensive income, depending on the type of hedging relationship that exists. If the derivative is determined to be a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are offset against the change in fair value of the hedged assets, liabilities, or firm commitments through the statements of operations or recognized in other comprehensive income until the hedged item is recognized in the statements of operations. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income," requires certain financial statement components, such as net unrealized holding gains or losses and cumulative translation adjustments to be included in accumulated other comprehensive income (loss). The Company reports accumulated other comprehensive income (loss) in the Consolidated Statements of Stockholders' Equity.

Recent Accounting Pronouncements

In November 2002, the EITF reached a consensus on EITF Issue 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." EITF Issue 00-21 provides guidance on how to determine when an arrangement that involves multiple revenue-generating activities or deliverables should be divided into separate units of accounting for revenue recognition purposes, and if this division is required, how the arrangement consideration should be allocated among the separate units of accounting. The guidance in the consensus is effective for revenue arrangements entered into on or after January 1, 2004. The adoption of EITF Issue 00-21 did not have a material effect on the Company's financial position or results of operations.

In December 2003, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. ("SAB") 104, "Revenue Recognition," which supersedes SAB 101, "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple element revenue arrangements, superseded as a result of the issuance of EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." The issuance of SAB 104 reflects the concepts contained in EITF 00-21; the other revenue recognition concepts contained in SAB 101 remain largely unchanged. The application of SAB 104 did not have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation ("FIN") No. 46 "Consolidation of Variable Interest Entities" ("FIN 46") and, in December 2003, issued a revision to that interpretation ("FIN 46R"). FIN 46R further explains how to identify variable interest entities ("VIE") and how to determine when a business enterprise should include the assets, liabilities, noncontrolling interest and results of a VIE in its financial

statements. The Company adopted FIN 46R as of April 30, 2004. The adoption of the provisions of FIN 46R did not have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity", which establishes standards for how an issuer of financial instruments classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on a fixed monetary amount known at inception, variations in something other than the fair value of the issuer's equity shares or variations inversely related to changes in the fair value of the issuer's equity shares. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. On November 7, 2003 the FASB deferred the classification and measurement provisions of SFAS No. 150 as they apply to certain mandatory redeemable non-controlling interests. This deferral is expected to remain in effect while these provisions are further evaluated by the FASB. The Company has not entered into or modified any financial instruments covered by this statement after May 31, 2003 and the application of this standard did not have an effect on our consolidated financial statements or results of operations.

(3) SEGMENT INFORMATION

Based on the information provided to the Company's chief operating decision-maker for purposes of making decisions about allocating resources and assessing performance, the Company now reports one operating segment, eBusiness and Fulfillment, which includes the results of operations of the Company's SalesLink subsidiary.

In addition to its one current operating segment, the Company continues to report an Enterprise Software and Services segment (which consists of the operations of Equilibrium, and CMGI Solutions), a Portals segment (that consists of the operations of MyWay and iCast) and a Managed Application Services segment (that consists of the operations of NaviPath, ExchangePath, and Activate), as these entities do not meet the aggregation criteria under SFAS No. 131 with respect to the Company's current reporting segments. The historical results of these companies will continue to be reported in the Enterprise Software and Services, Portals and Managed Application Services segments, respectively, as will any residual results from operations that exist through the cessation of operations of these entities, each of which have been divested or substantially wound down.

Management evaluates segment performance based on segment net revenue, operating loss and "Non-GAAP operating income (loss)", which is defined as the operating income (loss) excluding net charges related to depreciation, long-lived asset impairment, restructuring, and amortization of intangible assets and stock-based compensation. The Company believes that its Non-GAAP measure of operating income/(loss) provides investors with a useful supplemental measure of the Company's operating performance by excluding the impact of non-cash charges and restructuring activities. Each of the excluded items (depreciation, long-lived asset impairment, amortization of intangible assets and stock-based compensation and restructuring) were excluded because they may be considered to be of a non-operational nature. Historically, the Company has recorded significant impairment and restructuring charges and therefore management uses Non-GAAP operating income/(loss) to assist in evaluating the performance of the Company's core operations. Non-GAAP operating income/(loss) does not have any standardized definition and therefore is unlikely to be comparable to similar measures presented by other reporting companies. These Non-GAAP results should not be evaluated in isolation of, or as a substitute for the Company's financial results prepared in accordance with US GAAP.

"Other" includes certain corporate infrastructure expenses, which are not identifiable to the operations of the Company's operating business segments. The Other category represents corporate expenses consisting primarily

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

of directors and officers insurance costs, costs associated with maintaining certain of the Company's information technology systems and certain corporate administrative functions such as legal and finance, as well as certain administrative costs related to the Company's venture capital affiliates. The Other category's balance sheet information includes certain cash equivalents, available-for-sale securities, investments and other assets, which are not identifiable to the operations of the Company's operating business segments.

Summarized financial information of the Company's continuing operations by business segment is as follows:

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Net revenue:			
eBusiness and Fulfillment	$396,808	$435,879	$154,493
Enterprise Software and Services	—	227	1,289
Managed Application Services	614	881	6,158
Portals	—	—	6,536
	$397,422	$436,987	$168,476
Operating income (loss):			
eBusiness and Fulfillment	$ (2,607)	$ (20,021)	$ (1,090)
Enterprise Software and Services	23	(846)	(13,957)
Managed Application Services	594	(653)	2,368
Portals	(1,807)	(17)	(1,747)
Other	(19,866)	(70,841)	(61,230)
	$ (23,663)	$ (92,378)	$ (75,656)
Non-GAAP operating income (loss):			
eBusiness and Fulfillment	$ 6,065	$ 7,352	$ 5,923
Enterprise Software and Services	—	(861)	(9,653)
Managed Application Services	609	1,212	(12,056)
Portals	(27)	1,011	5,628
Other	(17,602)	(34,487)	(46,916)
	$ (10,955)	$ (25,773)	$ (57,074)
GAAP Operating loss	$ (23,663)	$ (92,378)	$ (75,656)
Adjustments:			
Depreciation	6,771	10,583	14,277
Amortization of intangibles and stock-based compensation	333	218	4,941
Long-lived asset impairments	—	456	2,482
Restructuring charge (benefit)	5,604	55,348	(3,118)
Non-GAAP Operating loss	$ (10,955)	$ (25,773)	$ (57,074)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	July 31, 2004	July 31, 2003
	(in thousands)	
Total assets of continuing operations:		
eBusiness and Fulfillment	$ 173,138	$ 168,454
Managed Application Services	1,053	1,217
Portals	414	1,428
Other	259,064	282,291
	$ 433,669	$ 453,390

Net revenue is attributed to geographic areas based on the customer's shipped-to location. The Company's net revenue by region as a percentage of total consolidated net revenue was as follows:

	Years Ended July 31, 2004	2003	2002
United States	42%	61%	95%
Foreign Regions:			
Europe	39	24	—
Asia/Pacific & Pacific Rim	13	11	—
Canada, Mexico and Latin America	6	4	5
	100%	100%	100%

As of July 31, 2004 and 2003, respectively, approximately 99% of the Company's long-lived assets were located in the United States.

For the years ended July 31, 2004 and 2003, The Netherlands, which is within the Europe region, accounted for approximately 24% and 18%, respectively, of the Company's consolidated net revenues, and Singapore, which is within the Asia/Pacific & Pacific Rim region, accounted for approximately 10% and 9%, respectively, of the Company's consolidated net revenues.

(4) DISCONTINUED OPERATIONS AND DIVESTITURES

The Company follows the guidance of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under the provisions of SFAS No. 144, certain disposal activities that previously did not qualify for discontinued operations accounting will now be required to be reported as discontinued operations. SFAS No. 144 requires that a disposal of a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the entity, shall be reported as discontinued operations if (a) the operations of the component have been or will be eliminated from the ongoing operations of the entity as a result of the disposition activity, and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction.

During fiscal year 2003, the Company's divestitures of Engage, NaviSite, Yesmail and Tallán, the asset sales by uBid and AltaVista, and the cessation of operations by ProvisionSoft met the criteria for discontinued operations accounting specified in SFAS No. 144. Accordingly, uBid, which was previously included in the eBusiness and Fulfillment segment, Tallán, Yesmail, AltaVista, ProvisionSoft and Engage, which were previously included in the Enterprise Software and Services segment and NaviSite, which was previously included in the Managed Application Services segment, have been reported as discontinued operations in the Company's consolidated financial statements for all periods presented.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

For the year ended July 31, 2004, the Company recorded losses from discontinued operations of $1.3 million. These losses were primarily attributable to residual costs associated with the discontinued operations of AltaVista, Yesmail and uBid subsequent to divestiture.

Summarized financial information for the discontinued operations of Engage, NaviSite, Yesmail, Tallán, uBid, AltaVista and ProvisionSoft are as follows:

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Results of operations:			
Net revenues	$ —	$ 168,736	$ 583,769
Total expenses	(1,298)	(374,893)	(1,124,433)
Net loss	(1,298)	(206,157)	(540,664)
Recognition of minority interest upon cessation of operations—ProvisionSoft	—	35,666	—
Gain on sale of NaviSite	—	2,291	—
Loss on sale of Engage	—	(16,467)	—
Gain on asset sale by AltaVista	—	99,405	—
Gain on sale of Yesmail	—	1,632	—
Gain on sale of Tallán	—	1,896	—
Gain on asset sale by uBid	—	108	—
Net loss from discontinued operations	$(1,298)	$ (81,626)	$ (540,664)

	July 31,	
	2004	2003
	(in thousands)	
Financial position:		
Current assets	$ 83	$ 1,876
Property and equipment, net	—	75
Other assets	14	—
Total liabilities	(253)	(2,019)
Net liabilities of discontinued operations	$(156)	$ (68)

(5) DECONSOLIDATION OF SIGNATURES SNI, INC.

Beginning in February 2001, CMGI's ownership interest in Signatures was reduced to below 50% as a result of the sale of the Company's majority interest. As such, beginning in February 2001, the Company began to account for its investment in Signatures under the equity method of accounting, rather than the consolidation method.

On November 6, 2002, the Company entered into a Recapitalization Agreement in which Signatures paid the Company a total of $8.0 million to: (i) redeem all of the capital stock held by the Company; (ii) retire a portion of the outstanding principal balance on the promissory note held by the Company; and (iii) retire all of the outstanding accrued interest relating to the promissory note. In addition, the Company contributed the remaining promissory note principal balance to the capital of Signatures and cancelled the outstanding warrants. As a result of this transaction, during the fiscal year ended July 31, 2003, the Company recorded a pre-tax loss of approximately $14.1 million (see Note 12).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(6) AVAILABLE-FOR-SALE SECURITIES

At July 31, 2004, on a consolidated basis, CMGI held approximately $0.3 million in available-for-sale securities. Available-for-sale securities at July 31, 2003 primarily consisted of approximately 3.2 million shares of Overture common stock held by AltaVista and valued at approximately $75.9 million. These available-for-sale securities are recorded at fair value. Any unrealized holding gains or losses are excluded from net income (loss) and are reported as a component of accumulated other comprehensive income (loss).

(7) PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	July 31,	
	2004	2003
	(in thousands)	
Machinery and equipment	$ 7,513	$ 8,094
Leasehold improvements	2,025	3,182
Software	15,313	13,299
Other	4,627	2,562
	29,478	27,137
Less: Accumulated depreciation and amortization	(22,232)	(18,539)
Net property and equipment	$ 7,246	$ 8,598

(8) BUSINESS COMBINATIONS

On July 11, 2002, following approval by the United States Bankruptcy Court and the administrator in The Netherlands, the Company, through its then direct wholly owned subsidiary SL Supply Chain, acquired substantially all of the worldwide assets and operations of iLogistix, a provider of a comprehensive suite of traditional and e-commerce supply chain management services, for approximately $44.3 million.

The acquisition of the SL Supply Chain assets and operations has been accounted for using the purchase method and, accordingly, the purchase price has been allocated to the assets purchased and liabilities assumed based upon their fair values at the dates of acquisition. The financial results of SL Supply Chain are included in the Company’s consolidated financial statements from the date of acquisition.

The purchase price of the SL Supply Chain assets and operations was allocated as follows:

	(in thousands)
Working capital, including cash acquired	$ 26,149
Property and equipment	143
Inventory	19,925
Other assets (liabilities), net	(1,170)
Minority interest	(744)
Purchase price	$ 44,303

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amortization of intangible assets and stock-based compensation consists of the following:

	Years Ended July 31,		
	2004	2003	2002
	(in thousands)		
Amortization of intangible assets	$ —	$ —	$4,723
Amortization of stock-based compensation	333	218	218
Total	$333	$218	$4,941

The amortization of intangible assets for the fiscal year ended July 31, 2002 would have been primarily allocated to general and administrative expense had the Company recorded the expenses within the functional operating expense categories. The amortization of stock-based compensation for each of the years ended July 31, 2004, 2003 and 2002 would have been primarily allocated to general and administrative expense had the Company recorded the expenses within the functional department of the employee or director.

The following unaudited pro forma financial information presents the consolidated operations of the Company as if the fiscal year 2002 acquisition of the assets and operations of SL Supply Chain had occurred as of the beginning of fiscal year 2002, after giving effect to certain adjustments including the elimination of SL Supply Chain's amortization of goodwill and non-recurring restructuring charges that are not indicative of normal operating results. The following unaudited pro forma financial information is provided for informational purposes only and should not be construed to be indicative of the Company's consolidated results of operations had the acquisition been consummated on the date assumed and do not project the Company's results of operations for any future period:

	July 31, 2002
	(in thousands, except per share data)
Net revenue	$ 479,600
Loss from continuing operations before extraordinary item	$ (116,097)
Net loss available to common stockholders	$ (464,276)
Loss available to common stockholders per share (basic and diluted)	$ (1.22)

(9) IMPAIRMENT OF LONG-LIVED ASSETS, GOODWILL AND OTHER INTANGIBLE ASSETS

The Company follows the guidance of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, the Company is required to test certain long-lived assets or groups of assets for recoverability whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. SFAS No. 144 defines impairment as the condition that exists when the carrying amount of a long-lived asset or group exceeds its fair value. When events or changes in circumstances dictate an impairment review of a long-lived asset or group, the Company will evaluate recoverability by determining whether the undiscounted cash flows expected to result from the use and eventual disposition of that asset or group cover the carrying value at the evaluation date. If the undiscounted cash flows are not sufficient to cover the carrying value, the Company will measure any impairment loss as the excess of the carrying amount of the long-lived asset or group over its fair value.

SFAS No. 142 required the Company to evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and to make any necessary reclassifications in order to conform with the criteria in SFAS No. 141 for recognition apart from goodwill. Accordingly, the Company was required to reassess the useful lives and residual values of all identifiable intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments. In addition, to the extent an intangible asset is then determined to have an indefinite useful life, the Company was required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In accordance with the provisions of SFAS No. 142, the Company has designated reporting units for purposes of assessing goodwill impairment. The standard defines a reporting unit as the lowest level of an entity that is a business and that can be distinguished, physically and operationally and for internal reporting purposes, from the other activities, operations, and assets of the entity. Based on the provisions of the standard, the Company has determined that it currently has one reporting unit for purposes of goodwill impairment testing. Following the adoption of SFAS No. 142, the Company concluded that there was no impairment indicated as of August 1, 2002. Additionally, the Company's policy is to perform its annual impairment testing for all reporting units in the fourth quarter of each fiscal year. The Company performed its annual impairment test in the fourth quarter of fiscal 2004 and concluded goodwill was not impaired. At July 31, 2004 the Company's carrying value of goodwill totaled $22.1 million.

The changes in the carrying amount of goodwill for the fiscal years ended July 31, 2004 and 2003 are as follows:

	eBusiness and Fulfillment Segment	Enterprise Software and Services Segment	Total
		(in thousands)	
Balance as of July 31, 2002	$ 22,122	$ 2,219	$24,341
Goodwill written off related to sale of subsidiary	—	(2,219)	(2,219)
Balance as of July 31, 2003	$ 22,122	$ —	$22,122
Balance as of July 31, 2004	$ 22,122	$ —	$22,122

The reconciliation of net income (loss) available to common stockholders before goodwill amortization expense, for the fiscal years ended July 31, 2004, 2003 and 2002, is as follows:

	Years Ended July 31,		
	2004	2003	2002
	(in thousands, except per share amounts)		
Income (loss) from continuing operations before extraordinary item, as reported	$88,273	$(134,682)	$ (54,331)
Add back: goodwill amortization expense, net of tax	—	—	4,888
Adjusted income (loss) from continuing operations before extraordinary item	$88,273	$(134,682)	$ (49,443)
Net income (loss) available to common stockholders, as reported	$88,273	$(216,308)	$(463,714)
Add back: goodwill amortization expense, net of tax	—	—	226,382
Adjusted net income (loss) available to common stockholders	$88,273	$(216,308)	$(237,332)
Basic and diluted income (loss) per share from continuing operations before extraordinary item as reported	$ 0.22	$ (0.34)	$ (0.14)
Add back: goodwill amortization expense, net of tax	—	—	0.01
Adjusted basic and diluted income (loss) per share from continuing operations before extraordinary item as reported	$ 0.22	$ (0.34)	$ (0.13)
Basic and diluted income (loss) per share available to common stockholders as reported	$ 0.22	$ (0.55)	$ (1.22)
Add back: goodwill amortization expense, net of tax	—	—	0.60
Adjusted basic and diluted income (loss) per share available to common stockholders	$ 0.22	$ (0.55)	$ (0.62)

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(10) RESTRUCTURING CHARGES

The following tables summarize the activity in the restructuring accrual for fiscal 2004, 2003 and 2002:

	Employee Related Expenses	Contractual Obligations	Asset Impairments	Total
		(in thousands)		
Accrued restructuring balance at July 31, 2001	$ 470	$ 68,719	$ —	$ 69,189
Q1 Restructuring	445	7,091	4,119	11,655
Q2 Restructuring	1,001	2,684	—	3,685
Q3 Restructuring	634	457	—	1,091
Q4 Restructuring	375	4,390	1,090	5,855
Restructuring adjustments	—	(25,404)	—	(25,404)
Cash charges	(2,492)	(29,855)	—	(32,347)
Non-cash charges	(13)	(6,109)	(5,209)	(11,331)
Accrued restructuring balance at July 31, 2002	$ 420	$ 21,973	$ —	$ 22,393
Q1 Restructuring	19	146	—	165
Q2 Restructuring	42	3,832	6,256	10,130
Q3 Restructuring	1,783	10,723	7,838	20,344
Q4 Restructuring	1,966	19,245	5,351	26,562
Restructuring adjustments	—	(1,853)	—	(1,853)
Cash charges	(2,902)	(35,174)	—	(38,076)
Non-cash charges	207	(281)	(19,445)	(19,519)
Accrued restructuring balance at July 31, 2003	$ 1,535	$ 18,611	$ —	$ 20,146
Q1 Restructuring	345	941	504	1,790
Q2 Restructuring	35	150	—	185
Q3 Restructuring	55	—	—	55
Q4 Restructuring	12	296	—	308
Restructuring adjustments	—	3,266	—	3,266
Cash charges	(1,686)	(8,175)	—	(9,861)
Non-cash charges	—	(244)	(504)	(748)
Accrued restructuring balance at July 31, 2004	$ 296	$ 14,845	$ —	$ 15,141

It is expected that the payments of employee-related expenses will be substantially completed by July 31, 2005. The remaining contractual obligations primarily relate to facility lease obligations for vacant space (certain lease terms extending through May 2012) resulting from the cessation of operations of certain of the Company's subsidiaries in prior periods and the restructuring of excess plant capacity within the U.S. operations of the Company's SalesLink subsidiary.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The net restructuring charges (benefits) for the fiscal years ended July 31, 2004, 2003 and 2002 would have been allocated as follows had the Company recorded the expense and adjustments within the functional department of the restructured activities:

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Cost of revenue	$2,981	$20,279	$(12,152)
Research and development	—	—	112
Selling	—	264	437
General and administrative	2,623	34,805	8,485
	$5,604	$55,348	$ (3,118)

The Company's restructuring initiatives during fiscal 2004, 2003 and 2002 involved strategic decisions to exit certain businesses and to reposition certain on-going businesses of the Company. Restructuring charges consisted primarily of contract terminations, severance charges and facility and equipment charges incurred as a result of the cessation of operations of certain subsidiaries and actions taken at several remaining subsidiaries to increase operational efficiencies, improve margins, and further reduce expenses. Severance charges included employee termination costs as a result of workforce reductions. The contract terminations primarily consisted of costs to exit facility and equipment leases, including leasehold improvements, and to terminate bandwidth and other vendor contracts. The Company also recorded charges related to operating leases with no future economic benefit to the Company as a result of the abandonment of unutilized facilities.

During the fiscal year ended July 31, 2004, the Company recorded net restructuring charges of approximately $5.6 million. The restructuring charges primarily reflect adjustments of approximately $1.8 million at iCast and $2.9 million at SalesLink to previously recorded restructuring estimates for facility lease obligations primarily based on changes to the underlying assumptions regarding the estimated length of time required to sublease each vacant space and the expected rent recovery rates.. These charges were partially offset by a $0.9 million reduction to a previously recorded restructuring estimate for a facility lease obligation that the Company settled for an amount less than originally estimated. During the fiscal year ended July 31, 2004, the Company also recorded a $0.6 million charge related to a hosting services contract that the Company is no longer utilizing, as it represented excess capacity. The reduction in hosting services required to support the business is primarily the result of the divestiture of several subsidiaries in fiscal 2003. During the fiscal year ended July 31, 2004, the Company also recorded a charge of $0.4 million related to a workforce reduction of 42 employees, a charge of $0.5 million to write-off certain software and hardware related assets no longer being utilized by the Company, and a $0.5 million charge related to equipment and facility lease obligations under which the Company expects to realize no future economic benefit..

During the fiscal year ended July 31, 2003, the Company recorded net restructuring charges of approximately $55.3 million. The charges primarily related to restructuring initiatives at SalesLink, which recorded charges of approximately $21.7 million during the period, and at the Company's corporate headquarters which recorded charges of approximately $31.3 million during the period. The restructuring charges at SalesLink included charges related to unoccupied facilities in California ($7.2 million), vacant partitioned space in SalesLink's Memphis facility ($3.3 million), unutilized fixed assets in these facilities ($7.8 million), and a workforce reduction of 219 employees ($2.3 million). These restructuring charges were the result of the implementation of a restructuring plan designed to reduce overhead costs in response to reduced demand for U.S. based supply chain management services. The restructuring charges at the Company's corporate headquarters primarily included the termination of its facility lease obligation at its headquarters in Andover, MA ($10.0 million), certain operating equipment lease

obligations ($5.2 million) under which the Company expects to realize no future economic benefit, the restructuring of the Company's hosting services arrangements ($0.9 million) in response to the divestiture of several subsidiaries and the reduction in hosting services required to support the ongoing business operations of the Company, and a workforce reduction of 54 employees ($1.6 million) as part of the Company's continued focus on cost savings. The balance of the Company's restructuring charges during the fiscal year ended July 31, 2003 related primarily to the recognition of the cumulative translation component of equity as a result of the shutdown of the Company's European operations ($5.0 million), the write-off of certain software related and leasehold improvement assets ($6.6 million), and a charge related to facility lease obligations beyond the Company's previous estimates ($3.2 million). These charges were partially offset by the settlement of certain facility lease obligations related to the Company's European operations for amounts less than originally anticipated ($1.5 million). The Company also recognized restructuring charges of $2.7 million related to operating equipment and facility lease obligations at its NaviPath, iCast, and MyWay subsidiaries under which the Company expects to realize no future economic benefit.

During the fiscal year ended July 31, 2002, the Company recorded a net restructuring benefit of approximately $3.1 million. The restructuring benefit primarily resulted from certain vendor and customer contractual obligations of NaviPath (primarily purchase commitments and service contracts) being settled for amounts less than originally estimated ($21.1 million). The restructuring benefit was partially offset by charges related to restructuring initiatives at the Company's NaviPath, iCast and MyWay subsidiaries, as well as at the Company's Andover, MA. corporate headquarters. The restructuring charges at NaviPath related to severance, legal, and other professional fees incurred in connection with the cessation of its operations ($4.1 million). The restructuring charge at iCast related to vacant space at iCast's corporate headquarters in Woburn, MA. The restructuring charges at MyWay included the write-off of property and equipment, as well as the termination of customer and vendor contracts in connection with the cessation of its operations ($5.4 million). The restructuring charge at the Company's headquarters consisted of severance costs for the termination of approximately 70 employees ($0.9 million), as well as costs related to vacant space at certain of the Company's facilities in San Francisco, CA ($2.3 million), and in Europe ($2.6 million), as well as unutilized fixed assets related to these facilities ($2.0 million) from which the Company expects to realize no future economic benefit.

(11) CMGI@VENTURES INVESTMENTS

The Company's first Internet venture fund, CMG@Ventures I was formed in April 1995. The Company owns 100% of the capital and is entitled to approximately 77.5% of the cumulative net profits of CMG@Ventures I. The Company completed its $35.0 million commitment to this fund during fiscal year 1997. The Company's second Internet venture fund, CMG@Ventures II, was formed during fiscal year 1997. The Company owns 100% of the capital and is entitled to approximately 80% of cumulative net profits of CMG@Ventures II. The remaining interest in these investments are attributed to profit members, including David Wetherell, the Company's Chairman and former Chief Executive Officer. The Company is responsible for all operating expenses of CMG@Ventures I. CMG@Ventures II did not invest in any companies during fiscal years 2004, 2003 and 2002.

In fiscal year 1999, CMGI formed the @Ventures III venture capital fund (@Ventures III Fund). The @Ventures III Fund secured capital commitments from outside investors and CMGI to be invested in emerging Internet service and technology companies. The @Ventures III Fund consists of four entities, which co-invest in each investment made by the @Ventures III Fund. Approximately 78% of each investment made by the @Ventures III Fund is made by two entities: @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. CMGI does not have a direct ownership interest in either of these entities, but CMGI is entitled to approximately 0.1% of the capital of each entity as a result of its ownership of an approximately 10% interest in the general partner of each of such entities, @Ventures Partners, III, LLC (@Ventures Partners III). The Company has committed to contribute up to $56.0 million to its limited liability company subsidiary, CMG@Ventures III, equal to 19.9% of total amounts

committed to the @Ventures III Fund, of which approximately $53.8 million has been funded as of July 31, 2004. CMGI owns 100% of the capital and is entitled to approximately 80% of the cumulative net capital gains realized by CMG@Ventures III. @Ventures Partners III is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III. The remaining 2% invested in each @Ventures III Fund investment is provided by a fourth entity, @Ventures Investors, LLC, in which CMGI has no interest. The Company's Chairman and former Chief Executive Officer has an individual ownership interest in @Ventures Investors and, as a member of @Ventures Partners III, is entitled to a portion of net gains distributed to @Ventures Partners III. CMG@Ventures III did not invest in any companies during fiscal year 2004, 2003 and 2002.

During fiscal year 2000, CMGI formed an expansion fund to the @Ventures III Fund to provide follow-on financing to existing @Venture III Fund investee companies pursuant to which CMGI's commitment increased by $38.2 million through its limited liability company subsidiary CMG@Ventures Expansion, LLC. In fiscal year 2002 this amount was reduced to $20.1 million, of which $16.7 million has been funded as of July 31, 2004. The @Ventures Expansion Fund has a structure that is substantially identical to the @Ventures III Fund, and CMGI's interests in this fund are comparable to its interests in the @Ventures III Fund. CMG@Ventures Expansion invested a total of approximately $0.4 million in two companies in fiscal year 2002, approximately $0.7 million in three companies during fiscal year 2003, and did not invest in any companies during fiscal year 2004.

Also during fiscal year 2000, CMGI announced the formation of three new venture capital funds: CMGI@Ventures IV, LLC, CMGI @Ventures B2B, LLC (the B2B Fund) and CMGI @Ventures Technology Fund, LLC (the Tech Fund). CMGI owns 100% of the capital and is entitled to a percentage (ranging from approximately 80% to approximately 92.5%) of the net capital gains realized by CMGI@Ventures IV, the B2B Fund and the Tech Fund. During fiscal year 2001, the B2B Fund and Tech Fund were merged with and into CMGI@Ventures IV, creating a single evergreen fund. During fiscal year 2002, CMGI@Ventures IV invested approximately $7.8 million in four companies. During fiscal year 2003, CMGI@Ventures IV invested $3.8 million in two companies. During fiscal year 2004, CMGI @Ventures IV invested $2.1 million in two companies and received distributions of approximately $0.4 million.

During fiscal year 2004, CMGI formed a new venture capital fund: @Ventures V, LLC. CMGI owns 100% of the capital and is entitled to approximately 93% of the capital gains realized by @Ventures V, LLC. During fiscal year 2004, @Ventures V, LLC did not make any investments.

As of July 31, 2004, the Company, through its @Ventures entities, held investments in 23 portfolio companies. From time to time, the Company may make new and follow-on venture capital investments and may from time to time receive distributions from investee companies. As of July 31, 2004, the Company was not obligated to fund any new or follow-on investments.

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(12) OTHER GAINS (LOSSES), NET

The following schedule reflects the components of "Other gains (losses), net":

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Gain (loss) on sales of marketable securities	$44,543	$ 14,371	$(31,945)
Gain on derivative and sale of hedged Yahoo!, Inc. shares	—	—	53,897
Loss on impairment of marketable securities	(27)	(579)	(2,526)
Loss on impairment of investments in affiliates	(1,584)	(28,165)	(44,650)
Loss on sale of Equilibrium Technologies, Inc.	—	(3,527)	—
Loss on sale of Activate.Net Corporation	—	—	(21,444)
Impairment of investment in Signatures SNI, Inc.	—	(14,056)	—
Loss on mark-to-market adjustment for trading security	—	(6,348)	(20,683)
Other, net	466	(3,013)	(632)
	$43,398	$(41,317)	$(67,983)

During the fiscal year 2004, the Company sold marketable securities for total proceeds of approximately $79.8 million and recorded net pre-tax gains of approximately $44.5 million on these sales. The shares sold during fiscal year 2004 consisted of approximately 0.2 million shares of NaviSite, Inc. common stock for total proceeds of approximately $1.0 million, approximately 1.0 million shares of Loudeye Corp. (formerly Loudeye Technologies, Inc.) common stock sold for proceeds of approximately $2.4 million, approximately 3.2 million shares of Overture Services, Inc. common stock sold by the Company's AltaVista subsidiary for total proceeds of approximately $75.4 million and approximately 0.2 million shares of Primus Knowledge Solutions common stock for proceeds of approximately $1.0 million. The Company also recorded impairment charges of approximately $1.6 million during fiscal year 2004 for other than temporary declines in the carrying value of certain investments in affiliates. These charges were primarily associated with investments made by CMGI@Ventures IV, LLC.

During fiscal year 2003, the Company sold marketable securities for total proceeds of approximately $34.6 million and recorded a net pre-tax gain of approximately $14.4 million on these sales. These sales primarily consisted of approximately 4.6 million shares of Vicinity stock for proceeds of approximately $15.4 million and approximately 1.1 million shares of Overture Services, Inc. stock sold by AltaVista for total proceeds of approximately $17.9 million. The Company also recorded a loss of approximately $6.3 million on the mark-to-market adjustment of a trading security and recorded impairment charges of approximately $28.2 million for other-than-temporary declines in the carrying value of certain investments in affiliates. These charges were primarily associated with investments made by CMGI@Ventures IV, LLC. During the period, the Company recorded an impairment of its investment in Signatures SNI, Inc. ("Signatures") and a loss on its divestiture of its ownership interests in Equilibrium Technologies, Inc. ("Equilibrium"), and recorded losses of approximately $14.1 million and $3.5 million, respectively (See Note 5).

During fiscal year 2002, the Company sold marketable securities for total proceeds of approximately $20.6 million and recorded a net pre-tax loss of approximately $32.0 million on these sales. These sales primarily consisted of approximately 7.1 million shares of Primedia, Inc. stock for proceeds of approximately $15.9 million, approximately 356,000 shares of MKTG Services Group, Inc. stock for total proceeds of approximately $1.1 million, approximately 3.7 million shares of Divine stock for total proceeds of approximately $2.8 million and approximately 3.2 million shares of NexPrise, Inc. (NexPrise, formerly Ventro Corporation) stock for total proceeds of approximately $0.8 million. The Company also settled the final tranche of its borrowing arrangement

that hedged a portion of the Company's investment in Yahoo! common stock. In connection with the settlement, the Company delivered 581,499 shares of Yahoo! stock and recognized a pre-tax gain of approximately $53.9 million (See Note 13). The Company also recorded net impairment charges of approximately $44.7 million for other-than-temporary declines in the carrying value of certain investments in affiliates. These charges were primarily associated with investments made by CMGI@Ventures IV. The Company completed the sale of its majority-owned subsidiary, Activate.Net Corporation (Activate), to Loudeye Technologies, Inc. and recorded a pre-tax loss of approximately $21.4 million, and the Company recorded a $20.7 million loss on the mark-to-market adjustment of a trading security (See Note 15).

(13) BORROWING ARRANGEMENTS

In August 1999, the Company issued two three-year notes totaling $220.0 million to HP as consideration for the Company's acquisition of AltaVista. The notes bore interest at an annual rate of 10.5% and were due and payable in full in August 2002. Interest was due and payable semiannually on each February 18 and August 18 until the notes were paid in full. Principal and interest payments due on the notes were payable in cash, shares of the Company's common stock, other marketable securities, or any combination thereof at the option of CMGI. In October 2001, the Company entered into agreements with HP, a significant stockholder of CMGI, and its wholly owned subsidiary, Hewlett-Packard Financial Services (HPFS). In November 2001, as part of these agreements, HP agreed to deem the Company's $220.0 million in face amounts of notes payable, plus the accrued interest thereon, paid in full in exchange for $75.0 million in cash, approximately 4.5 million shares of CMGI common stock and CMGI's 49% ownership interest in its affiliate, B2E Solutions, LLC, of which HP had previously owned the remaining 51%. As a result, the Company recorded an extraordinary gain of approximately $131.3 million, net of income taxes million related to the extinguishment of the Company's $220.0 million in face amounts of notes payable to HP. The gain was calculated as the difference between the carrying value of the notes payable plus accrued interest thereon, less the carrying value of the consideration exchanged. The carrying value of the consideration approximated fair market value at the date of the transaction.

In April 2000, the Company entered into a borrowing arrangement that hedged a portion of the Company's investment in common stock of Yahoo!. Under the terms of the contract, the Company agreed to deliver, at its discretion, either cash or Yahoo! common stock in three separate tranches, with maturity dates ranging from August 2000 to February 2001. The Company executed the first tranche in April 2000 and received approximately $106.4 million. The Company subsequently settled this tranche through the delivery of 581,499 shares of Yahoo! common stock in August 2000. In May 2000, the Company received approximately $68.5 million and $5.7 million upon the execution of the second and third tranches, respectively. The Company settled the second tranche for cash totaling approximately $33.6 million in October 2000. The Company settled the third tranche through the delivery of 47,684 shares of Yahoo! common stock in February 2001. In November 2000, the Company entered into a new agreement to hedge the Company's investment in 581,499 shares of Yahoo! common stock. The Company received approximately $31.5 million of cash in connection with this agreement. On August 1, 2001, the Company settled its remaining hedge arrangement on its shares of Yahoo! common stock through the delivery of 581,499 shares of Yahoo! common stock.

Prior to July 31, 2004, the Company's SalesLink subsidiary had a revolving bank credit facility of $23.0 million and a term loan facility of $4.8 million. On July 31, 2004, SalesLink replaced its outstanding bank facilities with a new Loan and Security Agreement (the Loan Agreement). The Loan Agreement provides a revolving credit facility not to exceed $30.0 million. Interest on the revolving credit facility is based on Prime or LIBOR rates plus an applicable margin. The effective interest rate was 3.5625% at July 31, 2004. Advances under the credit facility may be in the form of loans or letters of credit. As of July 31, 2004, approximately $15.8 million of borrowings were outstanding under the facility, and approximately $7.8 million had been reserved in support of outstanding letters of credit. All borrowings under the Loan Agreement mature on June 30, 2005. The

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Company's credit facilities in fiscal 2004 and 2003 included restrictive financial covenants, all of which SalesLink was in compliance with at July 31, 2004 and 2003, respectively. These covenants include liquidity and profitability measures and restrictions that limit the ability of SalesLink, among other things, to merge, acquire or sell assets without prior approval from the bank.

SalesLink has a $1.7 million mortgage arrangement with a bank in Ireland. The mortgage provides for interest at the One Month EURIBOR, plus 1.75%. The effective interest rate was approximately 3.85% and 3.83% at July 31, 2004 and 2003, respectively. The mortgage arrangement matures in 2015 and is secured by the mortgaged property as well as the borrower's assets.

Maturities of long-term debt are approximated as follows: 2005, $16.0 million; 2006, $0.2 million; 2007, $0.2 million; 2008, $0.2 million; 2009, $0.2 million; and thereafter, $0.8 million.

Long-term debt consists of the following:

	July 31,	
	2004	2003
	(in thousands)	
Revolving line of credit payable to a bank issued by SalesLink	$15,785	$ —
Long-term debt to a bank	—	6,259
Mortgage arrangement to a bank issued by SalesLink	1,722	1,785
Other	—	251
	17,507	8,295
Less: Current portion	15,963	6,622
	$ 1,544	$1,673

(14) COMMITMENTS AND CONTINGENCIES

The Company leases facilities and certain other machinery and equipment under various non-cancelable operating leases and executory contracts expiring through June 2015. Future minimum payments including restructuring related obligations as of July 31, 2004 are as follows:

	Operating Leases	Stadium	Other Contractual Obligations	Total
		(in thousands)		
For the fiscal years ended July 31:				
2005	$ 9,620	$ 1,600	$ 175	$11,395
2006	6,133	1,600	175	7,908
2007	5,596	1,600	175	7,371
2008	5,576	1,600	175	7,351
2009	8,274	1,600	175	10,049
Thereafter	10,328	9,600	844	20,772
	$45,527	$17,600	$ 1,719	$64,846

Total future minimum lease payments have been reduced by future minimum sublease rentals of approximately $2.5 million.

Total rent and equipment lease expense charged to continuing operations was approximately $8.2 million, $14.3 million, and $29.6 million for the years ended July 31, 2004, 2003 and 2002, respectively.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In August 2000, the Company announced it had acquired the exclusive naming and sponsorship rights to the New England Patriots' new stadium, for a period of fifteen years. In August 2002, the Company finalized an agreement with the owner of the stadium to amend the sponsorship agreement. Under the terms of the amended agreement, the Company relinquished the stadium naming rights and remains obligated for a series of annual payments of $1.6 million per year through 2015. The Company applied a discount rate to the future payment stream to reflect the present value of its obligation on the consolidated balance sheet.

From time to time, the Company guarantees certain indebtedness obligations of its subsidiary companies, limited to the borrowings from financial institutions and purchase commitments to certain vendors. These guarantees require that in the event that the subsidiary cannot satisfy its obligations with certain of its financial institutions and vendors, the Company will be required to settle the obligation.

From time to time, the Company agrees to provide indemnification to its customers in the ordinary course of business. Typically, the Company agrees to indemnify its customers for losses caused by the Company including with respect to certain intellectual property, such as databases, software masters, certificates of authenticity and similar valuable intellectual property. As of July 31, 2004, the Company had no recorded liabilities with respect to these arrangements.

The Company has provided facility lease guarantees in conjunction with certain of its fiscal 2003 divestitures. These guarantees, totaling to approximately $4.3 million as July 31, 2004, have definitive expiration dates through November 2006.

On September 24, 2003, the Official Committee of Unsecured Creditors of Engage, Inc. (the "Creditors Committee") filed a complaint against the Company in the U.S. Bankruptcy Court (Massachusetts, Western Division). The complaint was amended on November 6, 2003. In the amended complaint, the Creditors Committee asserted the following causes of action: (i) re-characterization of debt as equity, (ii) equitable subordination, (iii) invalidation of a release, (iv) fraudulent transfer, (v) preferential transfers, (vi) illegal redemption of shares, (vii) turnover of property of estate, (viii) alter ego, (ix) breach of contract, (x) breach of covenant of good faith and fair dealing, (xi) promissory estoppel, (xii) unjust enrichment, (xiii) unfair and deceptive trade practices under Massachusetts General Laws §93A, and (xiv) declaration with respect to scope and extent of security interests. The Creditors Committee seeks monetary damages and other relief, including cancellation of a $2.0 million promissory note, return of $2.5 million in cash, certain other unspecified amounts and a finding that the Company is liable for Engage's debt. The Company believes that these claims are without merit and intends to vigorously defend this matter.

In addition, on May 28, 2004, the Creditors Committee filed a complaint in the U.S. Bankruptcy Court against David Wetherell, George McMillan, Andrew Hajducky and Christopher Cuddy, in their individual capacities as former officers and/or directors of Engage. The complaint asserts the following causes of action: (i) breaches of fiduciary duties, (ii) fraudulent misrepresentations, (iii) negligent misrepresentations, and (iv) unfair and deceptive trade practices. The Creditors Committee seeks unspecified monetary and other damages. The Company is obligated to indemnify each of Messrs. Wetherell, McMillan and Hajducky in connection with the foregoing action, subject to the terms of the Company's certificate of incorporation and by-laws.

On August 23, 2004, the U.S. Bankruptcy Court entered an order consolidating the foregoing two cases into a single proceeding.

The Company is also a party to other litigation, which it considers routine and incidental to its business. Management does not expect the results of any of such routine and incidental matters to have a material adverse effect on the Company's business, results of operation or financial condition.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(15) RETIREMENT OF SERIES C CONVERTIBLE PREFERRED STOCK

On June 29, 1999, CMGI completed a $375.0 million private placement of 375,000 shares of newly issued Series C Redeemable, Convertible Preferred Stock (Series C Preferred Stock). Each share of Series C Preferred Stock had a stated value of $1,000 per share. The Company paid a semi-annual dividend of 2% per annum, in arrears, on June 30 and December 30 of each year at the Company's option, in cash or through an adjustment to the liquidation preference of the Series C Preferred Stock. The Series C Preferred Stock was redeemable at the option of the holders upon the occurrence of certain events.

In November 2001, the Company repurchased all of the outstanding shares of its Series C Convertible Preferred Stock pursuant to privately negotiated stock exchange agreements with the holders of the Series C Preferred Stock (the "Holders"). Under these agreements, the Company repurchased all of the outstanding shares of its Series C Preferred Stock for aggregate consideration consisting of approximately $100.3 million in cash, approximately 34.7 million shares of the Company's common stock, and an obligation to deliver, no later than December 2, 2002, approximately 448.3 million shares of Pacific Century CyberWorks Limited (PCCW) stock. The Company recorded a gain on this transaction of approximately $65.5 million.

In addition, due to the delayed delivery obligation with respect to the PCCW shares, the Company made cash payments to the Holders of approximately $7.2 million during fiscal 2002 and approximately $8.0 million during fiscal 2003.

The carrying value of the consideration exchanged approximated fair market value at the date of the transaction. As a result, in November 2001, the Company reclassified its investment in PCCW shares from "Other assets" to "Trading security" in accordance with SFAS No. 115, and recorded the liability related to the obligation to deliver the PCCW stock as a current note payable, both of which were carried at market value. Changes in the fair value of the PCCW stock and the note payable were recorded in the consolidated statements of operations as Other gains (losses), net and as adjustments to interest expense, respectively. The fair market value adjustment of the note payable for fiscal year ended July 31, 2003 was $6.3 million, and resulted in a $6.3 million decrease to interest expense, which was offset by a loss of $6.3 million on the fair value adjustment of the trading security which was included in Other gains (losses), net.

On December 2, 2002, the Company fulfilled its obligation to deliver approximately 448.3 million shares of PCCW stock to the Holders. No gain or loss was recognized upon settlement.

(16) STOCKHOLDERS' EQUITY

During fiscal 2002, the Company repurchased all of the outstanding shares of its Series C Convertible Preferred Stock for approximately 34.7 million shares of the Company's common stock as well as additional consideration. The Company issued approximately 5.4 million shares of its common stock as payment for the interest due on the HP note payable in the first quarter of fiscal 2002. Also during fiscal 2002, the Company reached an agreement with HP, in which HP agreed to deem the Company's $220.0 million in face amounts of notes payable, plus the accrued interest thereon, paid in full in exchange for approximately 4.5 million shares of CMGI common stock, as well as additional consideration.

During fiscal 2003, the Company settled its facility lease obligation at its former corporate headquarters for consideration that included the issuance of 750,000 shares of the Company's common stock.

During fiscal 2004, the Company issued 0.4 million shares in conjunction with settlement of certain obligations. The Company also granted an aggregate of 0.5 million restricted shares to certain executives and employees of the Company.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(17) STOCK OPTION PLANS

The Company currently awards stock options under three plans: the 2002 Non-Officer Employee Stock Incentive Plan (2002 Plan), the 2000 Stock Incentive Plan (2000 Plan) which had replaced the 1986 Stock Option Plan (1986 Plan) and the 1999 Stock Option Plan For Non-Employee Directors (1999 Directors' Plan), which replaced the 1995 Directors' Plan (1995 Directors' Plan). No options granted under the 1995 Directors' Plan remain in effect. Options granted under the 2002 Plan and the 2000 Plan are generally 1/4th exercisable beginning one year after the date of grant, and the remaining granted options are exercisable in equal cumulative installments over the next three years.

In March 2002, the Board of Directors adopted the 2002 Plan, pursuant to which 4,150,000 shares of common stock were reserved for issuance (subject to adjustment in the event of stock splits and other similar events). In May 2002, the Board of Directors approved an amendment to the 2002 Plan in which the total shares available under the plan were increased to 19,150,000. Under the 2002 Plan, non-statutory stock options or restricted stock awards may be granted to the Company's or its subsidiaries' employees, other than those who are also officers or directors, as defined. The Board of Directors administers this plan, approves the individuals to whom options will be granted, and determines the number of shares and exercise price of each option. Outstanding options under the 2002 Plan at July 31, 2004 expire through 2010.

In October 2000, the Board of Directors adopted the 2000 Plan, pursuant to which 15,500,000 shares of common stock were reserved for issuance (subject to adjustment in the event of stock splits and other similar events). No further option grants will be made under the 1986 Plan, however all outstanding options under the 1986 Plan remain in effect. Under the 2000 Plan, non-qualified stock options or incentive stock options may be granted to the Company's or its subsidiaries' employees, consultants, advisors or directors, as defined. The Board of Directors administers this plan, approves the individuals to whom options will be granted, and determines the number of shares and exercise price of each option. Outstanding options under the 2000 Plan at July 31, 2004 expire through 2010.

The 1999 Directors' Plan, approved in fiscal year 2000, replaces the Company's 1995 Directors' Plan. Pursuant to the 1999 Directors' Plan, 2,000,000 shares of the Company's common stock were initially reserved. In March 2003, the Board of Directors approved an amendment to the 1999 Directors Plan. Each eligible director who is elected to the Board for the first time will be granted an option to acquire 200,000 shares of common stock (the "Initial Option"). Each Affiliated Director who ceases to be an Affiliated Director and is not otherwise an employee of the Company or any of its subsidiaries or affiliates will be granted, on the date such director ceases to be an Affiliated Director but remains as a member of the Board of Directors, an Initial Option to acquire 200,000 shares of common stock under the plan. Each Initial Option will vest and become exercisable as to 1/36th of the number of shares of common stock originally subject to the option on each monthly anniversary of the date of grant, provided that the optionee serves as a director on such monthly anniversary date. On each anniversary of the grant of the Initial Option to an eligible director, each eligible director will automatically be granted an option to purchase 24,000 shares of common stock (an "Annual Option"), provided that such eligible director serves as a director on the applicable anniversary date. Each Annual Option, granted before March 12, 2003, will vest and become exercisable on a monthly basis as to 1/12th of the number of shares originally subject to the option commencing on the 37th month after the grant date, provided that the optionee then serves as a director on such monthly anniversary date. Annual Options granted after March 12, 2003 become exercisable as to 1/36th of the number of shares originally subject to the option on each monthly anniversary date of the date grant, provided that the optionee serves as a director on such monthly anniversary date. Outstanding options under the 1999 Directors' Plan at July 31, 2004 expire through 2013.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The status of the plans during the three fiscal years ended July 31, 2004, 2003, and 2002 was as follows:

	2004		2003		2002	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	(in thousands, except exercise price data)					
Options outstanding, beginning of year	21,002	$ 11.76	38,509	$ 11.08	28,252	$ 22.02
Granted	2,727	1.30	1,143	0.79	18,579	0.85
Exercised	(4,966)	0.24	(1,606)	0.52	(454)	1.16
Canceled	(1,705)	14.88	(17,044)	10.55	(7,868)	26.78
Options outstanding, end of year	17,058	$ 13.13	21,002	$ 11.76	38,509	$ 11.08
Options exercisable, end of year	9,278	$ 22.98	11,602	$ 16.73	12,114	$ 20.28
Options available for grant, end of year	21,392		23,339		12,544	

The following table summarizes information about the Company's stock options outstanding at July 31, 2004:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average exercise price
	(number of shares in thousands)				
$0.00–$1.00	1,763	6.1 years	$ 0.39	478	$ 0.57
$1.01–$2.50	9,209	5.1	1.50	3,217	1.49
$2.51–$5.00	2,252	2.5	2.60	1,750	2.62
$5.01–$25.00	106	1.6	8.89	105	8.90
$25.01–$50.00	505	0.6	41.33	505	41.33
$50.01–$100.00	3,210	0.8	56.11	3,210	56.11
$100.01–$150.00	13	4.1	126.90	13	126.90
	17,058	3.9 years	$ 13.13	9,278	$ 22.98

(18) EMPLOYEE STOCK PURCHASE PLAN

On October 4, 1994, the Board of Directors of the Company adopted the 1995 Employee Stock Purchase Plan (the Plan). The purpose of the Plan is to provide a method whereby all eligible employees of the Company and its subsidiaries may acquire a proprietary interest in the Company through the purchase of shares of common stock. Under the Plan, employees may purchase the Company's common stock through payroll deductions. During fiscal year 2001, the Plan was amended to reserve 1.0 million shares for issuance thereunder. During fiscal year 2002, the Plan was further amended to increase the aggregate number of shares to 3.0 million.

At the beginning of each of the Company's fiscal quarters, commencing with February 1, 1995, participants are granted an option to purchase shares of the Company's common stock at an option price equal to 85% of the fair market value of the Company's common stock on either the first business day or last business day of the applicable quarterly period, whichever is lower.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Employees purchased 72,558, 557,760, and 614,229 shares of common stock of the Company under the Plan during fiscal years 2004, 2003, and 2002, respectively.

(19) INCOME TAXES

The components of income tax expense (benefit) have been recorded in the Company's financial statements as follows:

	Years Ended July 31,		
	2004	2003	2002
	(in thousands)		
Income (loss) from continuing operations	$(69,532)	$3,249	$ (7,096)
Discontinued operations	(122)	—	(335)
Extraordinary gain associated with the early extinguishment of debt	—	—	1,794
Unrealized holding gain (loss) included in comprehensive income (loss), but excluded from net income	—	—	(10,317)
Compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes charged directly to stockholders' equity	(773)	—	—
Total income tax expense (benefit)	$(70,427)	$3,249	$(15,954)

The income tax expense (benefit) from continuing operations consists of the following:

	Current	Deferred	Total
	(in thousands)		
July 31, 2002:			
Federal	$(18,099)	$10,481	$ (7,618)
State	(1,622)	2,144	522
	$(19,721)	$12,625	$ (7,096)
July 31, 2003:			
Federal	$ —	$ —	$ —
State	2,838	—	2,838
Foreign	411	—	411
	$ 3,249	$ —	$ 3,249
July 31, 2004:			
Federal	$ —	$ —	$ —
State	(70,134)	—	(70,134)
Foreign	602	—	602
	$(69,532)	$ —	$(69,532)

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred income tax assets and liabilities have been classified on the accompanying Consolidated Balance Sheets in accordance with the nature of the item giving rise to the temporary differences. The components of deferred tax assets and liabilities are as follows:

	July 31, 2004			July 31, 2003		
	Current	Non-current	Total	Current	Non-current	Total
			(in thousands)			
Deferred tax assets:						
Accruals and reserves	$ 6,302	$ 7,538	$ 13,840	$ 19,309	$ —	$ 19,309
Tax basis in excess of financial basis of available-for-sale securities	6,277	—	6,277	3,174	—	3,174
Tax basis in excess of financial basis of investments in affiliates	—	70,169	70,169	—	95,274	95,274
Net operating loss and capital loss carryforwards	—	1,542,798	1,542,798	—	1,212,026	1,212,026
Total gross deferred tax assets	12,579	1,620,505	1,633,084	22,483	1,307,300	1,329,783
Less: valuation allowance	(12,579)	(1,620,354)	(1,632,933)	(5,846)	(1,306,352)	(1,312,198)
Net deferred tax assets	—	151	151	16,637	948	17,585
Deferred tax liabilities:						
Financial basis in excess of tax basis of available-for-sale securities	—	—	—	(16,637)	—	(16,637)
Financial basis in excess of tax basis for intangible assets and fixed assets	—	(151)	(151)	—	(948)	(948)
Total gross deferred tax liabilities	—	(151)	(151)	(16,637)	(948)	(17,585)
Net deferred tax liability	$ —	$ —	$ —	$ —	$ —	$ —

Subsequently reported tax benefits relating to the valuation allowance for deferred tax assets as of July 31, 2004 will be allocated as follows:

	(in thousands)
Income tax benefit recognized in the Consolidated Statement of Operations	$ 1,622,526
Additional paid in capital	10,407
	$ 1,632,933

The net change in the total valuation allowance for the year ended July 31, 2004 was an increase of $320.7 million. A full valuation allowance has been recorded against the gross deferred tax asset since management believes that after considering all the available objective evidence, both positive and negative, historical and prospective, with greater weight given to historical evidence, it is more likely than not that these assets will not be realized.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company has net operating loss carryforwards for federal and state tax purposes of approximately $1.9 billion and $2.1 billion respectively. The federal net operating losses will expire from 2021 through 2024 and the state net operating losses will expire from 2006 through 2014. In addition, the Company has capital loss carryforwards for federal and state tax purposes of approximately $1.7 billion and $2.2 billion respectively. The federal capital losses will expire in 2007 and 2008 and the state capital losses will expire in years 2006 through 2008. The utilization of net operating losses and capital losses may be limited in the future if the Company experiences an ownership change as defined by Internal Revenue Code Section 382. An ownership change occurs when the ownership percentage of 5% or greater stockholders changes by more than 50% over a three-year period.

Income tax expense attributable to income (loss) from continuing operations differs from the computed expense computed by applying the U.S. federal income tax rate of 35 percent to pre-tax income (loss) from continuing operations as a result of the following:

	Years Ended July 31,		
	2004	2003	2002
		(in thousands)	
Computed “expected” income tax benefit	$ 6,559	$(46,002)	$(42,921)
Increase (decrease) in income tax benefit resulting from:			
Reduction of estimated tax liabilities	(76,439)	—	—
Non-deductible goodwill amortization and impairment charges	—	—	13,713
Losses not benefited (utilized)	(5,247)	48,125	18,952
Non-deductible in-process research and development charge related to acquisition of subsidiaries	—	—	245
State income taxes, net of federal benefit	5,237	1,845	340
Other	358	(719)	2,575
Actual income tax expense (benefit)	$(69,532)	$ 3,249	$ (7,096)

The calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions. The Company records liabilities for estimated tax obligations in the U.S. and other tax jurisdictions. These estimated tax liabilities include the provision for taxes that may become payable in the future. During the fiscal 2004, the Company recorded an income tax benefit of $69.5 million, primarily as a result of a $76.4 million reduction in the Company’s estimate of certain tax liabilities that had been included in accrued income taxes on the Company’s balance sheet.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(20) SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected quarterly financial information for the years ended July 31, 2004 and 2003. The operating results for any given quarter are not necessarily indicative of results for any future period. The Company's common stock is traded on the Nasdaq National Market under the symbol CMGI. Included below are the high and low sales prices during each quarterly period for the shares of common stock as reported by Nasdaq.

	Fiscal 2004 Quarter Ended				Fiscal 2003 Quarter Ended			
	Oct. 31	Jan. 31	Apr. 30	Jul. 31	Oct. 31	Jan. 31	Apr. 30	Jul. 31
	(in thousands except market price data)							
Net revenue	$94,888	$100,279	$105,789	$96,466	$113,222	$119,774	$106,109	$97,882
Cost of revenue	87,410	94,139	100,352	90,392	104,363	110,549	98,582	90,389
Research and development	—	—	—	—	332	—	—	—
Selling	1,197	1,010	1,365	1,751	2,087	2,193	1,066	1,446
General and administrative	11,637	8,785	7,641	9,469	22,121	12,917	13,557	13,741
Amortization of intangible assets and stock-based compensation	102	88	72	71	55	54	55	54
Impairment of long-lived assets	—	—	—	—	—	24	432	—
Restructuring, net	1,686	1,069	2,811	38	165	9,041	19,938	26,204
Operating loss	(7,144)	(4,812)	(6,452)	(5,255)	(15,901)	(15,004)	(27,521)	(33,952)
Interest income (expense), net	578	668	348	243	28,054	(24,940)	278	325
Other gains (losses), net	42,144	908	431	(85)	(57,540)	23,468	(11,608)	4,363
Equity in earnings (losses) of affiliates	44	(214)	199	(785)	(515)	(373)	(1,049)	163
Minority interest	(2,281)	87	76	43	65	86	99	69
Income tax (expense) benefit	(2,989)	(1,569)	74,739	(649)	(856)	(738)	(1,073)	(582)
Income (loss) from continuing operations	30,352	(4,932)	69,341	(6,488)	(46,693)	(17,501)	(40,874)	(29,614)
Discontinued operations, net of income taxes	(491)	(554)	61	(314)	(46,891)	(165,765)	117,806	13,224
Net income (loss)	$29,861	$ (5,486)	$ 69,402	$ (6,802)	$ (93,584)	$(183,266)	$ 76,932	$ (16,390)
Market Price:								
High	$ 1.95	$ 3.29	$ 2.84	$ 2.21	$ 0.93	$ 1.74	$ 1.07	$ 2.30
Low	$ 1.36	$ 1.74	$ 1.69	$ 1.31	$ 0.28	$ 0.51	$ 0.68	$ 0.93

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(21) COMPREHENSIVE INCOME (LOSS)

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

	For the Year Ended July 31,		
	2004	2003	2002
		(in thousands)	
Net income (loss)	$ 86,975	$(216,308)	$(524,918)
Net unrealized holding gain (loss) arising during period	960	50,229	(18,160)
Reclassification adjustment for realized (gains) losses in net income (loss)	(44,543)	(7,444)	1,257
	(43,583)	42,785	(16,903)
Net unrealized foreign currency translation adjustment arising during the period	(338)	(3,942)	(1,062)
Reclassification adjustment for foreign currency adjustment included in net income (loss)	—	5,026	—
	(338)	1,084	(1,062)
Comprehensive income (loss)	$ 43,054	$(172,439)	$(542,883)

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

	For the Year Ended July 31,		
	2004	2003	2002
		(in thousands)	
Net unrealized holding gains (losses)	$ (19)	$43,564	$ 779
Cumulative foreign currency translation adjustment	(316)	22	(1,062)
Accumulated other comprehensive income (loss)	$(335)	$43,586	$ (283)

(22) ALLOWANCES AND RESERVES

Accounts Receivable, Allowance for Doubtful Accounts consist of the following:

	For the Year Ended July,		
	2004	2003	2002
		(in thousands)	
Balance at beginning of period	$ 996	$ 2,299	$ 2,158
Acquisitions (a)	—	(350)	1,173
Additions charged to costs and expenses (Bad debt expenses)	124	338	132
Deductions charged against accounts receivable	(547)	(1,091)	(1,098)
Deconsolidation and dispositions (b)	—	(200)	(66)
Balance at end of period	$ 573	$ 996	$ 2,299

(a) Amounts of ($0.4) million and $1.2 million relate to purchase accounting reserves and adjustments as a result of the acquisition of the SL Supply Chain Services International Corp. business in July 2002.

(b) Amount of $0.2 million in fiscal 2003 relates to the effect of sale of Equilibrium Technologies, Inc. on October 17, 2002.

CMGI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(23) SUBSEQUENT EVENTS – (UNAUDITED)

On August 2, 2004, the Company completed its acquisition of Modus, a privately held provider of supply chain management solutions. Under the terms of the Merger Agreement, the Company issued approximately 68.6 million shares of CMGI common stock and assumed or substituted options to purchase approximately 12.6 million shares of CMGI common stock in exchange for all outstanding equity of Modus, and made a net cash payment of approximately $66.2 million to retire Modus' debt and pay certain deal related costs.

The preliminary purchase price of Modus was approximately $145.0 million, consisting of CMGI common stock valued at approximately $123.0 million, assumed or substituted options valued at approximately $19.0 million, of which approximately $3.0 million will be allocated to deferred compensation, and $3.0 million of deal related costs. The value of the 68.6 million shares of CMGI common stock issued was determined using the 5-day average market price around the measurement date, May 19, 2004, in accordance with EITF 99-12 "Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination" and SFAS 141. The value of the 12.6 million options issued was calculated using a Black-Scholes model with the following assumptions: volatility of 100.13%, risk-free interest rate of 2.8% and expected life of 4.7 years. The calculation of the preliminary purchase price is subject to refinement.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. The purchase price allocation herein is based on our preliminary assessment of the fair value of both the assets acquired and liabilities assumed. The Company is in the process of obtaining a third-party valuation of certain intangible assets; thus, the allocation of the purchase price is subject to refinement.

	August 2, 2004 (in thousands)
Current assets	$ 159,000
Property, plant, and equipment	32,000
Other non-current assets	18,000
Identifiable intangible assets	28,000
Goodwill	129,000
Total assets acquired	366,000
Current liabilities	120,000
Other non-current liabilities	5,000
Long-term debt	99,000
Total liabilities assumed	224,000
Net assets acquired	$ 142,000
Deferred compensation component of purchase price	$ 3,000

Of the $28.0 million of acquired identifiable intangible assets, $22.0 million was assigned to customer relationships (estimated useful life of 7 years), $4.0 million was assigned to developed technology (estimated useful life of 2 to 3 years), and $2.0 million was assigned to trade names (estimated useful life of 3 years).

The balance sheet and results of operations of Modus will be recorded beginning August 2, 2004, during our 2005 fiscal year.

ITEM 9.—CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A.—CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10.—DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated by reference to the portions of the Definitive Proxy Statement entitled "Proposal 1—Election of Directors," "Additional Information—Management," "Additional Information—Section 16(a) Beneficial Ownership Reporting Compliance" and "Additional Information—Audit Committee Financial Expert."

The Company has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees of the Company, including the Company's principal executive officer, and its senior financial officers (principal financial officer and controller or principal accounting officer, or persons performing similar functions). A copy of the Company's Code of Business Conduct and Ethics is filed with or incorporated by reference in this report.

ITEM 11.—EXECUTIVE COMPENSATION

Incorporated by reference to the portions of the Definitive Proxy Statement entitled "Additional Information—Executive Compensation," "Additional Information—Director Compensation," "Additional Information—Human Resources and Compensation Committee Report," "Additional Information—Stock Performance Graph," and "Additional Information—Employment Agreements and Severance and Change of Control Arrangements."

ITEM 12.—SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding the security ownership of certain beneficial owners and management is incorporated by reference to the portion of the Definitive Proxy Statement entitled “Security Ownership of Certain Beneficial Owners and Management.”

Equity Compensation Plan Information as of July 31, 2004

The following table sets forth certain information regarding the Company’s equity compensation plans as of July 31, 2004:

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	15,013,690	$ 14.75	6,855,665 (1)
Equity compensation plans not approved by security holders	2,044,381	$ 1.26	15,728,650
Total	17,058,071	$ 13.13	22,584,315

(1) Includes 1,192,495 shares available for issuance under the Company’s Amended and Restated 1995 Employee Stock Purchase Plan, as amended.

ITEM 13.—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to the portions of the Definitive Proxy Statement entitled “Additional Information—Certain Relationships and Related Transactions”.

ITEM 14.—PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference to the portion of the Definitive Proxy Statement entitled “Additional Information—Independent Auditors’ Fees” and “Additional Information—Audit Committee Policy on Pre-Approval of Services of Independent Auditors”.

PART IV

ITEM 15.—EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) Financial Statements, Financial Statement Schedule, and Exhibits

1. Financial Statements.

The financial statements listed in the Index to Consolidated Financial Statements are filed as part of this report.

2. Financial Statement Schedule.

All financial statement schedules have been omitted as they are either not required, not applicable, or the information is otherwise included.

3. Exhibits.

The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed with or incorporated by reference in this report.

(B) Reports on Form 8-K

We filed or furnished one report on Form 8-K during our fourth quarter ended July 31, 2004. Information regarding the items reported on is as follows:

Date Filed or Furnished	Item No.	Description
June 10, 2004*	Item 12	On June 10, 2004, the Company furnished a copy of the Company's earnings release for its fiscal third quarter ended April 30, 2004. Consolidated financial statements for such period were furnished with such report.

* This furnished Form 8-K is not to be deemed filed or incorporated by reference into any filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CMGI, INC.

Date: October 14, 2004

By: /s/ JOSEPH C. LAWLER

Joseph C. Lawler
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the Registrant and in the capacities and on the date set forth above.

Signature	Title
/s/ DAVID S. WETHERELL **David S. Wetherell**	Chairman of the Board of Directors
/s/ JOSEPH C. LAWLER **Joseph C. Lawler**	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ THOMAS OBERDORF **Thomas Oberdorf**	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
/s/ ANTHONY J. BAY **Anthony J. Bay**	Director
/s/ VIRGINIA G. BONKER **Virginia G. Bonker**	Director
/s/ FRANCIS J. JULES **Francis J. Jules**	Director
/s/ JONATHAN KRAFT **Jonathan Kraft**	Director
/s/ MICHAEL MARDY **Michael Mardy**	Director

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EXHIBIT INDEX

2.1	Agreement and Plan of Merger, by and among CMGI, Inc., Westwood Acquisition Corp. and Modus Media, Inc., dated as of March 23, 2004 is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated March 23, 2004 (File No. 000-23262).
2.2	Stock Transfer Agreement, dated as of March 23, 2004, by and among CMGI, Inc., each of the parties listed on Exhibit A thereto and R. Scott Murray and Nicholas Nomicos, as Stockholder Representative, is incorporated herein by reference to Exhibit 4.6 of the Registrant's Registration Statement on Form S-4 (File No. 333-116417).
3.1	Restated Certificate of Incorporation of the Registrant is incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 (File No. 333-85047).
3.2	Certificate of Designations, Preferences and Rights of Series D Preferred Stock of the Registrant is incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).
3.3	Amendment of Restated Certificate of Incorporation of the Registrant, dated May 5, 2000 is incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000 (File No. 000-23262).
3.4	Certificate of Elimination of Series C Convertible Preferred Stock of the Registrant is incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2002 (File No. 000-23262).
3.5	Restated By-Laws of the Registrant, as amended, are incorporated herein by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-4 (File No. 333-92107).
4.1	Specimen stock certificate representing the Registrant's Common Stock.
4.2	Form of senior indenture is incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 (File No. 333-93005).
4.3	Form of subordinated indenture is incorporated herein by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-3 (File No. 333-93005).
10.1*	2000 Stock Incentive Plan is incorporated herein by reference to Appendix II to the Registrant's Definitive Schedule 14A filed November 17, 2000 (File No. 000-23262).
10.2*	1986 Stock Option Plan, as amended, is incorporated herein by reference to Appendix IV to the Registrant's Definitive Schedule 14A filed November 17, 1999 (File No. 000-23262).
10.3*	Amended and Restated 1995 Employee Stock Purchase Plan, as amended, is incorporated herein by reference to Appendix II to the Registrant's Definitive Schedule 14A filed November 16, 2001 (File No. 000-23262).
10.4*	Amended and Restated 1999 Stock Option Plan For Non-Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2001 (File No. 000-23262).
10.5*	Amendment No. 1 to Amended and Restated 1999 Stock Option Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2003 (File No. 000-23262).
10.6*	1997 Stock Incentive Plan of Modus Media, Inc., and Amendment No. 1 thereto, is incorporated herein by reference to Exhibit 10.3 to Modus Media International Holdings, Inc.'s Registration Statement on Form S-1 (File No. 333-92559).
10.7*	Amendment No. 2 to 1997 Stock Incentive Plan of Modus Media, Inc. is incorporated herein by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 (File No. 333-117878).

10.8*	1997 Class A Replacement Option Plan of Modus Media, Inc. is incorporated herein by reference to Exhibit 10.22 to Modus Media International Holdings, Inc.'s Registration Statement on Form S-1 (File No. 333-92559).
10.9*	1997 Class B Replacement Option Plan of Modus Media, Inc. is incorporated herein by reference to Exhibit 10.23 to Modus Media International Holdings, Inc.'s Registration Statement on Form S-1 (File No. 333-92559).
10.10*	FY 2004 Executive Officer Bonus Plan for CMGI, Inc. is incorporated herein by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 (File No. 000-23262).
10.11*	FY 2004 Executive Officer Bonus Plan for SalesLink Corporation is incorporated herein by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 (File No. 000-23262).
10.12*	CMGI, Inc. Director Compensation Plan is incorporated herein by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 (File No. 000-23262).
10.13*	2002 Non-Officer Employee Stock Incentive Plan, as amended, is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2002 (File No. 000-23262).
10.14*	Employment Offer Letter from the Registrant to Joseph C. Lawler, dated August 23, 2004 is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated August 23, 2004 (File No. 000-23262).
10.15*	Executive Severance Agreement, dated as of August 23, 2004, by and between the Registrant and Joseph C. Lawler is incorporated herein by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated August 23, 2004 (File No. 000-23262).
10.16*	Relocation Expense Reimbursement Agreement, dated as of August 23, 2004, by and between the Registrant and Joseph C. Lawler is incorporated herein by reference to Exhibit 99.3 to the Registrant's Current Report on Form 8-K dated August 23, 2004 (File No. 000-23262).
10.17*	Indemnification Agreement, dated as of August 23, 2004, by and between the Registrant and Joseph C. Lawler is incorporated herein by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K dated August 23, 2004 (File No. 000-23262).
10.18*	Restricted Stock Agreement, dated as of August 27, 2004, by and between the Registrant and Joseph C. Lawler is incorporated herein by reference to Exhibit 99.5 to the Registrant's Current Report on Form 8-K dated August 23, 2004 (File No. 000-23262).
10.19*	Offer Letter from the Registrant to George A. McMillan, dated June 11, 2001 is incorporated herein by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2001 (File No. 000-23262).
10.20*	CEO Offer Letter from the Registrant to George A. McMillan, dated February 18, 2002, is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2002 (File No. 000-23262).
10.21*	Amended and Restated Executive Severance Agreement, dated as of March 1, 2002, by and between the Registrant and George A. McMillan is incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2002 (File No. 000-23262).
10.22*	Offer Letter from the Registrant to Thomas Oberdorf, dated March 1, 2002, is incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2002 (File No. 000-23262).

10.23*	Executive Severance Agreement, dated as of March 4, 2002, by and between the Registrant and Thomas Oberdorf is incorporated herein by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2002 (File No. 000-23262).
10.24*	Severance Agreement, dated as of April 27, 2001, by and between SalesLink Corporation and Bryce C. Boothby, Jr. is incorporated herein by reference to Exhibit 10.77 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 (File No. 000-23262).
10.25*	Executive Retention Agreement, dated as of August 28, 2002, by and between the Company and Peter L. Gray is incorporated herein by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.26*	Employment Offer Letter, dated October 2, 2003, from SalesLink Corporation to Patrick Ring.
10.27*	Employment Offer Letter, dated July 9, 2002, from SalesLink Corporation to Rudolph Westerbos, as amended.
10.28*	Severance Agreement, dated August 5, 2002, by and between Modus Media International, Inc. and Daniel Beck.
10.29*	Employment Letter, dated as of June 17, 2004, from Modus Media International, Inc. to W. Kendale Southerland.
10.30*	Form of Restricted Stock Agreement, dated September 2, 2003, by and among the Registrant and each of George A. McMillan, Thomas Oberdorf, Peter L. Gray and Bryce C. Boothby, Jr. is incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2003 (File No. 000-23262).
10.31*	Form of Director Indemnification Agreement (executed by the Registrant and each of David S. Wetherell, George A. McMillan, Anthony J. Bay, Virginia G. Bonker, Francis J. Jules, Jonathan Kraft and Michael Mardy) is incorporated herein by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1998 (File No. 000-23262).
10.32	Amended and Restated Loan and Security Agreement, dated as of July 31, 2004, by and among SalesLink Corporation, InSolutions Incorporated, On-Demand Solutions, Inc., Pacific Direct Marketing Corp., SalesLink Mexico Holding Corp. and SL Supply Chain Services International Corp., as Borrowers, and LaSalle Bank National Association and Citizens Bank of Massachusetts, as Lenders.
10.33	Lease Agreement, dated October 31, 2003, between ProLogis-North Carolina Limited Partnership and SalesLink Corporation for premises located at Park 100 Industrial Center, Building 29, Indianapolis, Indiana is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2003 (File No. 000-23262).
10.34	Lease, dated January 6, 1998, between the Medford Nominee Trust and SalesLink Corporation for premises located at 425 Medford Street, Boston, Massachusetts is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1998 (File No. 000-23262).
10.35	Lease, dated September 1, 1998, between Cabot Industrial Properties, L.P. and SalesLink Corporation for premises at 6112 West 73rd Street, Bedford Park, Illinois is incorporated herein by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.36	Lease, dated June 30, 1995, between Windy Pacific Partners and Pacific Mailing Corporation for premises located at Lot #2, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.37	First Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated May 28, 1996 for premises located at Lot #2, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.38	Lease, dated July 30, 1995, between Windy Pacific Partners and Pacific Mailing Corporation for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.39	First Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated December 22, 1995 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.40	Second Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated May 28, 1996 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.41	Third Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated September 25, 1996 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.42	Lease, dated September 25, 1996, between Windy Pacific Partners and Pacific Direct Marketing Corp. DBA Pacific Link for premises at Lot #4 Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.43	Lease made as of August 31, 2000 by and between Industrial Developments International (Tennessee), L.P. and SalesLink Corporation for premises located at 6100 Holmes Road, Suite 101, Memphis, Tennessee is incorporated herein by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2000 (File No. 000-23262).
10.44*	CMG @Ventures, Inc. Deferred Compensation Plan is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1997 (File No. 000-23262).
10.45*	CMG @Ventures I, LLC Limited Liability Company Agreement, dated December 18, 1997 is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1998 (File No. 000-23262).
10.46*	CMG@Ventures II, LLC Operating Agreement, dated as of February 26, 1998 is incorporated herein by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1998 (File No. 000-23262).
10.47*	Limited Liability Company Agreement of CMG@Ventures III, LLC, dated August 7, 1998 is incorporated herein by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.48*†	Amendment to Limited Liability Company Agreement of CMG@Ventures III, LLC, dated June 7, 2002 is incorporated herein by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.49*	Amendment to Limited Liability Company Agreement of CMG@Ventures III, LLC, dated December 31, 2003.
10.50*	Agreement of Limited Partnership of @Ventures III, L.P., dated August 7, 1998 is incorporated herein by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.51*	Amendment No. 1 to Agreement of Limited Partnership of @Ventures III, L.P., dated August 7, 1998 is incorporated herein by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.52*†	Amendment No. 5 to Agreement of Limited Partnership of @Ventures III, L.P., dated June 7, 2002 is incorporated herein by reference to Exhibit 10.66 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.53*	Amendment No. 6 to Agreement of Limited Partnership of @Ventures III, L.P., dated November 10, 2003.
10.54*	Amendment No. 7 to Agreement of Limited Partnership of @Ventures III, L.P., dated June 29, 2004.
10.55	[Reserved.]
10.56*	Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated December 22, 1998 is incorporated herein by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.57*	Amendment No. 1 to Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated December 22, 1998 is incorporated herein by reference to Exhibit 10.50 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
10.58*†	Amendment No. 2 to Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated June 7, 2002 is incorporated herein by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.59*	Amendment No. 3 to Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated February 26, 2003.
10.60*	Amendment No. 4 to Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated December 1, 2003.
10.61*	Amendment No. 5 to Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated June 30, 2004.
10.62*	Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of July 27, 2001 is incorporated herein by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2001 (File No. 000-23262).
10.63*	First Amendment to the Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of August 16, 2001.
10.64*	Corrective Amendment to Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of July 27, 2001.
10.65*	Second Amendment to the Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of October 5, 2001.
10.66*	Third Amendment to the Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of April 12, 2002.
10.67*	Fourth Amendment to the Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of August 1, 2002.
10.68*	Fifth Amendment to the Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of September 30, 2002.
10.69*	Sixth Amendment to Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of January 24, 2003.
10.70*	Seventh Amendment to Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of February 3, 2003.

10.71*	Eighth Amendment to Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of May 14, 2004.
10.72*	Ninth Amendment to Amended and Restated CMGI@Ventures IV, LLC Limited Liability Company Agreement, dated as of May 18, 2004.
10.73*	Limited Liability Company Agreement of @Ventures Partners III, LLC, dated as of June 30, 1999 is incorporated herein by reference to Exhibit 10.72 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.74*	First Amendment to Limited Liability Company Agreement of @Ventures Partners III, LLC, dated as of October 15, 2000 is incorporated herein by reference to Exhibit 10.73 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.75*	Confirmation of Fee Waiver dated as of December 31, 2003 by and among CMG@Ventures Capital Corp. and @Ventures Partners III, LLC.
10.76*	Second Amendment to Limited Liability Company Agreement of @Ventures Partners III, LLC, dated as of December 31, 2000.
10.77*	Third Amendment to Limited Liability Company Agreement of @Ventures Partners III, LLC, dated as of July 31, 2001.
10.78*	Fourth Amendment to Limited Liability Company Agreement of @Ventures Partners III, LLC, dated as of June 21, 2002.
10.79*	Limited Liability Company Agreement of @Ventures Investors, LLC, dated as of July 31, 1999 is incorporated herein by reference to Exhibit 10.74 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.80*	Limited Liability Company Agreement of @Ventures Management, LLC, dated as of May 27, 1998 is incorporated herein by reference to Exhibit 10.75 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.81*	Management Contract, dated as of August 7, 1998, by and between @Ventures Management, LLC and @Ventures III, L.P. is incorporated herein by reference to Exhibit 10.76 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.82*	Management Contract, dated as of December 22, 1998, by and between @Ventures Management, LLC and @Ventures Foreign Fund III, L.P. is incorporated herein by reference to Exhibit 10.77 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.83*	Management Contract, dated as of September 4, 1998, by and between @Ventures Management, LLC and CMG @Ventures III, LLC is incorporated herein by reference to Exhibit 10.78 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.84*†	Amendment to Management Contract, dated as of June 7, 2002, by and between @Ventures Management, LLC and @Ventures III, L.P. is incorporated herein by reference to Exhibit 10.79 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.85*†	Amendment to Management Contract, dated as of June 7, 2002, by and between @Ventures Management, LLC and @Ventures Foreign Fund III, L.P. is incorporated herein by reference to Exhibit 10.80 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 (File No. 000-23262).
10.86	Limited Liability Company Agreement of @Ventures V, LLC dated May 14, 2004.
10.87	ModusLink Secured Guaranty, dated as of August 17, 2004, by ModusLink Corporation to and for the benefit of LaSalle Bank National Association, as agent for the Lenders.

10.88	Security Agreement, dated as of August 17, 2004, by and between ModusLink Corporation and LaSalle Bank National Association, as agent for the Lenders.
10.89	Parent Guaranty, dated as of July 31, 2004, by the Registrant to and for the benefit of LaSalle Bank National Association, as agent for the Lenders.
14	Code of Business Conduct and Ethics of the Registrant is incorporated herein by reference to Exhibit 14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 (File No. 000-23262).
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement filed in response to Item 15(a)(3) of the instructions to Form 10-K.
† Confidential treatment requested with respect to certain portions.

EXHIBIT 4.1

[CMGI LOGO]

NUMBER
COMMON STOCK

SHARES
COMMON STOCK

CMGI, Inc.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CUSIP: 125750 10 9

SEE REVERSE FOR RESTRICTIONS ON TRANSFER

THIS IS TO CERTIFY THAT:

IS THE OWNER OF:

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK,
PAR VALUE $.01, OF

CMGI, Inc. transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon the surrender of this certificate properly endorsed. This certificate and the shares represented hereby are subject to the laws of the State of Delaware and to the Certificate of Incorporation and By-Laws of the Corporation, as now or hereafter amended. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS, the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/s/ Thomas Oberdorf

Chief Financial Officer and Treasurer

/s/ George A. McMillan

President and Chief Executive Officer

COUNTERSIGNED AND REGISTERED:
American Stock Transfer & Trust Company

TRANSFER AGENT AND REGISTRAR

By:

Authorized Signature

[SEAL]

CMGI, INC.
Corporate
1986
Delaware
*

CMGI, INC. (the "Corporation") will furnish without charge to each stockholder who so requests from its Secretary the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions thereof.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UNIF GIFT MIN ACT -	_____ (Cust)	Custodian _____ (Minor)
TEN ENT	-	as tenants by the entireties			
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act _____ (State)	

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS
INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____ Shares of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, _____

_____

(The signature to this assignment must correspond with the name as written upon the face of the Certificate in every particular, without alteration or enlargement, or any change whatever.)

Signature(s) Guaranteed:

_____

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 174Ad-15.

The Corporation has more than one class of stock authorized to be issued. The Corporation will furnish without charge to each stockholder upon written request a copy of the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class of stock (and any series thereof) authorized to be issued by the Corporation as set forth in the Certificate of Incorporation of the Corporation and amendments thereto filed with the Secretary of State of the State of Delaware.

EXHIBIT 10.26

[SalesLink Letterhead]

October 2, 2003

Patrick Ring
Muskerry House
Tower, Blarney
Co. Cork
Ireland

Dear Pat,

It is a pleasure to offer you the position of Senior Vice President, Global Sales for Saleslink Corporation. In this capacity you will report to Skip Boothby, President, Supply Chain Management, working out Cork, Ireland. We anticipate this position will require at least 75% overnight travel.

Your starting salary will be $22,916.67 monthly, which is equivalent to an annualized base salary of $275,000. Additionally you will receive a one time only bonus in the amount of $50,000. This will be paid with your first paycheck. You will also be eligible for an annual bonus of 40% of your salary. We will guarantee this bonus for the first year. You will be paid 50% of your bonus on or about December 15, 2003 and the remaining 50% on or about August 1, 2004.

As we discuss, should you be a key factor in SalesLink wininng the NEC business you will be paid a one time only bonus of $50,000 at the formal award of the business.

All compensation will be paid in Euro at an exchange rate of no less than 1.10 nor greater than 1.15.

In addition, on your date of hire and subject to the approval of the Board of Directors, you will be awarded an option to purchase 20,000 shares of cmgi stock. This option will be priced at the closing price on your date of hire and it will vest as follows: 25% on the one year anniversary of your date of hire, and then 1/48th of the total award will vest monthly until you are fully vested on the fourth anniversary of your date of hire. Additionally a CMGI Non-Competition Agreement is required as a condition of CMGI granting you an option to purchase CMGI stock.

If there is anything about the offer of employment which was verbally made to you which is not mentioned in this letter, please contact me as soon as possible to discuss it.

Otherwise, it will be assumed that this letter fully encompasses all aspects of our offer of employment to you and supersedes all prior offers, both verbal and written. This letter does not constitute a guarantee of employment or a contract for any term of employment.

This offer expires as of the close of business on Friday, October 3, 2003 (eastern U.S. time).

Please confirm your acceptance of this offer and your start date by signing this letter and returning it to me. If you choose to fax back your letter and the agreement, please fax them to 617/886-4915 and bring the originals with you on your first day.

Pat, we are very pleased by the prospect of your addition to the SalesLink team, and we are confident that you will make a significant contribution to our future success!

Sincerely,

Susan B. Lincoln
Senior Vice President
Human Resources

/s/ Patrick Ring 22-10-03

Patrick Ring Date

Patrick Ring

Patrick Ring
Muskerry House,
Tower,
Blarney,
Co. Cork

TERMS AND CONDITIONS OF EMPLOYMENT

Dear Patrick

I am pleased to confirm our offer to you of employment in SalesLink ("the Company') as reporting to Senior Vice President of Global Sales and reporting to Skip Boothby, President.

It is a condition of this offer that:

(a) your references are satisfactory to the Company;

(b) you are certified as fit for work following a full medical examination to be carried out by a medical practitioner selected and paid for by the Company.

1. DATE OF COMMENCEMENT

Your employment with the Company will begin on November 4th (the Commencement Date).

2. FUNCTIONS, DUTIES AND HOURS OF WORK

You will be employed as Senior Vice President of Global Sales. In that capacity you will be expected to:

2.1 perform and carry out all job duties, acts end obligations and to comply with such directions as may be designated by the Company to be reasonably consistent with your position.

2.2 faithfully and diligently perform such job duties and exercise such powers in relation to the Company and its business as the Company shall from time to time assign to or vest in you;

2.3 in the discharge of such duties and in the exercise of such powers, observe and comply with all lawful directions, resolutions, policies, procedures and regulations from time to time made or given by the Company;

2.4 devote the whole of your time and attention during business hours to the discharge of your duties hereunder and use your best endeavors to promote the interests, welfare and reputation of the Company;

2.5 conform to such hours of work as the Company may from time to time reasonably require of you and not be entitled to receive any remuneration for work performed outside normal business hours;

2.6 in pursuance of your duties hereunder, perform such management services for any of the Company's subsidiaries or associated companies as the Company may from time to time reasonably require:

2.7 except to the extent, if any, permitted by the Company's code of ethics, not directly or indirectly give or receive gifts, incentives or inducements to or from any person or company in the carrying out of any activity in connection with the Company and/or any associated company:

2.8 not in any way pledge the credit of the Company or expose the Company to any pecuniary liability except so far as you may be authorized from time to time to do so by the Company whether generally or in any particular case.

3. PLACE OF WORK

Your place of work will be in Cork, Ireland. You may be required to travel to and work at such other Company locations as the Company may reasonably require from time to time.

4. REMUNERATION AND EXPENSES

4.1 Your gross salary will be at the rate of Two Hundred and Seventy Five U.S. dollars, with an exchange rate of not less than 1.10% or more than 1.15% per annum. Remuneration is payable monthly in arrears (subject to all statutory and agreed deductions) by credit transfer to a bank of your choice, and such payment arrangements shall remain in force until otherwise mutually agreed.

4.2 Your salary will be reviewed on or about August 1st each year [in line with Company policy).

4.3 The Company agrees to pay you a once off gross signing bonus of 50,000 U.S. dollars. This bonus shall be paid, subject to all statutory deductions, with your first salary payment provided these terms and conditions of employment have been executed by you. In the event that your employment with the Company terminates prior to [insert date] you agree to immediately repay the signing bonus to the Company.

4.4 In addition, you will be eligible to receive an annual [discretionary / performance related] non pensionable bonus of up to 40 % of your basic salary. This bonus is guaranteed for the first year of your employment with the Company. Fifty percent (50%) of your first year's bonus will be paid to you on or about 15 December 2003 and fifty percent (50%) will be paid to you on or about 1 August 2004.

Thereafter, your eligibility for such a (discretionary / performance related) bonus payment shall be considered and determined at the discretion of the Company, in accordance with criteria established by the Company.

4.5 If the Company concludes, at its discretion, that you have been a key factor in the Company winning the NEC business, the Company agrees to pay you (subject to all statutory deductions) a once off gross bonus of 50,000 u.s. dollars. Payment of this bonus will be made when all necessary formalities in relation to the award of the NEC business to the Company have been finalized and the relevant parties have signed all necessary documentation and the Company has received payment of its first bill in respect of work done in connection with the NEC business.

4.6 Subject to approval by the Board of Directors of the Company, you shall be eligible to receive an option to purchase fifty thousand (50,000) shares of CMGI stock at the price which such shares are valued on the closing of the relevant stock markets on the Commencement Date.

4.7 You will be reimbursed for any reasonable expenses properly and necessarily incurred by you while performing your duties on behalf of the Company, including business expenses incurred when required to travel abroad for Company business subject to your conforming to the Company's policy and procedure.

4.8 The Company reserves the right to make deductions from payments due to you so as to reimburse sums due by you to the Company.

5. BENEFITS

5.1 You will be eligible to participate in the benefit plans specified in this letter and such other benefit plans as may be approved in writing by the Company and specifically applied to you by notice in writing from the Company from time to time. Participation in such benefit plans shall be subject always to the rules and conditions applicable to each such plan. The Company reserves the right at all times to vary or discontinue any benefit plans in which you may be entitled to participate. The Company shall also have the right to substitute new benefit plans for any plan in which you may be eligible to participate any Company benefit plan which is insured will be subject to and conditional upon the terms and conditions of the relevant policy of insurance.

5.2 All benefits payable or otherwise made available to you under any Company benefit plan(s) in which you may be entitled to participate from time to time shall automatically cease, as shall your eligibility to participate in such plan(s), upon the termination of your employment for any reason whatsoever. In the event of such termination, the Company shall be under no obligation to replace the terminated or discontinued benefit plan(s) and/or provide the same or similar benefits or compensation in lieu.

6. HOLIDAYS

6.1 In addition to statutory bank and public holidays your entitlement to holidays is 25 days plus public holidays per calendar year (and pro rata for any lesser period) to be taken at times agreed with the Company.

6.2 Unused holidays may not be carried forward from one year to the next unless otherwise agreed with the Company in writing.

7. SICKNESS AND NOTIFICATION OF ABSENCE

7.1 Sick pay is payable at the sole discretion of the Company. Details of the Company's Sick Pay Scheme and Notification of Absence Procedure will he notified separately.

7.2 You will be required to furnish a medical practitioner's certificate in respect of any illness or injury related absences of three days or more and on a weekly basis after the initial 3 day absence.

7.3 The Company may refer you from time to time for a medical examination by a medical practitioner nominated and paid for by it and shall be entitled to receive full details of the results of your medicals.

8. RETIREMENT

Your normal retirement age is your sixty fifth birthday.

9. PENSION PLAN

You shall be eligible to participate as a member of the Company Pension Scheme ("the Plan") subject to and in accordance with the relevant deeds and rules of the Plan and Revenue limits.

The company will contribute no less than 6% to the plan.

10. DEATH IN SERVICE LUMP SUM BENEFIT

You shall be covered for death in service lump sum benefit equal to 4 times your annual basic salary subject always to the provisions and limits of the applicable plan and the conditions of the relevant policy of insurance.

11. PRIVATE HEALTH COVER

The Company will contribute an amount, not exceeding the amount required from time to time to fund VH1 Plan "Plan C" for you and your wife and your dependent children up to [21] years in full time education or otherwise up to 18 years.

12. PERMANENT HEALTH INSURANCE

After six consecutive months absence due to incapacity or illness you shall be eligible to participate in the Company' s Permanent Health Insurance Scheme (the APHI Scheme) upon the terms and subject to the conditions set out below:

12.1 the PHI Scheme is an insured scheme and, consequently, your entry to and eligibility to participate in the said scheme is subject to and conditional upon you satisfying the insurer's requirements as notified to the Company from time to time;

12.2 all benefits payable under the PHI Scheme are subject to and conditional upon the terms and conditions of the relevant policies of insurance applicable to the said scheme;

12.3 the maximum benefit payable to you pursuant to the PHI Scheme will not in any event exceed two-thirds (2/3rds) of your basic salary:

12.4 entry to and continuation of the PHI Scheme, is subject to and conditional upon the Company being able to effect and/or maintain, at a reasonable cost as determined by the Company from time to time, the relevant policy of insurance applicable to the said scheme; and

12.5 all or any benefits payable under the PHI Scheme shall cease upon the termination of your employment with the Company for any cause whatsoever.

13. CONFIDENTIAL INFORMATION

Much of the Company's business and your work with the Company will be highly confidential. It is a condition of your employment that you do not, during your employment or thereafter, except as authorized or required by your duties or as required by law or a court of competent jurisdiction, reveal to any person, persons or company, party of the trade secrets or confidential information, operations, notices or dealings of the Company or any information concerning the organization, business, finances, transactions or affairs of the Company and/or any of its associated companies which may come to your know1edge during your employment hereunder and that you keep with complete secrecy all confidential information entrusted to you and do not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company or its business or in any way be likely to do so. This restriction shall continue to apply after the termination of this agreement without limit in point of time but shall cease to apply to information or knowledge which may come into the public domain through no act, omission, unauthorized disclosure or other breach on your part of the provisions of this agreement.

14. EXCLUSIVITY OF SERVICES

For as long as you are employed by the Company, you may not without the prior written consent of the Company (except as the holder of any shares, stock or debentures which in

aggregate do not exceed one percent (1%) of the total shares. stocks or debentures of a company quoted on any recognized stock exchange) be in any way directly or indirectly actively engaged or concerned in arty other business or undertaking where this is likely to be in conflict with the interests of the Company.

15. DISCIPLINARY PROCEDURE

15.1 The Company's Disciplinary Procedure is not contractually binding on the Company. While it is Company policy to observe this Procedure, strict observance of the procedure is not appropriate in all cases. Circumstances may warrant that the procedure is abridged or varied and the Company reserves the right to do so at any time.

15.2 The Company reserves the right in case of an infringement of its rules, policies, procedures or terms and conditions to demote, re-deploy or suspend you with or without pay or dismiss you from the Company's employment. If you are suspended without pay as a disciplinary sanction, the period of suspension will vary in length at the discretion of the Company according to the gravity of the misconduct.

16. GRIEVIANCE PROCEDURE

If you have any grievance concerning your employment you should raise the matter in the first instance with Skip Boothby. If the grievance is not resolved at that stage you should refer it to Sue Lincoln whose decision shall be final and conclusive.

17. TERMINATION OF EMPLOYMENT

17.1 Your employment may be terminated by either party giving to the other [three] months written notice.

17.2 The Company reserves the right to pay salary in lieu of any period of notice which it or you are required to give.

17.3 The Company also reserves the right to terminate your employment at any time without notice (or payment in lieu thereof) if you:

(a) commit any serious or persistent breach of any of these terms and conditions of employment;

(b) are guilty of fraud, dishonesty, gross misconduct or willful neglect in the discharge of your duties;

(c) become bankrupt or make any arrangement or composition with your creditors generally:

(d) become of unsound mind;

(e) are convicted of any criminal offence (other than an offence which in the reasonable opinion of the Company does not affect your employment with the Company);

(f) otherwise fail or are unable to perform and discharge such duties as the Company has assigned to or vested in you.

17.4 On the termination of your employment for whatever reason, you will be required to return to the Company, without delay, all files, correspondence, records, data, computer files, specifications, models, notes, formulations, lists, papers, reports and other documents and all copies thereof of whatever nature and other property belonging to the Company or relating to its business affairs or dealings which are in your possession or under your control.

18. POST TERMINATION RESTRICTIONS

18.1 Upon the termination of your employment, you shall not either directly or indirectly (without the prior written consent of the Company) for a period of [12] months thereafter:

(a) solicit the services of or entice away from the Company or engage, whether on your own behalf or on behalf of others, any person who *is* or was an executive director or a senior manager of the Company or of any of its subsidiaries and/or associated companies at any time during the twelve (12) month period immediately preceding the date on which your employment with the Company terminated;

(b) solicit the custom of or entice away from the Company the custom or business of any person who is or was a customer of the company arid/or of any of its subsidiaries and/or associated companies at any time during the twelve (12) month period immediately preceding the date on which your employment with the Company terminated; and/or

(c) work for or be engaged by or concerned or interested (except as the holder of any shares, stock or debentures which in aggregate do not exceed 1% o the total shares, stocks or debentures of a company quoted on any recognized stock exchange) in any business which operates from or carries on business in Ireland [specify other restricted areas if appropriate] in competition with the Company and/or any of its subsidiaries and/or associated companies.

18.2 You acknowledge and agree that the covenants and provisions of this clause are separate and severable and that the restrictions contained in this clause arc fair and reasonable in all the circumstances. In the event the any of the restrictions contained in this clause are adjudged by a court of competent jurisdiction to go

beyond what is reasonable, in all the circumstances, for the protection of the legitimate interests of the Company and/or any of its subsidiaries and/or associated companies but would be adjudged reasonable if any particular restriction or restrictions, or part thereof, were deleted in any manner, then the restrictions in question shall apply with such deletions as may be decided by a court of competent jurisdiction, without affecting the remaining provisions thereof.

19. MISCELLANEOUS PROVISIONS

19.1 These terms and conditions of employment constitute the entire understanding between you and the Company concerning your employment by the Company and are in substitution for and supercede all previous discussions, understandings and agreements (if any) between you and the Company concerning the terms and conditions of your employment with the Company.

19.2 Any amendments or additions to the provisions hereof shall be confirmed in writing by the Company and agreed by you and unless so confirmed and agreed shall not be binding on either you or the Company.

19.3 This agreement shall be governed by and construed in accordance with the laws of Ireland and both you and the Company expressly agree to submit to the non-exclusive jurisdiction of the Irish courts in relation to any dispute or matter arising hereunder.

If you require clarification on any matter, please contact me.

Yours sincerely,

/s/ Susan B. Lincoln

Susan B. Lincoln
Senior Vice President

ACCEPTANCE:

I hereby accept the Company's offer of emp1oyment and confirm that the terms and conditions set out above accurately record my terms and conditions of employment with the Company.

SIGNED: /s/ Patrick Ring

Patrick Ring

Date: 22-10-03

EXHIBIT 10.27

[SalesLink Letterhead]

July 9, 2002

Rudolph Westerbos
4454 17th Street
San Francisco, CA. 94114

Dear Dolph:

It is a distinct pleasure to offer you the position of Senior Vice President and General Manager, International Operations for SalesLink Corporation, with overall responsibility for SalesLink's European and Asian operations. In this capacity you will report to Skip Boothby, CEO.

Your starting salary will be $9,230.77 bi-weekly, which is equivalent to an annualized base salary of $240,000.00

As a condition of employment with SalesLink Corporation, you are required to execute the enclosed Non-Disclosure and Developments Agreement.

As an employee of SalesLink Corporation you will be eligible for the comprehensive benefits package that we offer to our full time employees with the exceptio of Medical, Dental and Vision care. You will retain your current coverage on an interim basis. Details of this package will be reviewed with you in orientation on your first day of employment. You are eligible for 4 weeks paid vacation annually.

You are eligible for a bonus of 40% of your annual base salary, upon attainment of financial and operational objectives. These objectives will be established in the coming weeks, and will be jointly agreed to by yourself ad Skip Boothby. Part of this bonus may be paid quarterly, part may be paid annually.

In addition, on your first day of employment and subject to the approval of the CMGI Human Resources and Compensation Committee, you will be granted an option (the "Option") to purchase 50,000 shares of CMGI common stock under the CMGI 2002 Non-Officer Employee Stock Incentive Plan (the "Plan"). This option will vest as follows: 25% on the one-year anniversary of your first day of employment, and then 1/48th of the total award will vest monthly until you are fully vested on the fourth anniversary of your first day of employment. The exercise price of the Option shall equal the closing price of the CMGI common stock on the Nasdaq National Market (during normal trading hours) on the date of grant. The term of the Option shall be seven years. The Option shall be subject to all terms, conditions, limitations, restrictions and termination provisions set

forth in the Plan and in the separate option agreement (which shall be based upon CMGI's standard form of option agreement) that shall be executed to evidence the grant of the Option. Additionally, as a condition of employment with the Company, you are required to execute the enclosed Company Non-Competition Agreement and Non-Disclosure and Developments Agreement.

It is understood you may reside in either the US or the Netherlands while employed by SalesLink Corporation. SalesLink Corporation will provide you with personal tax advice regarding your residency, through KPMG, and will ensure that in case of relocation you will not be financially disadvantaged.

In accordance with current federal law, you will be asked to provide documentation proving your eligibility to work in the United States. Please review the enclosed notice regarding the Immigration Reform and Control Act and bring proper documentation with you on your first day.

Please confirm your acceptance of this position and your start date by signing one copy of this letter and returning it to me. Additionally, please sign and return the enclosed Non-Disclosure and Developments Agreement. The Non-Disclosure and Developments Agreement must be returned to me no later than one week prior to your start date.

If you choose to fax back your letter and the agreement, please fax them to 617-886-4915 and send the originals in the mail.

Your employment with SalesLink Corporation will be guaranteed for at least 18 months following your employment start date, unless you are terminated for cause. A separate employment contract will be established in the next few weeks. This offer expires as of the close of business on Thursday, July 11, 2002. This offer supersedes all prior offers, both verbal and written.

Dolph, we are very pleased by the prospect of your addition to the SalesLink team, and we are confident that you will make a significant contribution to our future success!

Sincerely,

/s/ Susan B. Lincoln

Susan B. Lincoln
Vice President, Human Resources

/s/ Rudolph Westerbos 7/9/02

Rudolph Westerbos Date

December 4, 2002

Rudolph J. “Dolph” Westerbos
4454 17th Street
San Francisco, CA 94114

Dear Dolph:

This letter will outline the transfer of your position to the Netherlands.

You have been and employee of SalesLink Corporation since 12 July 2002, and an employee of iLogistix since 1 June 1994, prior to the acquisition of iLogistix by SalesLink on 12 July 2002.

Your current position of Senior Vice President and General Manager, International Operations, is transferring from our Newark California office to our Tilburg the Netherlands office, effective December 30, 2002. You will continue to report to me.

In your current position you have overall responsibility for SalesLink’s Asian and European operations. You will be expected to travel frequently and work where SalesLink has existing or potential operations, partners, or customers in these regions. At times you may work from your home, as business dictates.

The duration of this transfer is currently expected to last 18-24 months. You may determine the final duration. At the conclusion of this period you and your position will be transferred back to the US, if you remain an employee in good standing at such time. Your starting gross salary will be USD $240,000 annually. You are eligible for a 40% bonus of the total of your annual gross salary, upon attainment of financial and operational objectives. Attached is an addendum covering the application of the 30% allowance. You will be paid in equivalent Euros through SalesLink’s Dutch payroll administration. In no case shall your Dutch net wages earned at SalesLink be less than your US net wages earned at SalesLink if your position had not been transferred.

Dolph, I wish you all the best in your new posting. Please execute and return this letter to me, no later than December 9, 2002.

Bryce “Skip” Boothby
President, Chief Executive Officer
SalesLink Corporation

/s/ Bryce C. Boothby

Rudolph J. Westerbos
Employee

/s/ Rudolph Westerbos

Bryce “Skip” Boothby
Director
SalesLink International Netherlands BV
(formerly Logistical Processing BV)

/s/ Bryce C. Boothby

ADDENDUM

a. If and insofar as the employee may receive a tax-free allowance for extra-territorial costs under Section 9 of the 1965 Payroll Tax Implementation Decree, the wages from current employment agreed upon with the employee shall be reduced accordingly for employment law purposes where 100/70 of the wages from current employment agreed to in this fashion equal the wages originally agreed upon from current employment.

b. If and insofar as item a. above applies, the employee shall receive an allowance for extraterritorial costs from the employer, equal to 30/70 of the wages from current employment agreed in this fashion.

c. The employee is aware of the fact that, in view of the applicable regulations, an adjustment to the remuneration agreed upon under item a. above may affect all considerations and benefits that are linked to the wages, such as pension rights and social security benefits.

This addendum will replace any previous agreements with reference to the decision of the Netherlands State Secretary of Finance dd. 29 May 1995, no. DB95/119M (the 35% facility) or with reference to the extra-territorial costs under Section 9 of the 1965 Payroll Tax Implementation Decree.

This addendum is applicable as per the date the above-mentioned ruling is granted effectively to the employee.

Boston, December 4, 2002

Signature of employer

/s/ Bryce C. Boothby

Bryce “Skip” Boothby
CEO - SalesLink Corporation

/s/ Bryce C. Boothby

Bryce “Skip” Boothby

Director
SalesLink International Netherlands BV
(formerly Logistical Processing BV)

Newark, December 4, 2002

Signature of employee

/s/ Rudolph Westerbos

Rudolph J. Westerbos
Employee

EXHIBIT 10.28

[Modus Media International Letterhead]

PERSONAL AND CONFIDENTIAL

August 5, 2002

Mr. Daniel F. Beck
President, Americas
Modus Media International, Inc.
690 Canton Street
Westwood, MA 02090

Dear Dan:

This letter is to confirm that if Modus Media International, Inc. ("MMI" or "Company") terminates your employment without Cause (as defined below), MMI will make severance payments to you during the twelve (12) months following such termination in an aggregate amount equal to twelve months' base salary at the time of termination. Such severance payments shall be paid to you in equal biweekly installments during such twelve-month period. If you remain unemployed following such twelve-month period, you will be entitled to up to an additional six (6) months of base salary ("Extended Severance Payments") to be paid in equal, biweekly installments for so long as you remain unemployed, up to a maximum aggregate of six months. For ease of further reference, the rights set forth in this paragraph shall be referred to hereafter as "Severance Benefits." Additionally, for up to eighteen months following your termination, the Company will provide you with dental and group health insurance benefits unless or until you are or become eligible for such benefits from a new employer.

To the extent annual management incentive bonus payments are made in respect of the year in which your employment is terminated under circumstances which entitle you to Severance Benefits under this Letter Agreement, you will receive a pro rata bonus based on the portion of the year that you were an employee.

For purposes hereof, "Cause" shall mean (a) any failure by you to take or refrain from taking any corporate action as specified in written directions of the Chief Executive Officer, when such failure is not cured within thirty (30) days after written notice that failure to take or refrain from taking such action shall constitute "Cause" for purposes hereof; (b) dishonesty, gross negligence or gross misconduct by you in connection with the performance by you of your duties for the Company; or (c) your conviction of, or the entry of a pleading of guilty or non contendere by you to, any crime involving moral turpitude or any felony.

The severance benefits under this Letter Agreement are explicitly conditioned upon (a) your signing a release of the Company; and (b) your compliance with the non-disclosure, non-solicitation and non-compete provisions of this Agreement.

Nothing in this Agreement shall alter or affect your continuing obligations of confidentiality under any non-disclosure agreement which you signed prior to or during your employment with the Company. In addition to your obligations under such agreement, you acknowledge and agree that during the term of your employment you had access to information which is confidential and/or proprietary to the Company, including but not limited to information of a business, financial or technical nature and all other information relating to the business and affairs of the Company. You agree that all such information shall be and remain at all times the exclusive property of the Company. You further agree that you will at all times maintain such information in confidence and shall not disclose such information to anyone else nor shall you use it for your own benefit or for the benefit of others.

In consideration for the Company entering into this agreement, you agree that during the period of 12 months after your termination of employment (or 18 months in the event you receive Extended Severance Payments), you will not (a) solicit, encourage or induce, directly or indirectly, any employee of the Company to leave such person's employment with the Company or (b) directly or indirectly, whether as an individual proprietor, partner, stockholder, officer, employee, consultant or in any other capacity whatsoever (other than as the holder of not more than one percent of the combined voting power of the outstanding stock of a public company), engage in the business of marketing, or selling services that compete with the services marketed or sold by the Company while you were employed by the Company.

You may terminate employment with the Company and it will be deemed a termination without Cause, entitling you to the severance benefits outlined in this Letter Agreement, only if you have "Good Reason" to terminate your employment. You shall have "Good Reason" to terminate if, following a Change in Control (as that term as defined below), (a) there is a substantial diminution in your responsibilities or authority; or (b) your primary office is relocated to an office more than thirty-five (35) miles distant from Westwood, Massachusetts; or (c) you suffer a reduction in annual base salary from your hire date or as the same maybe increased from time to time (except for across-the-board salary reductions similarly affecting all senior executives of the Company).

"Change of Control" means (i) any merger or consolidation which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or acquiring entity or its parent) less than 40% of the combined voting power of the voting securities of the Company or such surviving or acquiring entity or its parent outstanding immediately after such merger or consolidation; (ii) any sale of all or substantially all of the assets of the Company; or (z) the complete liquidation of the Company.

Any payments due under this Letter Agreement shall be net of any amounts that MMI is required to withhold under applicable law.

The provisions of this Agreement shall be severable, and if any provision of this Agreement is held to be invalid or unenforceable, it shall be construed to have the broadest interpretation which would make it valid and enforceable. Invalidity or unenforceability of one provision shall not affect any other provision of this Agreement.

You acknowledge that money damages would not be a sufficient remedy if you breach this Agreement and that the Company shall be entitled, in addition to such other remedies as may be available, to seek preliminary and permanent injunctive relief for any such breach including specific performance without having to prove actual damages or to post a bond.

It is understood that this letter represents the entire agreement of the parties with respect to the severance obligations of MMI in the event of any termination of your employment with MMI, and you shall have no rights to any other severance payments under any other agreement, policy or plan of MMI.

Very truly yours,

MODUS MEDIA INTERNATIONAL, INC.

/s/ [illegible]

Countersigned:

/s/ Daniel Beck

EXHIBIT 10.29

[Modus Letterhead]

TO: W. Kendale Southerland

FROM: R. Scott Murray

DATE: June 17, 2004

SUBJECT: Letter of Understanding: Extension

This letter extends your current assignment in the position of President, Asia Pacific for Modus Media International ("Company" or "MMI") at our Singapore location, and reporting to the Chief Executive Officer, pursuant to the following terms and conditions. This extension shall be for an additional one year, from September 21, 2004 to September 21, 2005. This assignment may be extended upon mutual agreement, and may be terminated at management's sole discretion.

This assignment is subject to obtaining any appropriate permits for employment and residence in Singapore, as well as your acceptance of the terms and conditions outlined in this letter.

The following sets forth the compensation and benefits provisions of your assignment. Please understand that these terms and conditions will be in effect for the period of this assignment and will not necessarily apply to future transfers or assignments.

COMPENSATION AND BENEFITS

Base Salary

Your annual base salary will be continued at USD $300,000 and will be used for purposes of determining differentials, premiums, and bonuses as described in this letter.

Management Incentive Plan

You are eligible for the Management Incentive Plan at the 60% level. All rules for eligibility and pay out of bonuses will be in accordance with the terms of the plan in effect at that time.

Benefits

You may participate in benefit programs as applicable to comparable United States employees. Benefits determined by base salary will be calculated exclusive of any

allowance, differential, bonuses or similar additional payments. Payroll deductions will be applied for hypothetical taxes, applicable US social programs, Company benefit programs, and the like.

Paid time off and holidays will be scheduled based on practices in effect in the Singapore facility. Other benefits are outlined in your Benefits Guide 2004.

Foreign Service Premium

A Foreign Service Premium (FSP) is designed to compensate you for your separation from home as well as to recognize the difficulties of service on an international assignment. Your FSP will be $25,000 per year, paid bi-weekly for the duration of the assignment.

FSP is effective the first day of your assignment in Singapore and terminates the day you leave Singapore at the end of the assignment.

Goods and Services Allowance

The Goods and Services Allowance is intended to reimburse you for certain increased living costs (excluding housing and utilities), which may result when living costs in Singapore exceed those in the United States.

The Goods and Services Allowance is determined using your base salary and may be adjusted up or down due to fluctuation in costs in the home and host countries and in the exchange rate. This allowance begins when you move into housing in Singapore and ends upon vacating said housing. The current Goods and Services allowance available to you is USD $25,000 per year, paid bi-weekly.

Housing and Utilities Differential

The Company will pay your actual monthly housing fee and utilities up to Singapore $20,000 per month, excluding personal telephone expenses. The Company agrees to review your housing differential on or about December 17, 2004 and will make any changes it deems reasonable in consultation with you at that time. The Company must approve housing and rental terms in advance.

As your contribution, a deduction will be taken representing US housing costs. The monthly deduction of USD $2,000 per month, taken pre-tax, will continue for the duration of your assignment in Singapore and may be renegotiated if the assignment is extended.

The deduction and payment of housing began when you moved into the Singapore residence.

You will not be entitled to a cash reimbursement should the actual costs incurred fall below Singapore$20,000.

Transportation Allowance

The Company will provide an automobile for business use per existing norms and standards in Singapore. Additionally, we will provide a transportation differential of up to USD $2,500 per month to reimburse you for certain increased transportation costs associated with a personal automobile that may result when local costs exceed those in the US. Your contribution to transportation expenses will be USD $500 per month, factored and taken as a bi-weekly payroll deduction.

Membership(s)

The Company agrees to pay your annual membership fee of USD $15,000 to the American Club.

Home Leave

You and your family will be entitled to one round trip return to the US per year via business class air or up to a total of USD $15,000, for home leave. If you choose to travel to another country in lieu of a return to the US, the Company will reimburse you for the trip at business rates provided that the cost is lower than a US flight or up to a total of USD $15,000.

Should the need arise to return to the U.S. for an emergency situation, the Company will reimburse you and your family for ‘coach’ class round trip airfare.

Education Allowance

Per its Policy for Expatriate Assignments, the Company will provide reimbursement for the cost of tuition, registration fees, textbooks and local bus transportation for your kindergarten through grade 12 aged children to attend an international school in the Singapore area. If an adequate international school is not available in the area, a boarding school may be used. Please refer to Policy for boarding school details, education for college students, and language training in the local language for you and your family.

Relocation Allowance

The Company will reimburse all reasonable expenses associated with your family’s move from the US to Singapore, business class airfare included. Upon completion of this assignment, the same arrangement will be offered to you to repatriate to the US. Repatriation will be to any MMI place of business relating to a new assignment within the Company, or to any state in the continental US should you terminate employment with MMI. Further, should you terminate (other than pursuant to paragraph 3 of the Termination of Appointment section of this Agreement) your employment with the Company before the end of this assignment, you will be required to reimburse the Company for all relocation costs outlined in this document.

Tax Equalization

Tax equalization is provided to:

- Ensure that no additional tax liability or benefit as a result of having an assignment outside the US is effected.
- Provide assistance to ensure compliance with US expatriate tax laws as well as the tax laws of the host country.

The Company, through our tax consultant, will provide tax preparation assistance to ensure compliance with US tax laws as well as the laws of Singapore. You are responsible to pay any tax liabilities incurred.

Interest or penalties imposed by tax authorities as a result of improper reporting or delays in providing necessary documents by you to our tax consultant will be your responsibility.

Termination of Appointment

The Company reserves the right to terminate your employment with or without Cause at any time. Should the Company terminate your employment without Cause, however, the Company will make payments to you during the twelve (12) months following such termination in an aggregate amount equal to twelve months' base salary at the time of termination ("Severance Benefits"). Such severance payments shall be paid to you in equal, biweekly installments during such twelve-month period. If you remain unemployed following such twelve-month period, you will be entitled to up to an additional six (6) months of base salary to be paid in equal, biweekly installments for so long as you remain unemployed, up to a maximum aggregate of six months ("Extended Severance Payments").

For purposes hereof, "Cause" shall mean (a) any failure by you to take or refrain from taking any corporate action as specified in written directions of the Chief Executive Officer, which such failure is not cured within 30 days after written notice that failure to take or refrain from taking such action shall constitute "Cause" for purposes hereof; (b) dishonesty, gross negligence or gross misconduct by you in connection with the performance by you of your duties for the Company; or (c) your conviction of, or the entry by you of a plea of guilty or non contendere to, any crime involving moral turpitude or any felony.

At the conclusion of this assignment, unless you elect to extend this assignment or accept a new assignment with the Company, you will be entitled to the Severance Benefits described above as if you had been terminated from the Company without Cause during the term of this assignment. You will also continue to be entitled to the "Relocation Allowance" set forth above. If you elect to trigger these Severance Benefits, you must provide written notice to the Company not less than ninety (90) days before the conclusion of this assignment.

The Severance Benefits provided hereunder are explicitly conditioned upon (a) your signing a release of the Company; and (b) your compliance with the nondisclosure, non-compete and non-solicitation provisions of this Letter and/or other pertinent agreements with the Company you have executed.

Other

It is understood that in accepting this agreement, you will not engage in any employment or business enterprise that will in any way conflict with your service and the interests of the Company. You agree to not do any work, directly or indirectly, for a competitor, customer, or supplier of the Company.

This letter embodies the entire agreement and understanding of the parties with regard to the matters described herein and supersedes any and all prior or contemporaneous agreements and understandings, oral or written, between you and the Company as to such matters.

If you are in agreement, please sign and return an original copy of this letter as follows:

Modus Media International
690 Canton Street
Westwood, MA 02090
cc: General Counsel

If you have any questions regarding the terms of this letter of understanding, overseas conditions of employment, or repatriation, I will be happy to discuss them further.

/s/ R. Scott Murray — 6/29/04

R. Scott Murray, CEO — Date

I have read and accept the conditions of my assignment and repatriation as outlined. I understand that nothing contained herein shall be considered a guarantee of employment for the estimated duration of the assignment.

AGREED TO:

/s/ W. Kendale Southerland — June 24, 2004

W. Kendale Southerland — Date

EXHIBIT 10.32

LOAN AND SECURITY AGREEMENT

DATED AS OF JULY 31, 2004

BY AND AMONG

SALESLINK CORPORATION, INSOLUTIONS INCORPORATED, ON-DEMAND SOLUTIONS, INC., PACIFIC DIRECT MARKETING CORP., SALESLINK MEXICO HOLDING CORP. AND SL SUPPLY CHAIN SERVICES INTERNATIONAL CORP., AS BORROWERS,

THE LENDERS

AND

LASALLE BANK NATIONAL ASSOCIATION, AS AGENT FOR THE LENDERS

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this **"Agreement"**) is made as of the 31st day of July, 2004 by and among SALESLINK CORPORATION, a Delaware corporation (**"SalesLink"**), INSOLUTIONS INCORPORATED, a Delaware corporation (**"InSolutions"**), ON-DEMAND SOLUTIONS, INC., a Massachusetts corporation (**"On-Demand"**), PACIFIC DIRECT MARKETING CORP., a California corporation (**"Pacific Direct"**), SALESLINK MEXICO HOLDING CORP., a Delaware corporation (**"SalesLink Mexico"**), SL SUPPLY CHAIN SERVICES INTERNATIONAL CORP., a Delaware corporation (**"SL Supply"**) (each herein called a **"Borrower"** and collectively, the **"Borrowers"**), the lenders party hereto (herein collectively called the **"Lenders"** and each individually called a **"Lender"**) and LASALLE BANK NATIONAL ASSOCIATION, as a Lender and as Agent for Lenders.

WHEREAS, Lenders and Borrowers are parties to that certain Amended and Restated Loan and Security Agreement dated as of July 31, 2003, as amended by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of October 30, 2004, that certain Second Amendment to Amended and Restated Loan and Security Agreement effective as of April 30, 2004 and that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of June 29, 2004 (the **"Existing Loan Agreement"**);

WHEREAS, Borrowers have requested that Lenders refinance the debt owed to Lenders under the Existing Loan Agreement (the **"Existing Debt"**) and Lenders are willing to refinance the Existing Debt on the terms and conditions set forth in this Agreement; and

WHEREAS, in conjunction with the refinancing the Existing Debt, Borrowers desire to borrow additional funds and obtain other financial accommodations from Lender, and Lender is willing to make certain additional loans and provide other financial accommodations to Borrowers upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the terms and conditions contained herein, and of any loans or extension of credit previously, now or to be made to or for the benefit of Borrowers by Lenders, the parties agree as follows:

1. DEFINITIONS AND INTERPRETATIONS.

1.1 Definitions. When used in this Agreement, the following terms shall have the following meanings:

"Accounts" shall mean all accounts (including without limitation all right to payment for services rendered or goods sold or leased), contract rights, leases, chattel paper, instruments, life insurance policies, notes and documents, whether now owned or to be acquired by any Borrower.

"Account Debtor" shall mean any Person who is or who may become obligated to any Borrower under, with respect to, or on account of an Account.

"Accounts and Inventory Report" shall mean a report delivered to Agent by Borrowers, in accordance with Section 7.2(C)(iv)(a), consisting of (i) a trial balance of all Accounts existing as of the last day of the month preceding the date of such Accounts and Inventory Report, specifying for each Account Debtor obligated on the Accounts, such Account Debtor's name and outstanding balance, (ii) an aging of such Accounts, (iii) a list of all billings booked in advance as of such day, (iv) an inventory listing, (v) with respect to all Accounts owed by HP and its Affiliates, a statement of the average number of days elapsed between the invoice date and the payment date of such Accounts and (vi) any other information reasonably required by Agent.

"Affiliate" shall mean any and all Persons which, in the reasonable judgment of Agent, directly or indirectly, own or control, are controlled by or are under common control with a Borrower, and any and all Persons from whom, in the reasonable judgment of Agent, a Borrower has not or is not likely to exhibit independence of decision or action. For the purpose of this definition and where otherwise applicable herein, **"control"** means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, no Borrower shall be deemed to be an Affiliate of any other Borrower.

"Agent" shall mean LaSalle in its capacity as administrative, collateral and documentation agent for all of the Lenders and not in its individual capacity, and its successor appointed pursuant to Section 9.9.

"Agent-Related Persons" shall mean Agent and any successor agent arising under Section 9.9, together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and its Affiliates.

"Aggregate Revolving Credit Commitment" shall mean the combined Revolving Credit Commitments of Lenders, which shall initially be in the amount of $30,000,000, as such amount may be reduced from time to time pursuant to this Agreement.

"Allocable Amount" shall have the meaning ascribed to it in Section 11.7.

"Ancillary Agreements" shall mean all Security Documents and all agreements, instruments and documents, including without limitation, notes, guaranties, mortgages, deeds of trust, chattel mortgages, pledges, powers of attorney, consents, assignments, contracts, notices, security agreements, leases, financing statements, environmental indemnity agreement, subordination agreements, trust account agreements and all other written matter whether previously, now, or to be executed by or on behalf of a Borrower or any other Person or delivered to Agent or any Lender with respect to this Agreement.

"**Applicable Margin**" shall mean 1.75%.

"Assignment Agreement" shall have the meaning ascribed to it in Section 10.2.

"Availability" shall mean at any time, the lesser of (i) the Aggregate Revolving Credit Commitment and (ii) the Borrowing Base, as determined on the basis of the most recent Borrowing Base Certificate.

"Borrowing Base" shall have the meaning ascribed to it in Section 2.1.

"Borrowing Base Certificate" shall have the meaning ascribed to it in Section 7.2(C)(iv)(b).

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which (i) commercial banks in the State of Illinois or the Commonwealth of Massachusetts or (ii) the New York Stock Exchange, are required or authorized by law to remain closed; provided that when used in connection with a LIBOR Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollars in the London interbank market.

"Buy Back Agreement" shall mean an agreement between a Borrower and a customer of such Borrower pursuant to which such customer agrees to purchase from such Borrower any Inventory that is in excess of such Borrower's then current requirements or which is obsolete, at a price that is not less than 100% of the original purchase price of such Inventory.

"Capital Expenditures" shall mean for any period, the sum of all expenditures during that period that are or are to be included in "additions to property, plant or equipment" or a comparable item in the statement of cash flows of each Borrower, net of the amount of any reimbursement payments made to any Borrower by any third party, other than any Affiliate of a Borrower, in connection with any such expenditures.

"Capitalized Lease Obligations" shall mean for any period the amounts payable with respect to leases of tangible or intangible property of any character, however denoted, which is required by generally accepted accounting principles to be reflected as a liability on the face of the balance sheet.

"Cash and Cash Equivalents" shall mean cash and other instruments that can be promptly, and in no event less than two Business Days, converted into cash without the payment of a material monetary penalty or other material cost.

"Cash Collateral Account" shall mean a deposit account maintained with Agent, which deposit account and all the funds deposited therein will be subject to a first priority security interest in favor of Agent, for its benefit and the benefit of Lenders,

upon such terms as are required by Agent, into which Borrowers deposit funds required to be deposited by them pursuant to Section 2.13(B), Section 3.2(B) and Section 8.1(B). Borrowers shall not have access to funds deposited in the Cash Collateral Account.

"Cash Collateralized Letter of Credit" shall mean those Letters of Credit that are secured by Borrowers' deposits to the Cash Collateral Account as required pursuant to Section 2.13(B), Section 3.2(B) and Section 8.1(B).

"Charges" shall mean all national, federal, state, county, city, municipal, or other governmental (including, without limitation, the Pension Benefit Guaranty Corporation) taxes, levies, assessments, charges, Liens, claims or encumbrances upon or relating to (i) the Collateral, (ii) the Liabilities, (iii) Borrowers' employees, payroll, income or gross receipts, (iv) Borrowers' ownership or use of any of its assets, or (v) any other aspect of Borrowers' respective businesses.

"Closing" shall have the meaning ascribed to it in Section 2.11(A).

"CMGI" shall mean CMGI, Inc., a Delaware corporation.

"CMGI Indebtedness" shall mean all of CMGI's liabilities, obligations and indebtedness of any and every kind and nature (without double counting), whether primary, secondary, direct, indirect, absolute, contingent, fixed, or otherwise, previously, now or to be owing, due, or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, by operation of law, or otherwise to all Persons other than (i) Agent, (ii) each Lender, (iii) each Borrower and (iv) any Affiliate or Subsidiary of any Borrower.

"Collateral" shall mean all of the Property and interests in Property described in Section 4.1 and all other Property and interests in Property which shall, from time to time, secure any part of the Liabilities.

"Commercial Tort Claims" shall mean commercial tort claims of any Borrower, including those specifically identified on Schedule 1.1.1 to this Agreement, as it may be amended from time to time.

"Commitment" means, for each Lender, its Revolving Loan Commitment.

"Compliance Certificate" shall have the meaning ascribed to it in Section 7.2(C)(ii).

"Default" shall mean any event or condition which, with the passage of time or the giving of notice or both, would constitute an Event of Default.

"Dollars" and the symbol **"$"** shall mean the lawful currency of the United States of America.

"EBITDA" shall mean with reference to any period (i) consolidated net income (or net deficit) of Borrowers and their respective Subsidiaries for such period as computed in accordance with generally accepted accounting principles consistently applied, plus (ii) (a) Interest Expense without duplication, it being understood that Interest Expense shall not include interest that is paid in kind for such period, (b) all amounts deducted in arriving at such net income (or net deficit) in respect of federal, state and local income taxes for such period, (c) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of such Persons, (d) all restructuring charges related to the acquisition of SL Supply recognized by Borrowers during the quarters ended April 30, 2003, July 31, 2003, October 31, 2003, January 31, 2004 and April 30, 2004 up to a maximum amount of $24,800,000 and (e) all restructuring charges related to the acquisition of Modus recognized by Borrowers during Borrowers' fiscal year 2005 up to a maximum of $20,000,000.

"Eligible Collateral Location" shall mean the locations identified on Schedule 1.1.2 attached hereto, together with such other locations as to which Agent may, from time to time, agree, subject to Section 4.6 and such reasonable conditions as Agent may determine appropriate, including the execution and filing of appropriate financing statements and the obtaining of any lien waivers from any bailee, warehouseman, landlord, mortgagee or similarly situated Person who may have a Lien in or upon any Inventory at such location.

"Eligible Inventory" means the aggregate amount of all Inventory (including raw materials) of Borrowers and their Subsidiaries that is subject to a Buy Back Agreement, valued on the first-in, first-out method of inventory valuation, less any inventory:

(i) which is damaged, or not of merchantable quality, or has any defects that would affect the market value of such inventory; or

(ii) which is located in Minnesota or New Jersey, unless a Borrower has qualified to do business in such State and has filed appropriate notices of business activities reports (or other appropriate filings) with the appropriate state authorities for the then current year; or

(iii) which is consigned, in transit or the subject of a bill in lading or other title document; or

(iv) which is not located at an Eligible Collateral Location; or

(v) which Agent in its reasonable discretion determines not to treat as Eligible Inventory, including without limitation due to age, type, category or quantity (Agent shall notify Borrowers of any such determination within a reasonable time after it has been made); or

(vi) which fails to meet or violates any warranty, representation or covenant contained in this Agreement or any related document or instrument relating to such Inventory; or

(vii) which is subject to any Lien or security interest except in favor of Agent; or

(viii) which is produced in violation of the Fair Labor Standards Act or is packaging or shipping material or general supplies; or

(ix) which is not in good condition or does not meet in all material respects all material standards imposed by any Person having regulatory authority over such goods or their use and/or sale, is damaged, is not currently saleable in the normal course of business or is saleable but requires repairs, repackaging or other cost and expense (other than normal and customary stocking costs).

Borrowers agree that work in process inventory shall not be included in Eligible Inventory. Notwithstanding anything to the contrary herein, no Inventory owned by any Borrower or Subsidiary located outside of the United States shall be Eligible Inventory until such time as Agent shall have received evidence satisfactory to it, in its reasonable discretion, of the creation, perfection and the relative priority of a security interest in such Inventory in favor of Agent including an opinion of counsel to that effect acceptable to Agent in its reasonable discretion.

"Eligible Receivables" means the aggregate amount of all accounts of each Borrower and its Subsidiaries arising in the ordinary course of such Borrower's or Subsidiary's business as presently conducted, valued at the lowest of invoice (adjusted for credits, returns or the like), book value or the amount reasonably expected by such Borrower or Subsidiary to be collected from the particular Account Debtor(s), less any accounts and related amounts:

(i) which remain fully or partially unpaid for more than ninety (90) days after their respective invoice dates except as contemplated by (xvi) below; or

(ii) which are not due and payable in full in accordance with such Borrower's credit and collection policy as disclosed by such Borrower to Agent; provided that regardless of the terms of such credit and collection policy, no Eligible Receivable shall have a payment term which is greater than sixty (60) days from the date of its related invoice; or

(iii) which are owed by a particular Account Debtor if fifty percent (50%) or more of the balance owing by such Account Debtor has not been paid within 90 days of the invoice date; or

(iv) with respect to which the Account Debtor is another Borrower or is a partner, shareholder, director, officer, employee, or agent of any such Borrower or is a Subsidiary or other Affiliate; or

(v) with respect to which payment by the Account Debtor is or may be conditional, and accounts commonly known as “bill and hold” or accounts with a similar or like arrangement; or

(vi) with respect to which the Account Debtor is not a resident or citizen of or otherwise located in the United States of America, or with respect to which the Account Debtor is not subject to service of process in the United States of America, unless such Borrower has furnished Agent with a letter of credit or account receivable insurance in at least the amount of the account acceptable as to form, substance and issuer to Agent in its sole discretion; or

(vii) with respect to which the Account Debtor is the United States of America or any department, agency or instrumentality thereof, unless all necessary steps are taken to comply with the Assignment of Claims Act of 1940, as amended, and all other necessary steps to perfect Agent’s security interest in such account have been completed to Agent’s satisfaction; or

(viii) with respect to which such Borrower is or may become liable to the Account Debtor for goods sold or services rendered by such Account Debtor to Borrower; or

(ix) with respect to which the goods giving rise thereto have not been shipped and delivered to and accepted as satisfactory by the Account Debtor thereof or with respect to which the services performed giving rise thereto have not been completed and accepted as satisfactory by the Account Debtor; or

(x) arising from a “sale on approval” or “sale or return”; or

(xi) which are subject to any Lien or security interest except in favor of Agent, or are “bonded” or similar accounts; or

(xii) which are owed by an Account Debtor which has a dispute with such Borrower, or as to which any adverse claim, dispute or litigation relates (including without limitation any claim that any amounts are not owed to such Borrower), but only in the amount of such adverse claim, dispute or litigation; or

(xiii) which are owed by an Account Debtor which is located in Minnesota or New Jersey, unless such Borrower has qualified to do business in such State and has filed appropriate notices of business activities reports (or other appropriate filings) with the appropriate state authorities for the then current year; or

(xiv) which are owed by an Account Debtor which (a) has filed a petition or (b) is subject to an involuntary petition under any section or chapter of the United States Bankruptcy Code or any similar law or regulation or has made a general assignment for the benefit of its creditors; or

(xv) which fails to meet or violates any warranty, representation or covenant (subject to any applicable grace or cure period) contained in this Agreement or any related document or instrument relating directly to Accounts; or

(xvi) which Agent deems, in its reasonable discretion, to be doubtful in their collection.

Notwithstanding anything to the contrary herein, no Accounts which are owed to any Subsidiary that is not a resident of the United States shall be Eligible Receivables until such time as Agent shall have received evidence satisfactory to it, in its reasonable discretion, of the creation, perfection and the relative priority of a security interest in such Accounts in favor of Agent including an opinion of counsel to that effect acceptable to Agent in its reasonable discretion.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Equipment" shall mean all of Borrowers' and their respective Subsidiaries' now owned and to be acquired equipment and fixtures, including without limitation, furniture, machinery, vehicles and trade fixtures, together with any and all accessories, parts, appurtenances, substitutions and replacements.

"Equipment Debt" shall mean up to $500,000 in consolidated Indebtedness of Borrowers related to Borrowers' equipment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" shall mean the occurrence or existence of any one or more of the events described in Section 8.1.

"Financials" shall mean those financial statements of Borrowers and their respective Subsidiaries delivered to Agent pursuant to Section 7.2(C).

"General Intangibles" shall mean all contract rights, choses in action, general intangibles, causes of action and all other intangible personal property of Borrowers and their respective Subsidiaries of every kind and nature (other than Accounts) now owned or to be acquired by Borrowers and their respective Subsidiaries. Without in any way limiting the generality of the foregoing, General Intangibles specifically includes, without limitation, all corporate or other business records, deposit accounts, inventions, designs, patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade names, trade secrets, goodwill, copyrights, registrations, licenses, leasehold interests, franchises and tax refund claims owned by a Borrower or its Subsidiaries and all letters of credit, banker's acceptances, guarantee claims, security interests or other security held by or granted to a Borrower or its Subsidiaries to secure payment by an Account Debtor of any Accounts, letter of credit rights, payment intangibles, supporting obligations, Commercial Tort Claims, software and such other assets as Agent determines to be intangible in its sole and absolute discretion.

"HP" shall mean Hewlett-Packard Company, a Delaware corporation.

"Indebtedness" shall mean all of Borrowers' or their respective Subsidiaries' liabilities, obligations and indebtedness to all Persons of any and every kind and nature, whether primary, secondary, direct, indirect, absolute, contingent, fixed, or otherwise, previously, now or to be owing, due, or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, by operation of law, or otherwise. Without in any way limiting the generality of the foregoing, Indebtedness specifically includes (i) the Liabilities, (ii) all obligations or liabilities of any Person that are secured by any Lien, claim, encumbrance, or security interest upon property owned by a Borrower or a Subsidiary, even though such Borrower or such Subsidiary has not assumed or become liable for the payment thereof, (iii) all obligations or liabilities created or arising under any lease of real or personal property (including Capitalized Lease Obligations, but excluding operating leases), or conditional sale or other title retention agreement with respect to property used or acquired by a Borrower or a Subsidiary, even though the rights and remedies of the lessor, seller or lender, thereunder are limited to repossession of such property, (iv) all unfunded pension fund obligations and liabilities and (v) deferred Taxes.

"Indebtedness for Borrowed Money" shall mean for any Person (without duplication) (i) all Indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including but not limited to the issuance of debt securities), (ii) all Indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business which are not more than sixty (60) days past due), (iii) all Indebtedness secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person and

(v) all obligations of such Person on or with respect to letters of credit, bankers' acceptances and other extensions of credit whether or not representing obligations for borrowed money.

"Indemnified Liabilities" shall have the meaning ascribed to it in Section 9.7.

"Interest Expense" shall mean for any period the sum of all interest charges on Indebtedness (including imputed interest charges with respect to Capitalized Lease Obligations and all amortization of debt discount and expense) of Borrowers and their respective Subsidiaries for such period determined in accordance with generally accepted accounting principles.

"Interest Payment Date" shall mean: (i) (a) with respect to any Prime Rate Loan, the first Business Day of each calendar month and the date of any conversion of such Prime Rate Loan into a LIBOR Loan and (b) with respect to any LIBOR Loan, the last day of the applicable Interest Period; and (ii) for Prime Rate Loans and LIBOR Loans accrued interest shall be payable upon (a) the Revolving Credit Termination Date and (b) the date on which each such Loan is paid in full or otherwise satisfied.

"Interest Period" shall mean with respect to any LIBOR Loan (a) initially, the period commencing on the initial date of borrowing as set forth in the Notice of Borrowing or the conversion date, as the case may be, with respect to such LIBOR Loan and ending one, two or three months thereafter, as selected by Borrowers in the Notice of Borrowing or Notice of Conversion, and (b) thereafter, each period commencing on and including the first day of the next Interest Period applicable to such LIBOR Loan and ending one, two or three months thereafter, as selected by Borrowers in the Notice of Continuance described in Section 2.7(B); provided that the foregoing provisions relating to Interest Periods are subject to the following:

(i) If any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day except if the result of such extension would be for such Interest Period to end in another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period of a LIBOR Loan made pursuant to the Revolving Credit Facility that would otherwise extend beyond the Revolving Credit Termination Date shall end on the Revolving Credit Termination Date;

(iii) if Borrowers fail to give notice of the length of the Interest Period it requests with respect to the LIBOR Loan, it shall be deemed to have selected a LIBOR Loan of one (1) month; and

(iv) any Interest Period pertaining to a LIBOR Loan that begins on the last Business Day of a calendar month (or a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interest Rate" shall mean the interest rate determined in accordance with Section 2.4.

"Inventory" shall mean all goods, inventory, merchandise, finished goods, component goods, packaging materials and other personal property including, without limitation, goods in transit, wherever located and whether now owned or to be acquired by any Borrower or any Subsidiary which is or may at any time be held for sale or lease, furnished under any contract of service or held as raw materials, work in process, supplies or materials used or consumed in Borrowers' and their respective Subsidiaries' business, and all such property the sale or other disposition of which has given rise to Accounts and which has been returned to or repossessed or stopped in transit by a Borrower.

"Issuance Request" shall have the meaning ascribed to it in Section 2.13(E).

"Issuing Lender" shall mean LaSalle in its capacity as issuer of any Letter of Credit.

"LaSalle" shall mean LaSalle Bank National Association.

"Letter of Credit" shall mean any letter of credit issued by the Issuing Lender for the account of a Borrower in accordance with Section 2.13.

"Letter of Credit Expiry Date" shall mean, with respect to any Letter of Credit, the date which is the earlier of (i) one (1) year after the date of issuance thereof or (ii) one (1) year after the Revolving Credit Termination Date.

"Letter of Credit Fees" shall have the meaning ascribed to it in Section 2.13(G).

"Letter of Credit Obligations" shall mean, as at the time of determination thereof, the sum of (a) the Reimbursement Obligations then outstanding and (b) the aggregate then undrawn face amount of the then outstanding Letters of Credit.

"Liabilities" shall mean all of Borrowers' and their respective Subsidiaries' liabilities, obligations and indebtedness to Agent or any Lender of any and every kind and nature, whether primary, secondary, direct, absolute, contingent, fixed, or otherwise (including, without limitation, interest, charges, expenses, attorneys' fees and other sums chargeable to a Borrower or its Subsidiaries by Agent or any Lender, future advances made to or for the benefit of a Borrower and obligations of performance), whether arising under this Agreement, under any of the Ancillary Agreements or acquired by Agent or any Lender from any other source, whether previously, now or to be owing, arising, due, or payable from a Borrower or its Subsidiaries to Agent or any Lender, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, operation of law, or otherwise.

"LIBOR Loan" shall mean any Loan (or portion thereof) bearing interest at the LIBOR Rate, as designated by Borrowers in a Notice of Borrowing, Notice of Conversion or Notice of Continuance.

"LIBOR Rate" shall mean a rate of interest equal to the per annum rate of interest at which United States dollar deposits in an amount comparable to the principal balance of Loans and for a period equal to the relevant Interest Period are offered in the London Interbank Eurodollar market at 11:00 a.m. (London time) two Business Days prior to the commencement of each Interest Period, as displayed in the Bloomberg Financial Markets system, or other authoritative source selected by Agent in its sole discretion, divided by a number determined by subtracting from 1.00 the maximum reserve percentage for determining reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency liabilities, such rate to remain fixed for such Interest Period. Agent's determination of the LIBOR Rate shall be conclusive, absent manifest error.

"Lien" means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved in favor of or which secures any obligation to, any other Person.

"Loan" shall mean any advance made by Lenders to Borrowers under the Revolving Credit Facility.

"Long Term Debt" shall mean any Indebtedness with a maturity of over one year from any date of determination.

"Master Letter of Credit Agreement" shall mean with respect to the issuance of Letters of Credit, a Master Letter of Credit Agreement substantially in the form of Exhibit A hereto as such form may be amended by LaSalle from time to time.

"Material Adverse Effect" shall mean (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrowers taken as a whole, (b) a material impairment of the ability of any Borrower to perform any of its obligations under this Agreement or any Ancillary Agreement or (c) a material adverse effect upon any substantial portion of the Collateral or upon the legality, validity, binding effect or enforceability against any Borrower of this Agreement or any Ancillary Agreement.

"Modus Transaction" shall mean the transactions contemplated by that certain Capital Contribution Agreement to be entered into by and among CMGI and ModusLink whereby CMGI will transfer all of the SalesLink Shares to ModusLink as a contribution to the capital of ModusLink.

"ModusLink" or "Modus" shall mean Modus Media, Inc., a Delaware corporation which is expected to become a wholly owned subsidiary of CMGI on or around August 2, 2004, and which company name is expected to be changed to "ModusLink Corporation."

"Non-Funding Lender" shall have the meaning ascribed to it in Section 3.1(B).

"Notes" shall mean, collectively, each Revolving Credit Note to be executed and delivered by Borrowers to each Lender on the Closing and which are described in Section 2.2.

"Notice of Borrowing" shall mean a Notice of Borrowing described in Section 2.5.

"Notice of Continuance" shall mean a Notice of Continuance described in Section 2.7(B).

"Notice of Conversion" shall mean a Notice of Conversion described in Section 2.7(A).

"Parent Guaranty" shall mean the Parent Guaranty described in Section 2.11(A)(x).

"Parent Intercreditor Agreement" shall mean the Parent Intercreditor Agreement described in Section 2.11(A)(xii).

"Participant" shall mean any Person, now or at any time or times to be, participating with any Lender in the Loans made by such Lender to Borrowers pursuant to this Agreement and the Ancillary Agreements.

"Percentage" shall mean, as to any Lender, the percentage (calculated to the ninth decimal place) which such Lender's Revolving Credit Commitment is of the Aggregate Revolving Credit Commitments, as reflected in the records of Agent**.** If the Revolving Credit Commitments have terminated, such Lender's "Percentage" of the Revolving Credit Commitments shall be deemed to be the percentage which the aggregate amount of such Lender's outstanding Revolving Credit Loans to Borrowers plus all Reimbursement Obligations of Borrowers to such Lender is of the aggregate amount of all of Lenders' outstanding Revolving Credit Loans to Borrowers plus the aggregate amount of all Reimbursement Obligations of Borrowers to all of the Lenders**.**

"Permitted Debt" shall mean:

(i) the Liabilities;

(ii) current unsecured Indebtedness arising in the ordinary course of business of Borrowers and their respective Subsidiaries, including trade payables, utility costs, payroll and benefit obligations, accrued tax liabilities and other non-extraordinary accounts payable but excluding Indebtedness for Borrowed Money;

(iii) the Subordinated Debt;

(iv) Indebtedness incurred by Borrowers to any Person at a time no Default or Event of Default exists constituting Capitalized Lease Obligations;

(v) the Guaranteed Indebtedness;

(vi) the Equipment Debt; and

(vii) such other Indebtedness outstanding on the date hereof and described on Schedule 1.1.3 attached hereto.

"Permitted Liens" shall mean:

(i) Liens and encumbrances in favor of Agent, whether granted under or established by this Agreement, the Ancillary Agreements, or otherwise;

(ii) subject to Section 7.4, Liens for taxes, assessments or other governmental charges incurred by a Borrower or its Subsidiaries in the ordinary course of business and for which no interest, late charge or penalty is attaching or which are being contested in good faith by appropriate proceedings diligently pursued and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books;

(iii) Liens, not delinquent, incurred by a Borrower or its Subsidiaries in the ordinary course of business created by statute in connection with worker's compensation, unemployment insurance, social security, old age pensions (subject to the applicable provisions of this Agreement) and similar statutory obligations;

(iv) Liens incurred by a Borrower or its Subsidiaries in favor of mechanics, materialmen, carriers, warehousemen, landlords or repairmen or other like statutory or common law Liens securing obligations incurred in good faith in the ordinary course of business that are not overdue for a period of more than fifteen (15) days or which are being contested in good faith;

(v) pledges and deposits to secure the performance of bids, tenders, trade contracts (other than for borrowed money), leases (other than capital leases), utility purchase obligations, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(vi) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not, in the aggregate, materially detract from the value of the property of any Borrower or Subsidiary or materially interfere with the ordinary conduct of the business of any Borrower or Subsidiary;

(vii) Liens and encumbrances related to Equipment Debt; and

(viii) any existing Liens and encumbrances identified in Schedule 1.1.4 hereto to secure Indebtedness outstanding as of the date hereof.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, limited liability company, unincorporated organization, association, corporation, institution, entity, party, or government (whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department).

"Post-Termination Letter of Credit" shall the meaning ascribed to it in Section 2.13(B)(ii).

"Prime Rate" shall mean the rate per annum equal to the prime rate of interest announced by LaSalle from time to time as its **"prime rate."** Changes in interest charged under this Agreement on Prime Rate Loans, shall take effect on the date of each change in the Prime Rate, without further notice from LaSalle. The Prime Rate is not necessarily the lowest rate of interest charged by LaSalle in connection with extensions of credit.

"Prime Rate Loan" shall mean any Loan (or portion thereof) bearing interest at the Prime Rate, as designated by Borrowers in the Notice of Borrowing, Notice of Conversion or Notice of Continuance.

"Property" shall mean any and all rights, titles and interests in and to any and all property whether real or personal, tangible (including cash) or intangible, and wherever situated and whether now owned or hereafter acquired.

"Reimbursement Agreement" shall mean a Master Letter of Credit Agreement substantially in the form of Exhibit A hereto as such form may be amended by LaSalle from time to time and a letter of credit application and reimbursement agreement in such form as the Issuing Lender may from time to time employ in the ordinary course of business.

"Reimbursement Obligations" shall mean all amounts owed by any Borrower to the Issuing Lender or any other Lender (whether or not evidenced by any note or instrument), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, representing the principal of and interest on payments made by the Issuing Lender or any other Lender under or in connection with any Letter of Credit, including but not limited to, all unpaid drawings, fees, premiums, expenses, attorneys' fees, accountants' fees, capital adequacy charges, increased costs and similar costs and expenses owed or payable under this Agreement or any Letters of Credit, including but not limited to, the fees set forth in Section 2.13.

"Reportable Event" shall have the meaning ascribed to it in Section 6.1(O).

"Required Lenders" shall mean Lenders (other than Non-Funding Lenders) having aggregate percentages of (i) so long as there are fewer than three Lenders, all Lenders or (ii) if there are three or more Lenders, 66-2/3% or more, or if the Commitments have been terminated 66-2/3% the aggregate outstanding principal amount of the outstanding Loans and Reimbursement Obligations.

"Revolving Credit Commitment" shall have the meaning ascribed to it in Section 2.1.

"Revolving Credit Facility" shall have the meaning ascribed to it in Section 2.1.

"Revolving Credit Termination Date" shall mean June 30, 2005.

"SalesLink Pledge Agreement" shall mean the Amended and Restated SalesLink Pledge Agreement described in Section 2.11(A)(xi).

"SalesLink Shares" shall mean the following shares of SalesLink owned by CMGI, which represents the issued and outstanding shares of capital stock of SalesLink: (i) 9,000,000 shares of common stock, $.01 par value per share, (ii) 748,310 shares of Series A preferred stock, $.01 par value per share and (iii) 1,320,000 shares of Series B preferred stock, $.01 par value per share.

"Security Documents" shall mean this Agreement and all other agreements, instruments, documents, financing statements, warehouse receipts, bills of lading, notices of assignment, schedules, assignments, mortgages and other written matter necessary or requested by Agent to create, perfect and maintain perfected Agent's security interest in the Collateral.

"Solvent" shall mean with respect to any Person on a particular date, that on such date (a) the fair salable value of its property is greater than the fair present value of its liabilities (including for purposes of this definition all liabilities whether reflected on a balance sheet prepared or otherwise and whether direct or indirect, fixed or contingent,

secured or unsecured, disputed or undisputed), (b) the present fair salable value of its assets is not less than the amount that will be required to pay the probable liability on its debts as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guarantees and pension plan liabilities) at any time shall be computed as the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can be reasonably be expected to become an actual or matured liability (less any insurance proceeds and proceeds from any third party indemnity that can reasonably be expected to be collected to offset such actual or matured liability).

"Special Collateral" shall have the meaning ascribed to it in Section 4.3.

"Subordinated Debt" shall mean all Indebtedness which is expressly subordinated to Agent, including without limitation, Indebtedness subordinated by the Parent Intercreditor Agreement, containing subordination provisions which are satisfactory to Agent in its sole discretion.

"Subsidiary" shall mean any corporation, partnership, limited liability company or other legal entity of which a Borrower owns directly or indirectly 50% or more of the outstanding voting stock or interests, or of which a Borrower has effective control by contract or otherwise.

"Taxes" shall mean for any fiscal year the federal, state, local and foreign taxes payable by each Borrower and their Subsidiaries.

"UCC" shall have the meaning ascribed to it in Section 1.3.

1.2 Accounting Terms. Any accounting terms used in this Agreement which are not specifically defined shall have the meanings customarily given them in accordance with generally accepted accounting principles.

1.3 Other Terms. All other terms, whether or not capitalized, contained in this Agreement which are not otherwise defined in this Agreement shall, unless the context indicates otherwise, have the meanings provided for by the Uniform Commercial Code of the State of Illinois (the **"UCC"**) in effect from time to time, to the extent the same are used or defined therein.

1.4 Interpretation. In this Agreement and each Ancillary Agreement, unless a clear contrary intention appears:

(i) the singular number includes the plural number and *vice versa*;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by such documents, and reference to a Person in a particular capacity excludes such Person in any other capacity;

(iii) reference to either gender includes the other gender;

(iv) reference to any agreement (including this Agreement and the Schedules and Exhibits and the Ancillary Agreements) documents or instruments means such agreement, document or instrument as amended, modified, supplemented or replaced from time to time in accordance with the terms thereof and, if applicable, the terms hereof and the Ancillary Agreements, and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor;

(v) reference to any law, rule, regulation, order, decree, requirement, policy, guideline, directive or interpretation means as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect on the determination date, including rules and regulations promulgated thereunder;

(vi) reference to any Article, Section, paragraph, clause, other subdivision, Schedule or Exhibit means such Article, Section, paragraph, clause or other subdivision of this Agreement or Schedule or Exhibit to this Agreement;

(vii) "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(ix) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

(x) references herein to any Subsidiary shall apply only during such times as a Borrower has any Subsidiary.

1.5 Multiple Borrowers. The term "Borrowers" refers to more than one corporation. The Borrowers hereby designate SalesLink to act on behalf of the Borrowers for all purposes under this Agreement, including, without limitation, the requesting of Loans hereunder, and the reduction of any Commitment. Notice when given to SalesLink shall be sufficient notice to the Borrowers. Any document delivered to SalesLink shall be considered delivered to each of the Borrowers.

2. LOANS; GENERAL TERMS.

2.1 Revolving Line of Credit. Each Lender with a Revolving Loan Commitment, severally and not jointly agrees, on the terms and conditions hereinafter set forth, to make available for Borrowers' use, from time to time until the Revolving Credit Termination Date, upon request of the Borrowers in accordance with Section 2.5, certain Loans under a revolving line of credit (the **"Revolving Credit Facility"**) in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Lender's name in Schedule 2.1 under the heading **"Revolving Credit Commitments"** (such amount as the same may be reduced from time to time, being referred to as such Lender's **"Revolving Credit Commitment"**); provided that the aggregate amount of Loans under the Revolving Credit Facility outstanding at any one time shall not exceed the lesser of:

(A) the Aggregate Revolving Credit Commitment then in effect; and

(B) (i) 80% of Eligible Receivables plus (ii) 50% of Eligible Inventory (such amount referred to herein as the **"Borrowing Base"**).

During such period and subject to Section 3.2(B), the Revolving Credit Facility may be utilized by borrowing, repaying and reborrowing the Loans thereunder.

2.2 Evidence of Debt. The Revolving Credit Facility and the Loans made by each Lender to Borrowers thereunder shall be evidenced by a Revolving Credit Note payable to the order of such Lender, which note shall be in the form attached hereto as Exhibit B in an amount equal to such Lender's Revolving Credit Commitment.

2.3 Loan Accounts; Amount and Maintenance of Loans; Interest Rate Not Determined.

(A) Loan Account. Agent, on behalf of Lenders, shall record on its books and records the amount of each Loan made, the interest rate applicable, all payments of principal and interest thereon and the principal balance thereof from time to time outstanding, and such record shall, absent demonstrable error be conclusive evidence of the amount of the Loans made by Lenders to Borrowers and the interest and payments thereon. Any failure to record or any error in doing so shall, however, limit or otherwise affect the obligation of Borrowers hereunder (and under any Note) to pay any amount owing with respect to the Loans.

(B) Amount and Maintenance of Loans. The Loans may be made and maintained as (i) Prime Rate Loans, (ii) LIBOR Loans, or (iii) a combination of Prime Rate Loans and LIBOR Loans. The aggregate principal amount of each LIBOR Loan, whether new, converted or continued, shall not be less than $500,000. More than one borrowing may occur on the same date, but at no time shall there be outstanding more than five LIBOR Loans in the aggregate. The amount of any Loan is also subject to the limits contained in Section 2.1. No Loan shall be made at any time a Default or Event of Default shall exist.

(C) Inability to Determine Interest Rate. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBOR Loan, Agent shall have determined in good faith (which determination shall be conclusive and binding upon Borrowers) that currency deposits in the amount of such LIBOR Loan are not generally available in the London Interbank market, or that the rate at which such currency deposits are being offered will not adequately and fairly reflect the cost to Agent of maintaining the principal amount of such LIBOR Loan during such Interest Period, Agent shall promptly, after such determination shall have been made, give facsimile notice of such determination to Borrowers and Lenders, and, until Agent shall notify Borrowers and Lenders that the circumstances giving rise to such notice no longer exist, any request by Borrowers for the making of, conversion to or continuation of a LIBOR Loan shall be deemed to be a request for a Prime Rate Loan. Agent shall use its reasonable efforts to notify Borrowers of a change in the circumstances causing the LIBOR Loan to be unavailable but shall not incur any liability for any failure so to notify Borrowers.

2.4 Interest Rate. Unless otherwise provided in a writing evidencing such Liabilities, Borrowers agree, jointly and severally, to pay Agent, for the benefit of each Lender, interest on the outstanding principal balance of the Loans from time to time at a rate equal to (i) with respect to Prime Rate Loans, the Prime Rate and (ii) with respect to LIBOR Loans, the LIBOR Rate plus the Applicable Margin. The records of Agent as to the interest rate applicable to a particular advance shall be binding and conclusive absent manifest error. Interest shall be payable from the date of such advance of the Loan to the day of repayment of such advance. Interest shall be computed on the basis of a year of 360 days and actual days elapsed and shall be payable as provided in Section 3.2. Agent, for the ratable benefit of each Lender, reserves the right to charge Borrowers' checking account(s) for accrued interest on the applicable Interest Payment Date. In no contingency or event whatsoever shall the rate or amount of interest paid by Borrowers under this Agreement or any of the Ancillary Agreements exceed the maximum amount permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable. In the event that such a court determines that Agent or any Lender has received interest under this Agreement or under any Ancillary Agreement in excess of the maximum amount permitted by such law, (i) Agent or such Lender shall apply such excess to any unpaid principal owed by Borrowers to such Lender under the Revolving Credit Facility or, if the amount of such excess exceeds the unpaid balance of such principal on the Revolving Credit Facility, such Lender shall promptly refund such excess interest to Borrowers and (ii) the provisions of this Agreement shall be deemed amended to provide for such permissible rate. All sums paid, or agreed to be paid, by Borrowers which are, or to be may be construed to be, compensation for the use, forbearance or detention of money shall, to the extent permitted by applicable law, be amortized, prorated, spread and allocated throughout the term of all such indebtedness until the indebtedness is paid in full.

2.5 Borrowing Procedures. In order to effect a Loan under the Revolving Credit Facility, an authorized officer of each of the Borrowers shall give Agent irrevocable written notice (in form and substance acceptable to Agent) or irrevocable telephone notice (immediately confirmed by such written notice by facsimile) not later than 11:00 a.m., Chicago time, on (i) the proposed borrowing date in the case of Prime Rate Loans, and (ii) the second Business Day prior to the proposed borrowing date in the case of LIBOR Loans (the **"Notice of Borrowing"**). Borrowers hereby authorize Agent and each Lender to extend advances and make Loans to Borrowers based on written or telephone notice from an authorized officer of Borrowers. Each Notice of Borrowing shall specify the principal amount of the Loan to be made pursuant to such borrowing and the date of such borrowing (which shall be a Business Day), that the Loans are under the Revolving Credit Facility, whether the Loans being made pursuant to such borrowing are to be maintained as Prime Rate Loans or LIBOR Loans and, if LIBOR Loans, the initial Interest Period to be applicable thereto. Promptly after receipt of such request, Agent shall advise each Lender thereof. Not later than 2:30 p.m., Chicago time, on the date of a proposed borrowing, each Lender shall provide Agent, at the principal office of Agent in Chicago, with immediately available funds equal to such Lender's pro rata share of the borrowing, and subject to receipt by Agent of the documents required under Section 2.11(B) with respect to such borrowing, if any are required, Agent shall pay over such funds received by it to Borrowers on the requested borrowing date.

2.6 General Provisions.

(A) One Loan. All Loans and advances by each Lender to Borrowers under this Agreement and the Ancillary Agreements shall constitute one loan and all indebtedness and obligations of Borrowers to all of the Lenders under this Agreement and the Ancillary Agreements shall constitute one general obligation secured by the Collateral. The parties hereto acknowledge that this Agreement constitutes a replacement of the Existing Loan Agreement, and all references to the Existing Loan Agreement shall be deemed a reference to this Agreement.

(B) Events of Default. Each Lender may, in its sole discretion, refrain from making any Loans or extensions of credit to Borrowers under this Agreement or any Ancillary Agreement after the occurrence and during the continuation of an Event of Default.

2.7 Conversion Options; Continuance.

(A) Conversion Requirements. Provided that no Default or Event of Default has occurred and is continuing and subject to the terms and conditions of this Agreement, Borrowers may elect from time to time to convert a Prime Rate Loan, or any portion thereof, to a LIBOR Loan by Borrowers giving Agent at least two Business Days' prior irrevocable written notice of conversion, which notice must be in form and substance acceptable to Agent and received by Agent prior to 11:00 a.m. (Chicago time) (the **"Notice of Conversion"**). If the date on which a Prime Rate Loan is to be converted to a LIBOR Loan is not a Business Day, then such conversion shall be made

on the next succeeding Business Day, and during the period from such date to such succeeding Business Day, such Prime Rate Loan shall bear interest as if it were a Prime Rate Loan. All or any part of outstanding borrowings may be converted as provided herein. Subject to the terms and conditions of this Agreement, Borrowers may convert a LIBOR Loan into a Prime Rate Loan by Borrowers giving Agent a Notice of Conversion not later than 11:00 a.m. (Chicago time) on the desired conversion date. Promptly upon receipt of each Notice of Conversion, Agent shall advise each Lender thereof.

(B) Continuance. Any LIBOR Loan may be continued as such, in whole or in part, upon the expiration of an Interest Period with respect thereto if Borrowers gives Agent irrevocable written notice of continuance which notice must be in form and substance acceptable to Agent and received by Agent prior to 11:00 a.m. (Chicago time), at least two Business Days prior to the date of expiration of the Interest Period expiring with respect to the LIBOR Loan which is requested to be continued, specifying (i) the LIBOR Loan, or portion thereof, requested to be continued; (ii) the date of expiration of the Interest Period expiring with respect to the LIBOR Loan, or portion thereof, which is requested to be continued; and (iii) the length of the Interest Period with respect to such LIBOR Loan, or portion thereof, after the continuation thereof (the **"Notice of Continuance"**); provided that no LIBOR Loans may be continued as such when any Default or Event of Default has occurred and is continuing, but shall be automatically converted to a Prime Rate Loan on the last day of the Interest Period for such Loan. If Borrowers do not comply with the notice provisions of this clause (B), such LIBOR Loan shall be automatically converted to a Prime Rate Loan upon the expiration of the Interest Period with respect thereto. Promptly upon receipt of each Notice of Continuance, Agent shall advise each Lender thereof.

(C) Restatement of Representations and Warranties. Any Notice of Conversion or Notice of Continuance delivered pursuant to this Section 2.7 shall be deemed to be a representation that all of the representations and warranties of Borrowers contained in this Agreement shall then be true and correct as if made on such date, except to the extent that such representations and warranties expressly relate to an earlier date, and that no Default or Event of Default shall have occurred and be continuing.

2.8 Requirements of Law.

(A) Increased Costs. Notwithstanding any other provisions herein, in the event that the introduction of or any change in any law, rule, regulation, treaty or directive or in the interpretation or application thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other governmental authority, agency or instrumentality or regulatory body:

(i) subjects such Lender to any tax of any kind whatsoever with respect to this Agreement, the Notes, the Ancillary Agreement or the Loans made hereunder, or changes the basis of taxation of payments to such Lender of principal, interest or any other amount payable hereunder (except for changes in the rate of tax imposed on the overall net income of such Lender by the United States, any state or subdivision thereof);

(ii) imposes, modifies, holds applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender (which is not otherwise included in the determination of the LIBOR Rate hereunder); or

(iii) imposes on any Lender or the London interbank market any other condition affecting this Agreement or the LIBOR Loans made by such Lender;

and the result of any of the foregoing is to increase the cost to such Lender of agreeing to make, making, continuing or maintaining or participating in LIBOR Loans, or to reduce any amount receivable thereunder or to increase the withholding taxes payable then, in any such case, Borrowers agree, jointly and severally, to pay such Lender, within fifteen (15) days after demand by such Lender, any additional amounts necessary to compensate such Lender on an after-tax basis for such additional cost or reduced amount receivable or increased withholding taxes payable which such Lender deems to be material as determined by such Lender with respect to this Agreement, the Notes, the other Ancillary Agreements or the Loans made hereunder.

(B) Capital Adequacy. In the event that any Lender shall have determined that the adoption of any law, rule, regulation, treaty or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or application of any of the foregoing or compliance by such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or other governmental authority, agency or instrumentality or regulatory body, does or shall have the effect of reducing the rate of return on such Lender's or its parent's capital as a consequence of its obligations under this Agreement to a level below that which such Lender or such parent could have achieved but for such adoption, change, or compliance (taking into consideration such Lender's or such parent's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to Borrowers of a written request therefor, Borrowers agree, jointly and severally, to pay to such Lender, within fifteen (15) days after its demand, such additional amount or amounts as will compensate such Lender or such parent on an after-tax basis for such reduction; provided that such Lender is charging such amounts to similarly situated borrowers.

(C) Certificate for Claim. If any Lender or its parent becomes entitled to claim any additional amounts pursuant to this Section 2.8, it shall promptly notify Borrowers, Agent and the other Lenders of the event by reason of which it has become so entitled. A certificate setting forth in reasonable detail any additional amounts payable pursuant to the foregoing sentence submitted by such Lender or its parent shall be conclusive and binding on Borrowers in the absence of manifest error. The provisions of this Section 2.8 shall survive the repayment of the Loans and the termination of this Agreement.

(D) No Waiver. Failure on the part of any Lender or its parent to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such party's right to demand compensation with respect to such period or any other period. The protection of this Section 2.8 shall be available to such party regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed; provided that if such party shall have recouped any amount therefore paid to it by Borrowers under this Section 2.8, such Lender shall pay to Borrowers an amount equal to the net recoupment so received by such party, as determined in good faith by such party.

(E) Replacement of Lenders. If any Lender determines in accordance with Section 2.9 that, due to illegality, it is unable to make or maintain a LIBOR Loan or requests compensation under this Section 2.8, or if any Lender becomes a Non-Funding Lender, then Borrowers may, at their sole expense and effort, upon notice to such Lender and Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.2), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if such Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of Agent, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (and unpaid Reimbursement Obligations), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under this Section 2.8 such assignment will result in a reduction of such compensation.

2.9 Illegality. Any Lender may make or maintain LIBOR Loans at or for the credit of any branch, subsidiary or affiliate office inside or outside the United States or any international banking facility within the United States, as such Lender may elect from time to time. Notwithstanding any other provisions herein, if any law, rule, regulation, treaty or directive or any change therein or in the interpretation or application thereof, shall make it unlawful for such Lender to maintain LIBOR Loans as contemplated by this Agreement, the agreement of such Lender to make or maintain LIBOR Loans shall terminate and all outstanding LIBOR Loans shall be converted automatically to Prime Rate Loans, on the last day of the then current Interest Period or within such earlier period as required by law.

2.10 Indemnity. Borrowers agree, jointly and severally, to indemnify any Lender and to hold such Lender harmless from any cost, loss or expense which such Lender may sustain or incur as a consequence of (i) Borrowers making a payment or prepayment of principal or interest

on any LIBOR Loan (including, without limitation, through a conversion to the same or a different type of Loan or pursuant to Sections 2.3(B) and 2.9 above) on a day which is not the last day of an Interest Period with respect thereto, (ii) any failure by Borrowers to borrow or convert any Loan hereunder after a Notice of Borrowing or Notice of Conversion has been given (in the case of LIBOR Loans), (iii) default by Borrowers in making any prepayment after Borrowers have given a notice of prepayment and (iv) any acceleration of the maturity of the Loans in accordance with the terms of this Agreement, including, but not limited to, any such reasonable cost, loss or expense arising in liquidating the Loans and from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain the Loans hereunder. The provisions of this Section 2.10 shall survive the repayment of the Loans and the termination of this Agreement.

2.11 Conditions Precedent. The obligations of each Lender to make Loans hereunder is subject to the following conditions precedent:

(A) Effectiveness of Agreement. On or prior to the effective date of this Agreement (hereinafter called the **"Closing"**), Borrowers shall have delivered or caused to be delivered to Agent, each in form and substance satisfactory to Agent, the following:

(i) The Notes, which shall be duly executed by each Borrower;

(ii) Certified (as of the date of the Closing) copies of resolutions of each Borrower authorizing the execution, delivery and performance of this Agreement, the Notes, and each other document to be delivered pursuant hereto;

(iii) A certificate (dated the date of the Closing) of each Borrower's corporate secretary (or assistant secretary or other officer serving a similar function and authorized to execute such certificate) as to the incumbency and signatures of the officers of such Borrower signing this Agreement, the Notes, and each other document to be delivered by such Borrower pursuant to this Agreement.

(iv) A copy of each Borrower's charter and by-laws, together with a certificate (dated the date of the Closing) of such Borrower's corporate secretary (or assistant secretary or other officer serving a similar function and authorized to execute such certificate), as applicable, to the effect that such charter and by-laws have not been amended since the date each document became effective;

(v) For each Borrower, certificates, as of the most recent dates practicable, of the Secretary of State of such Borrower's state of organization and the Secretary of State of each state in which each Borrower is qualified as a foreign corporation, or in which it intends to do business following the receipt of proceeds of the Loans, as to the good standing of such Borrower;

(vi) Uniform Commercial Code, tax lien, bankruptcy and judgment searches concerning each Borrower from all offices and jurisdictions deemed appropriate by Agent in Agent's sole discretion, showing no other filing of record with respect to the Collateral granted hereunder other than any financing statement filed by Agent;

(vii) An opinion of counsel to Borrowers in substantially the form of Exhibit C attached hereto;

(viii) Certificates of insurance in the form set forth in Section 7.6 or otherwise acceptable to Agent;

(ix) Payment of the Closing Fee referenced in Section 2.12(A);

(x) A Parent Guaranty (a **"Parent Guaranty"**) in the form of Exhibit D, duly executed by CMGI.

(xi) A SalesLink Pledge Agreement (a **"SalesLink Pledge Agreement"**) in the form of Exhibit E attached hereto;

(xii) A Parent Intercreditor Agreement (a **"Parent Intercreditor Agreement"**) in the form of Exhibit F attached hereto;

(xiii) A Trademark Security Agreement (a **"Trademark Security Agreement"**) in the form of Exhibit G attached hereto;

(xiv) A duly and fully executed Landlord Waiver with respect to each Eligible Collateral Location in the form of Exhibit H attached hereto or otherwise acceptable to Agent;

(xv) A Post Closing Letter (a **"Post Closing Letter"**) in the form of Exhibit I attached hereto; and

(xvi) Such other documents as Agent shall reasonably determine to be necessary or desirable.

(B) Additional Advances. At the time of (1) the effectiveness of this Agreement and (2) of each disbursement under the Revolving Credit Facility after the effectiveness of this Agreement:

(i) Each Borrower must be in full compliance with all of the terms and conditions of this Agreement and the Ancillary Agreements, and no Default or Event of Default shall have occurred and be continuing;

(ii) No material adverse change shall have occurred in the business, assets, operations, financial or other condition of any Borrower or in Borrowers collective ability to pay the Loans since the date of this Agreement or since the Closing, as applicable;

(iii) Each Borrower shall have good and marketable title to and ownership of the Collateral owned by it. The Collateral shall be free from any security interest, Lien or encumbrance except the Permitted Liens and no financing statement concerning the Collateral, excepting any filed on behalf of Agent and those listed on Schedule 1.1.4, is on file in any public office;

(iv) Each of the representations and warranties set forth in Section 6 shall be true and correct as of such time; and

(v) After giving effect to the requested advance, the aggregate principal amount of all Loans outstanding under the Revolving Credit Facility shall not exceed the then current Availability.

2.12 Fees.

(A) Closing Fee. Borrowers agree, jointly and severally, to pay to Agent at Closing a non-refundable closing fee in the amount of $60,000.

(B) Non-Use Fee. Borrowers agree, jointly and severally, to pay to Agent, for the ratable benefit of Lenders, with respect to the Revolving Credit Facility, for the period commencing on the date hereof and continuing through the Revolving Credit Termination Date, a non-use fee at the rate of one-half of one percent (0.50%) per annum on the amount of the average daily unused portion of the Aggregate Revolving Credit Commitment. Such non-use fee shall be payable by Borrowers, jointly and severally, in arrears on the last Business Day of each calendar month and on the Revolving Credit Termination Date. The non-use fee shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

2.13 Letters of Credit.

(A) Issuance of Non-Cash Collateralized Letters of Credit. From and after the date hereof, upon the execution by Borrowers and the Issuing Lender of a Master Letter of Credit Agreement in form and substance acceptable to the Issuing Lender, the Issuing Lender agrees, upon the terms and conditions set forth in this Agreement, to issue at the request and for the account of Borrowers or any designee of Borrowers, one or more Letters of Credit; provided that the Issuing Lender shall not be under any obligation to issue, and shall not issue, any Letter of Credit if (a) any order, judgment or decree of any governmental authority with jurisdiction over the Issuing Lender shall purport by its terms to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any law or governmental rule, regulation, policy, guideline or directive (whether or not having

the force of law) from any governmental authority with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of Letters of Credit in particular or shall impose upon the Issuing Lender with respect to any Letter of Credit any restriction or reserve or capital requirement (for which the Issuing Lender is not otherwise compensated) or any unreimbursed loss, cost or expense which was not applicable, in effect and known to the Issuing Lender as of the date of this Agreement and which the Issuing Lender in good faith deems material to it (the Issuing Lender shall promptly notify Borrowers of any event which, in the judgment of the Issuing Lender, would preclude the issuance of a Letter of Credit pursuant to this clause); (b) one or more of the conditions to such issuance contained in Section 2.11 is not then satisfied; or (c) after giving effect to such issuance, the aggregate outstanding amount of the Letter of Credit Obligations would exceed the Aggregate Revolving Credit Commitment. Except with respect to a Cash Collateralized Letter of Credit, in no event shall: (a) the aggregate amount of the Letter of Credit Obligations at any time exceed the Aggregate Revolving Credit Commitment; (b) the sum at any time of (1) the aggregate amount of Letter of Credit Obligations and (2) the aggregate principal balance of all outstanding Loans issued pursuant to the Revolving Credit Facility exceed the then current Availability; and (c) the expiration date of any Letter of Credit (including, without limitation, Letters of Credit issued with an automatic "evergreen" provision providing for renewal absent advance notice by Borrowers or the Issuing Lender), or the date for payment of any draft presented thereunder and accepted by the Issuing Lender, be later than the Letter of Credit Expiry Date.

(B) Issuance of Cash Collateralized Letters of Credit.

(i) Pre-Termination Cash Collateralized Letters of Credit. In the event Borrowers request the issuance of any Letter(s) of Credit with that would, if issued, result in the sum of (1) the aggregate amount of Letter of Credit Obligations and (2) the aggregate principal amount of Loans outstanding under the Revolving Credit Facility to exceed the then current Availability, Borrowers may request that the Issuing Lender issue a Cash Collateralized Letter of Credit provided that Borrowers, jointly and severally, deposit cash in an amount equal to such excess in the Cash Collateral Account at least five (5) Business Days prior to the issuance of any such Cash Collateralized Letter of Credit. To the extent that one or more Cash Collateralized Letter(s) of Credit expire (and are not drawn upon) and are not extended or are otherwise terminated without any continuing liability to Agent, the Issuing Lender or Lenders, which results in the sum of (i) the aggregate principal amount of Loans outstanding under the Revolving Credit Facility plus (ii) the aggregate amount of Letter of Credit Obligations being equal to or less than the Availability as of such date, Agent shall refund the cash held in the Cash Collateral Account with respect to such Cash Collateralized Letter of Credit to the Borrowers within five (5) Business Days less any Letter of Credit Fees applicable thereto. In addition, following any such deposit of cash in the Cash Collateral Account, at any time and from time to time that the sum of (i) the aggregate principal amount of Loans outstanding

under the Revolving Credit Facility plus (ii) the aggregate principal amount of Letter of Credit Obligations becomes equal to or less than the sum of (x) the Availability plus (y) the amount of cash held in the Cash Collateral Account as of such date, Agent shall refund to the Borrowers within (5) Business Days a sum of cash held in the Cash Collateral Account equal to such excess less any Letter of Credit Fees applicable thereto. Any deposit made to the Cash Collateral Account pursuant to this Section 2.13(B)(i) shall be used exclusively to facilitate the issuance of Cash Collateralized Letters of Credit requested hereunder and shall not affect the Availability or Borrowing Base.

(ii) Post-Termination Letters of Credit. In the event any Letter of Credit issued under Section 2.13(A) or 2.13(B)(i) exists on, and has an expiration date that is later than the Revolving Credit Termination Date (each a **"Post-Termination Letter of Credit"**), at least five (5) Business Days prior to the Revolving Credit Termination Date, Borrowers, jointly and severally, shall deposit in the Cash Collateral Account available funds free and clear of all Liens in an amount equal to the face amount of such Post-Termination Letter of Credit. In no event may a Post-Termination Letter of Credit be renewed or include an automatic "evergreen" provision providing for renewal. Upon the expiration of any such Post-Termination Letter of Credit, Agent shall refund to the Borrowers within five (5) Business Days after such expiration any undrawn funds deposited pursuant to this Section 2.13(B)(ii) associated with such Post-Termination Letter of Credit less any Letter of Credit Fees applicable thereto. Any deposit made to the Cash Collateral Account pursuant to this Section 2.13(B)(ii) shall not affect the Availability or Borrowing Base.

(C) Participating Interests. Immediately upon the issuance by the Issuing Lender of a Letter of Credit in accordance with Section 2.13(A) or Section 2.13(B), each Lender shall be deemed to have irrevocably and unconditionally purchased and received from the Issuing Lender, without recourse, representation or warranty, an undivided participation interest equal to its Percentage of the face amount of such Letter of Credit and each draw paid by the Issuing Lender thereunder, including, without limitation any Cash Collateralized Letter of Credit or Post Termination Letter of Credit. Each Lender's obligation to pay its proportionate share of all draws under the Letters of Credit (including, without limitation, any Cash Collateralized Letter of Credit or Post Termination Letter of Credit), absent gross negligence or willful misconduct by the Issuing Lender in honoring any such draw, shall be absolute, unconditional and irrevocable and in each case shall be made without counterclaim or set-off by such Lender.

(D) Letter of Credit Reimbursement Obligations.

(i) (a) Borrowers, jointly and severally, agree to pay to the Issuing Lender (1) on each date that any amount is drawn under each Letter of Credit a sum (and interest on such sum as provided in clause (2) below) equal to the amount so drawn plus all other charges and expenses with respect thereto or in the

applicable Reimbursement Agreement and (2) interest on any and all amounts remaining unpaid under this Section 2.13 until payment in full at the Prime Rate plus 2.00% per annum. Borrowers agree to pay to the Issuing Lender the amount of all Reimbursement Obligations owing in respect of any Letter of Credit immediately when due, under all circumstances, including, without limitation, any of the following circumstances: (w) any lack of validity or enforceability of this Agreement or any Ancillary Agreements executed pursuant hereto; (x) the existence of any claim, set-off, defense or other right which Borrowers may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), any Lender or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrowers and the beneficiary named in any Letter of Credit); (y) the validity, sufficiency or genuineness of any document which the Issuing Lender has determined in good faith complies on its face with the terms of the applicable Letter of Credit, even if such document should later prove to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein shall have been untrue or inaccurate in any respect; or (z) the surrender or material impairment of any security for the performance or observance of any of the terms hereof.

(ii) Notwithstanding any provisions to the contrary in any Reimbursement Agreement, Borrowers agree, jointly and severally, to reimburse the Issuing Lender for amounts which the Issuing Lender pays under such Letter of Credit no later than the time specified in this Agreement. If Borrowers do not pay any such Reimbursement Obligations when due, Borrowers shall be deemed to have immediately requested that Lenders make a Prime Rate Loan under this Agreement in a principal amount equal to such unreimbursed Reimbursement Obligations. Agent shall promptly notify Lenders of such deemed request and, without the necessity of compliance with the requirements of Sections 2.1 and 2.11, each Lender shall make available to Agent its Loan in the manner prescribed for Prime Rate Loans. The proceeds of such Loans shall be paid over by Agent to the Issuing Lender for the account of Borrowers in satisfaction of such unreimbursed Reimbursement Obligations, which shall thereupon be deemed satisfied by the proceeds of, and replaced by, such Prime Rate Loan.

(iii) If the Issuing Lender makes a payment on account of any Letter of Credit and is not concurrently reimbursed therefore by Borrowers and if for any reason a Prime Rate Loan may not be made pursuant to Section 2.13(D)(ii), then as promptly as practical during normal banking hours on the date of its receipt of such notice or, if not practicable on such date, not later than noon (Chicago time) on the Business Day immediately succeeding such date of notification, each Lender shall deliver to Agent for the account of the Issuing Lender, in immediately available funds, the purchase price for such Lender's interest in such unreimbursed Reimbursement Obligations, which shall be an amount equal to such Lender's pro-rata share of such payment. Each Lender shall, upon demand

by the Issuing Lender, pay the Issuing Lender interest on such Lender's pro-rata share of such draw from the date of payment by the Issuing Lender on account of such Letter of Credit until the date of delivery of such funds to the Issuing Lender by such Lender at a rate per annum, computed for actual days elapsed based on a 360-day year, equal to the federal funds rate for such period; provided that such payments shall be made by such Lender only in the event and to the extent that the Issuing Lender is not reimbursed in full by Borrowers for interest on the amount of any draw on the Letters of Credit.

(iv) At any time after the Issuing Lender has made a payment on account of any Letter of Credit and has received from any other Lender such Lender's pro-rata share of such payment, the Issuing Lender shall, forthwith upon its receipt of any reimbursement (in whole or in part) by Borrowers for such payment, or of any other amount from Borrowers or any other Person in respect of such payment (including, without limitation, any payment of interest or penalty fees and any payment under any collateral account agreement of the Borrowers or any Ancillary Agreements executed pursuant hereto but excluding any transfer of funds from any other Lender pursuant to Section 2.13(D)(ii)), transfer to such other Lender such other Lender's ratable share of such reimbursement or other amount; provided that interest shall accrue for the benefit of such Lender from the time the Issuing Lender has made a payment on account of any Letter of Credit; provided further that, in the event that the receipt by the Issuing Lender of such reimbursement or other amount is found to have been a transfer in fraud of creditors or a preferential payment under the Bankruptcy Code or is otherwise required to be returned, such Lender shall promptly return to the Issuing Lender any portion thereof previously transferred by the Issuing Lender to such Lender, but without interest to the extent that interest is not payable by the Issuing Lender in connection therewith.

(E) Procedure for Issuance. Prior to the issuance of each Letter of Credit, and as a condition of such issuance, including, without limitation any Cash Collateralized Letter of Credit or Post-Termination Letter of Credit, Borrowers shall deliver to the Issuing Lender (with a copy to Agent) a Reimbursement Agreement signed by the Borrowers, together with such other documents or items as may be required pursuant to the terms thereof, and the proposed form and content of such Letter of Credit shall be reasonably satisfactory to the Issuing Lender. Except as provided in Section 2.13(B), each Letter of Credit shall be issued no earlier than two (2) Business Days after delivery of the foregoing documents, which delivery may be by Borrowers to the Issuing Lender by facsimile transmission, telex or other electronic means followed by delivery of executed originals within five days thereafter. The documents so delivered shall be in compliance with the requirements set forth in Section 2.13(A) or Section 2.13(B), as the case may be, and shall specify therein (i) the stated amount of the Letter of Credit requested, (ii) the effective date of issuance of such requested Letter of Credit, which shall be a Business Day, (iii) the date on which such requested Letter of Credit is to expire, (iv) the entity for whose benefit the requested Letter of Credit is to be issued, which shall be a Borrower, (v) the aggregate amount of Letter of Credit Obligations

which are outstanding and which will be outstanding after giving effect to the requested Letter of Credit issuance and (vi) that the requested Letter of Credit is to be a Cash Collateralized Letter of Credit, if applicable. The delivery of the foregoing documents and information shall constitute an **"Issuance Request"** for purposes of this Agreement. Subject to the terms and conditions of Section 2.13(A) or Section 2.13(B), as the case may be, and provided that the applicable conditions set forth in Section 2.11 hereof have been satisfied, the Issuing Lender shall, on the requested date, issue a Letter of Credit on behalf of Borrowers in accordance with the Issuing Lender's usual and customary business practices. In addition, any amendment of an existing Letter of Credit shall be deemed to be an issuance of a new Letter of Credit and shall be subject to the requirements set forth above. The Issuing Lender shall give Agent prompt written notice of the issuance of any Letter of Credit.

(F) Nature of Lenders' Obligations.

(i) As between Borrowers and Lenders, Borrowers assume all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of the Letters of Credit. In furtherance and not in limitation of the foregoing, Lenders shall not be responsible for (a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (b) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (c) the failure of the beneficiary of a Letter of Credit to comply fully with conditions required to be satisfied by any Person other than the Issuing Lender in order to draw upon such Letter of Credit (other than a failure to satisfy documentary conditions to drawing where payment of the Letter of Credit despite such failure would constitute gross negligence or willful misconduct of the Issuing Lender); (d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, facsimile transmission, telex or otherwise; (e) the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (f) any consequences arising from causes beyond control of the Issuing Lender.

(ii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth (including in Section 2.13(D)), any action taken or omitted by the Issuing Lender under or in connection with the Letters of Credit or any related certificates, if taken or omitted in good faith, shall not put Agent or any Lender under any resulting liability to Borrowers or relieve Borrowers of any of its obligations hereunder to the Issuing Lender or any such Person.

(G) Compensation for Letters of Credit. Borrowers shall pay to Agent (for the benefit of the Issuing Lender and the other Lenders) on the first Business Day of each calendar quarter, in arrears, any processing, issuance, amendment or other similar fees customarily charged in connection with Letters of Credit, together with the Issuing Lender's out-of-pocket costs of issuing and servicing letters of credit plus an amount equal to the product of (i) the face amount of each Letter of Credit issued and (ii) the Applicable Margin (the **"Letter of Credit Fees"**). All Letter of Credit Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

3. PAYMENTS.

3.1 Making of Payments.

(A) All payments and prepayments of principal, or interest on, the Notes shall be made by Borrowers to Agent in immediately available funds for the account of the holders of the Notes pro rata according to the respective unpaid amounts of principal or interest, as the case may be, owed to such holders. All payments of non-use fees shall be made by Borrowers to Agent for the account of Lenders pro-rata according to their respective Percentages. All such payments shall be made to Agent at its office in Chicago, not later than 12:30 p.m. Chicago time, on the date due, and funds received after that hour shall be deemed to have been received by Agent on the next succeeding Business Day. Agent shall, on the Business Day a payment is deemed to be received in collected funds by it, remit to each Lender or other holder of a Note its share of such payment.

(B) Unless Borrowers or a Lender, as the case may be, notify Agent prior to the date on which it is scheduled to make payment to Agent of (i) in the case of a Lender, the proceeds of a Loan under the Revolving Credit Facility, or (ii) in the case of Borrowers, a payment of principal, interest or fees to Agent for the account of Lenders, that it does not intend to make such payment, Agent may assume that such payment has been made. Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If Borrowers have not in fact made such payment to Agent, Lenders shall, on demand by Agent, repay to Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by Agent until the date Agent recovers such amount at a rate per annum equal to the federal funds rate for such day. If any Lender has not in fact made such payment to Agent (such a Lender herein called a **"Non-Funding Lender"**), such Non-Funding Lender or Borrowers shall, on demand by Agent, repay to Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by Agent until the date Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Non-Funding Lender, an amount equal to $200 plus the federal funds effective rate for such day or (ii) in the case of payment by Borrowers, the interest rate applicable to the relevant Loan (it being understood and agreed that prior to making a request pursuant to this clause (ii) Agent

will use its best efforts to request that Lenders (other than a Non-Funding Lender) reallocate such amount among Lenders (other than a Non-Funding Lender) subject to Sections 2.1.

3.2 Payment Terms.

(A) General. All of the Liabilities shall be paid to Agent at the address set forth in Section 10.10. Subject to the remainder of this Section 3.2 and Section 8.2, the Liabilities will be payable as follows:

(i) accrued interest shall be payable in arrears on the applicable Interest Payment Date;

(ii) fees, costs, expenses and similar charges shall be payable as and when provided for in this Agreement or the Ancillary Agreements; and

(iii) the then outstanding principal balance of the Revolving Credit Facility shall be payable in full on the Revolving Credit Termination Date.

Except as otherwise set forth herein (including, but not limited to Section 2.10 hereof), Borrowers may prepay all or any portion of the Loans upon notice from Borrowers to Agent at least one (1) day before the date of prepayment, without penalty or premium, at any time and from time to time; provided that all prepayments of principal shall include interest accrued to the date of prepayment on the principal amount being prepaid. After maturity (whether upon acceleration or otherwise) of any Liabilities, accrued interest on such Liabilities shall be payable upon demand.

Borrowers shall have the right to terminate this Agreement provided that the Liabilities have been repaid in full, by prepayment in accordance with this Section 3.2(A) or otherwise, provided that Borrowers shall deliver to Agent written notice of such termination at least three (3) Business Days before such termination shall take effect.

(B) Mandatory Prepayment. Borrowers shall not permit the sum of (i) the aggregate amount of Letter of Credit Obligations plus (ii) the aggregate principal amount of Loans outstanding at any time to exceed the then current Availability. Borrowers agree, jointly and severally, to make such payments to Agent on the Loans which are necessary to cure any such excess within two (2) Business Days after the occurrence thereof. To the extent that any payment made under the previous sentence is insufficient to cause the Letter of Credit Obligations to be equal to or less then the Availability, Borrowers agree, jointly and severally, to immediately deposit with Agent an amount of cash equal to the entire Letter of Credit Obligation with respect to one or more Letters of Credit which are causing the deficiency (which, for this purpose, shall be deemed to be Cash Collateralized Letters of Credit) in the Cash Collateral Account. To the extent that one or more Cash Collateralized Letter(s) of Credit expire (and are not drawn upon) and are not extended or are otherwise terminated without any liability to Agent, the Issuing

Lender or Lenders, which results in the sum of (i) the aggregate principal amount of Loans outstanding plus (ii) the aggregate amount of Letter of Credit Obligations being equal to or less than the Availability as of such date, Agent shall refund the cash held in the Cash Collateral Account with respect to such Cash Collateralized Letter of Credit to the Borrowers within five (5) Business Days less any Letter of Credit Fees applicable thereto. In addition, following any such deposit of cash in the Cash Collateral Account, at any time and from time to time that the sum of (i) the aggregate principal amount of Loans outstanding plus (ii) the aggregate principal amount of Letter of Credit Obligations becomes equal to or less than the sum of (x) the Availability plus (y) the amount of cash held in the Cash Collateral Account as of such date, Agent shall refund to the Borrowers within (5) Business Days a sum of cash held in the Cash Collateral Account equal to such excess less any Letter of Credit Fees applicable thereto. No Lender shall be under an obligation to make Loans or to issue any Letter of Credit during the period that any such excess described in the first sentence of this Section 3.2(B) exists or would result from the making of an additional Loan under the Revolving Credit Facility or issuing an additional Letter of Credit.

3.3 Lockbox; Collection of Accounts and Payments.

(A) Lockbox. Borrowers shall maintain a special account as a lockbox in Borrowers' name with Agent, upon such terms as are required by Agent, to which Borrowers and their respective Subsidiaries will cause all Account Debtors to send all remittances on Accounts and all customers party to Buy Back Agreements to send all remittances related to any purchases by such customers pursuant to such Buy Back Agreements. If received directly by a Borrower or a Subsidiary, such Borrower or Subsidiary will immediately deposit in such special account all remittances and proceeds of the Collateral in the identical form in which such payment was made, whether by cash or check. Borrowers agree that upon the occurrence and during the continuation of a Default or an Event of Default, all payments made to such special account or otherwise received by Agent, whether on the Accounts, on any Buy Back Agreement or as proceeds of any other Collateral or otherwise, will be the sole and exclusive property of Agent for the benefit of Agent and Lenders and will be applied on account of the Liabilities. So long as no Default or an Event of Default has occurred and is continuing, Borrowers shall be entitled to direct the use of the funds maintained in such special account in accordance with the terms of this Agreement. Two (2) Business Days after Agent's receipt of good funds, Agent will credit (conditional upon final collection) all payments received through the special account to the Liabilities. Each Borrower, its Subsidiaries and any Affiliates, shareholders, directors, officers, employees, agents of such Borrower and its Subsidiaries and all Persons acting for or in concert with such Borrower shall, acting as trustee for Agent, receive, as the sole and exclusive property of Agent for the benefit of Agent and Lenders, any monies, checks, notes, drafts or any other payments relating to or proceeds of Accounts, Buy Back Agreements or other Collateral which come into their possession or under their control and immediately upon receipt, shall remit the same or cause the same to be remitted, in kind, to Agent, at Agent's address set forth in Section 10.10. Borrowers agree, jointly and severally, to pay

to Agent any and all reasonable fees, costs and expenses (if any) which Agent incurs in connection with opening and maintaining the special account and depositing for collection by Agent any check or item of payment received or delivered to Agent on account of the Liabilities.

(B) Limitation of Liability.

(i) Agent shall have no liability to Borrowers other than that imposed upon it by law for its failure to exercise ordinary care with respect to the lockbox established hereunder. Establishment of and substantial compliance with the procedures set forth herein or in other documents related to the lockbox by Agent shall be deemed to constitute the exercise of ordinary care. A mere inadvertence or honest mistake of judgment will not constitute a failure to exercise ordinary care, and in no case will be deemed wrongful. Agent shall not be liable for consequential, indirect or special damages, even if it has been advised of the possibility that they exist. Agent shall have no liability for mail not bearing a complete and proper address.

(ii) Agent shall not be liable for failure to perform any services under this Agreement within the time provided therefore in the event and to the extent that such failure arises out of war, terrorism, civil commotion, an act of God, accident, interruption of power supplies or other utility or service, strikes or lockouts, delay in transportation, legislative action, government regulations or interferences, or any other event beyond Agent's control.

(iii) In the event Agent becomes involved in controversies or litigation with any third party or parties involving or relating to the services provided for herein to Borrowers, Borrowers agree, jointly and severally, to indemnify Agent against any claims, costs, damages and liabilities, including reasonable attorneys' fees and court costs incurred by or asserted against Agent to or by such third party or parties, excluding claims, costs, damages and liabilities resulting from Agent's gross negligence or willful misconduct. This indemnity shall survive the termination of this Agreement.

3.4 Application of Payments and Collections. Subject to the rights of the Borrowers to direct funds under Section 3.3(A), Borrowers irrevocably waive the right to direct the application of payments and collections received by Agent and/or any Lender from or on behalf of Borrowers, and Borrowers agree that Agent shall have the continuing exclusive right to apply and reapply any and all such payments and collections against the Liabilities in such manner as Agent may deem appropriate, notwithstanding any entry by Agent upon any of its books and records. To the extent that Borrowers make a payment or payments to Agent or Agent receives any payment or proceeds of the Collateral for Borrowers' benefit, which payment(s) or proceeds are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or

proceeds received, the Liabilities intended to be satisfied shall be revived and shall continue in full force and effect, as if such payments or proceeds had not been received by Agent. Interest shall be payable out of the first collections received with respect to any proceeds of Collateral.

3.5 Records. All advances to Borrowers, and all other debits and credits provided for in this Agreement, shall be evidenced by entries made by Agent in its internal data control systems showing the date, amount and reason for each such debit or credit.

3.6 Due Date Extension. If any payment of principal or interest with respect to any of the Loans, or of any fees, falls due on a day which is not a Business Day, then such due date shall be extended to the immediately following Business Day (unless, in the case of a LIBOR Loan, such immediately following Business Day is the first Business Day of a calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall accrue and be payable for the period of any such extension.

4. COLLATERAL; GENERAL TERMS.

4.1 Security Interest. To secure the prompt payment to each Lender of the Liabilities, each Borrower grants to Agent, for the benefit of Agent and Lenders, a continuing security interest in and to all of such Borrower's Property including the following Property and interest in Property of such Borrower, whether now owned or existing or to be acquired or arising and wherever located: (i) all Accounts, Inventory, Equipment, General Intangibles, tax refunds, chattel paper, instruments, letters of credit, investment property, including, without limitation, stocks, bonds, interests in limited liability companies, partnership interests, securities, certificates of deposit, mutual fund shares, securities entitlements, including, without limitation, all of each Borrower's rights to any securities account, any free credit balance or other money owing by any securities intermediary with respect to such account, all securities and commodities held by Agent or any of its Affiliates, all commodity contracts held by any Borrower and all commodity accounts held by any Borrower, documents and documents of title evidencing or issued with respect to any of the foregoing; (ii) all of such Borrower's deposit accounts (general or special) with and credits and other claims against Agent or any Lender; (iii) all of such Borrower's now owned or to be acquired monies, and any and all other property of such Borrower now or to be coming into the actual possession, custody or control of Agent, any Lender or any agent or affiliate of any Lender in any way or for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, collection or otherwise); (iv) all insurance proceeds of or relating to any of the foregoing; (v) all of such Borrower's books and records, including without limitation customer lists, credit files, computer programs, printouts and other materials, relating to any of the foregoing; (vi) the Cash Collateral Account; and (vii) all accessions and additions to, substitutions for, and replacements, products and proceeds of any of the foregoing.

4.2 Disclosure of Security Interest. Each Borrower shall make appropriate entries upon its financial statements and books and records disclosing Agent's security interest in the Collateral of such Borrower.

4.3 Special Collateral. Immediately upon receipt by a Borrower of any Collateral that is evidenced or secured by an agreement, chattel paper, instrument or document, including, without limitation, promissory notes, documents of title and warehouse receipts (the **"Special Collateral"**), such Borrower shall deliver the original thereof to Agent or to such agent of Agent as Agent shall designate, together with appropriate endorsements, or other specific evidence (in form and substance acceptable to Agent) of assignment thereof to Agent.

4.4 Further Assurances. Each Borrower hereby irrevocably authorizes Agent at any time, and from time to time, to file in any jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of each such Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed, or (ii) as being of an equal or lesser scope or within greater detail, and (b) contain any other information required by Section 5 of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed regarding the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether such Borrower is an organization, the type of organization and any organization identification number issued to such Borrower and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Borrower agrees to furnish any such information to Agent promptly upon request. Each Borrower further ratifies and affirms its authorization for any financing statements and/or amendments thereto, previously filed by Agent in any jurisdiction.

4.5 Inspection. Each Borrower agrees to permit Agent and its duly authorized representatives and agents, upon prior notice, during normal business hours, and if no Default or Event of Default has occurred and is continuing, no more than once per calendar year, to visit and inspect any of the Collateral of such Borrower, corporate books and financial records of such Borrower, to examine and make copies of the books of accounts and other financial records of such Borrower, and to discuss the affairs, finances and accounts of such Borrower with, and to be advised as to the same by, its officers, employees and independent public accounts (and by this provision such Borrower hereby authorizes such accountants to discuss with Agent the finances and affairs of such Borrower); provided that after the occurrence of and during the continuance of an Event of Default, such inspections may occur during normal business hours without notice and at such times and intervals as Agent may designate.

4.6 Location of Collateral. Borrowers' chief executive office, principal places of business and all other offices and locations of the Collateral and books and records related thereto (including, without limitation, computer programs, printouts and other computer materials and records concerning the Collateral) are set forth on Schedule 1.1.2. Borrowers shall not remove their respective books and records or the Collateral from any Eligible Collateral Location (except to another Eligible Collateral Location and except for removal of items of Inventory upon sale in accordance with Section 5.6) and shall not change the location of their chief executive office, open any new offices (provided that an employee of any Borrower working from such employee's home shall not be deemed to be opening a new office)

or relocate any of their respective books and records or the Collateral except within the continental United States of America with at least thirty (30) days' prior written notice thereof to Agent.

4.7 Agent's Payment of Claims Asserted Against Borrowers. Agent may, but shall not be obligated to, at any time or times, in its sole discretion, and without waiving any Event of Default or waiving or releasing any obligation, liability or duty of Borrowers under this Agreement or the Ancillary Agreements, pay, acquire or accept an assignment of any security interest, Lien, claim or other encumbrance asserted by any Person against the Collateral. All sums paid by Agent under this Section 4.7, including all costs, fees (including without limitation reasonable attorney's and paralegals' fees and court costs), expenses and other charges relating thereto, shall be payable by Borrowers, jointly and severally, to Agent on demand and shall be additional Liabilities secured by the Collateral.

4.8 Letter of Credit Rights. If any Borrower at any time is a beneficiary under a letter of credit now or hereafter issued in favor of such Borrower, such Borrower shall promptly notify Agent thereof and, at the request and option of Agent, such Borrower shall, pursuant to an agreement in form and substance satisfactory to Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for Agent to become the transferee beneficiary of the letter of credit, with Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be applied as provided in this Agreement.

4.9 Commercial Tort Claims. If any Borrower shall at any time hold or acquire a Commercial Tort Claim, the Borrower shall immediately notify Agent in writing signed by such Borrower of the details thereof and grant to Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Agent.

4.10 Electronic Chattel Paper and Transferable Records. If any Borrower at any time holds or acquires an interest in any electronic chattel paper or any "transferable record", as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, such Borrower shall promptly notify Agent thereof and, at the request of Agent, shall take such action as Agent may reasonably request to vest in Agent control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Agent agrees with Borrowers that Agent will arrange, pursuant to procedures reasonably satisfactory to Agent and so long as such procedures will not result in Agent's loss of control, for such Borrower to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Borrower with respect to such electronic chattel paper or transferable record.

4.11 Continuation of Security Interest. Borrowers agree and confirm that nothing in this Agreement shall be construed to release, cancel, terminate or otherwise adversely affect all or any part of any Lien or other encumbrance granted with respect to the loans under the Existing Loan Agreement and such security shall continue to secure the Liabilities.

5. COLLATERAL; ACCOUNTS AND COLLATERAL MAINTENANCE.

5.1 Verification of Accounts and Inventory. Any of Agent's officers, employees or agents shall have the right, at any time or times following the occurrence and during the continuation of a Default or an Event of Default, in Agent's or Borrowers' name or in the name of a firm of independent certified public accountants acceptable to Agent, during normal business hours, to verify the validity, amount or any other matters relating to any Accounts and Inventory by mail, telephone, telecopy or otherwise, provided that Agent's officers, employees or agents give one (1) day advance notice to any party subject to Agent's account verification activities that are conducted on the premises of such party.

5.2 Assignments, Records and Accounts and Inventory Report. Each Borrower shall keep accurate and complete records of its Accounts. Borrowers shall deliver to Agent, upon demand, a copy of (and after the occurrence of and during the continuance of an Event of Default, the original of) all documents relating to the Accounts and such other matters and information relating to the status of then existing Accounts as Agent shall reasonably request.

5.3 Notice Regarding Disputed Accounts. Borrowers shall give Agent prompt notice of any dispute in excess of $300,000 in respect of any Account. Each such notice shall identify any such disputed Account and disclose with respect thereto, in reasonable detail, the reason for the dispute, all claims related thereto and the amount in controversy. Agent shall promptly notify each Lender of receipt of such a notice.

5.4 Sale or Encumbrance of Accounts. No Borrower shall, without the prior written consent of Agent, sell, transfer, grant a security interest in or otherwise dispose of or encumber any of its Accounts to any Person other than Agent, except for the Permitted Liens.

5.5 Equipment. Each Borrower shall keep and maintain in good operating condition (normal wear and tear excepted), and repair and make all necessary replacements and renewals to, the Equipment so that the value and operating efficiency thereof shall at all times be maintained and preserved, and keep such Equipment only at an Eligible Collateral Location.

5.6 Notice of Loss; Prohibition on Sale or Disposition. Borrowers shall immediately notify Agent of any material loss or depreciation in value of the Collateral. Borrowers shall not sell, transfer or otherwise dispose of any Collateral; provided that until notice is given by Agent to Borrowers, Borrowers may sell Inventory in the ordinary course of business substantially in the same manner as now conducted, but a sale in the ordinary course of

business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by a Borrower; provided further that Borrowers may transfer Collateral other than Inventory so long as the aggregate sales price of such Collateral sold during any 12 month period shall not exceed $300,000.

5.7 Compliance with Buy Back Agreements. Each Borrower shall fully comply with all terms and conditions of any Buy Back Agreements to which such Borrower is a party.

6. WARRANTIES AND REPRESENTATIONS.

6.1 General Warranties and Representations. Each Borrower warrants and represents to Agent and Lenders that:

(A) (i) SalesLink is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and its state issued organizational identification number is 2721217, (ii) InSolutions, is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and its state issued organizational identification number is 2903046, (iii) On-Demand is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and its state issued organizational identification number is 3328616, (iv) Pacific Direct is a corporation duly organized, validly existing and in good standing under the laws of the State of California and its state issued organizational identification number is 1585724, (v) SalesLink Mexico is a corporation duly organized, existing and in good standing under the laws of the state of Delaware and its state issued organizational number is 3111152 and (vi) SL Supply is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and its state issued organizational number is 3533556 8110H. Each Borrower is qualified or licensed as a foreign corporation to do business in all other states in which the laws thereof require such Borrower to be so qualified or licensed except where a lack of such qualification or licensing will not have a material adverse effect on the business, operations or financial condition of such Borrower;

(B) Such Borrower has not used, during the five (5) year period preceding the date of this Agreement, and on the date hereof does not intend to use, any other corporate or fictitious name, except as disclosed in Schedule 6.1(B);

(C) Such Borrower has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform this Agreement and the Ancillary Agreements;

(D) The execution, delivery and performance by such Borrower of this Agreement and the Ancillary Agreements shall not, by its execution or performance, the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law, rule, regulation, judgment, order or decree applicable to such Borrower or its assets or constitute a breach of any provision contained in such Borrower's charter or by-laws or contained in any material agreement, instrument, indenture or other document to which such Borrower is now a party or by which it or any of its property is bound;

(E) Such Borrower's use of the proceeds of any advances made by each Lender hereunder are, and will continue to be, legal and proper corporate uses (duly authorized by its board of directors, in accordance with any applicable law, rule or regulation) and such uses are consistent with all applicable laws, rules and regulations, as in effect as of the date hereof;

(F) Such Borrower has, and is current and in good standing with respect to, all material governmental approvals, permits, certificates, inspections, consents and franchises necessary to conduct and to continue to conduct its business and its intended business and to own or lease and operate its properties as now owned or leased and operated by it;

(G) None of such approvals, permits, certificates, consents or franchises contains any term, provision, condition or limitation more burdensome than such as are generally applicable to Persons engaged in the same or similar business as such Borrower;

(H) Such Borrower now has capital sufficient to carry on its business and transactions and all businesses and transactions in which it is about to engage and is now able to pay its debts as they mature and such Borrower now owns property the fair saleable value of which is greater than the amount required to pay such Borrower's debts;

(I) Except as disclosed in the Financials, (i) there is no litigation, suit, action, proceeding, inquiry or investigation pending or, to the best of such Borrower's knowledge, threatened against such Borrower which if unfavorably determined would materially adversely affect the transactions contemplated hereby, or such Borrower's property, assets, operations or condition (financial or otherwise) (except as shown on Financials and on Schedule 6.1(I)), and (ii) such Borrower has no Indebtedness and has not guaranteed the obligations of any other Person (except for Permitted Debt);

(J) (i) There are no strikes, work stoppages, labor disputes decertification petitions, union organizing efforts, grievances or other claims pending or, to such Borrower's knowledge, threatened in writing, between such Borrower and any of its employees, other than employee grievances arising in the ordinary course of business which, in the aggregate, would not have a material adverse effect on such Borrower and (ii) to the best of such Borrower's knowledge, such Borrower has no obligation under any collective bargaining agreement or any employment agreement. To such Borrower's knowledge, there is no organizing activity pending or threatened in writing by any labor union or group of employees. There are no representation proceedings pending or threatened with the National Labor Relations Board or other applicable governmental authority, and no labor organization or group of employees has made a pending demand

for recognition. There are no material complaints or charges pending or, to such Borrower's knowledge, threatened to be filed with any governmental authority or arbitrator based on, arising out of, in connection with or otherwise relating to the employment or termination of employment by such Borrower of any individual or group of individuals which, if decided adversely to such Borrower, would have a material adverse effect on such Borrower;

(K) Such Borrower has good, indefeasible and merchantable title to and ownership of its Collateral, free and clear of all Liens, claims, security interests and other encumbrances, except those of Agent and Permitted Liens;

(L) Such Borrower is not in violation of any applicable statute, rule, regulation or ordinance of any governmental entity, including, without limitation, the United States of America, any state, city, town, municipality, county or of any other jurisdiction, or of any agency thereof, in any respect materially and adversely affecting the Collateral or such Borrower's business, property, assets, operations or condition, financial or other;

(M) Such Borrower is not in default under any indenture, loan agreement, mortgage, lease, trust deed, deed of trust or other similar agreement relating to the borrowing of monies to which it is a party or by which it or any of its Property is bound;

(N) The Financials fairly present in all material respects the assets, liabilities and financial condition and results of operations of such Borrower and such other Persons as are described therein as of the stated dates; there are no omissions or other facts or circumstances which are or may be material and there (i) has been no material and adverse change in the assets, liabilities or financial or other condition of such Borrower or any such Person since the date of the Financials and (ii) exists no equity or long term investments in or outstanding advances to any Person not reflected in the Financials;

(O) Neither such Borrower nor any Subsidiary has received a notice to the effect that it is not in full compliance with any of the requirements of ERISA and the regulations promulgated thereunder and, to the best of its knowledge, there exists no event described in Section 4043 of ERISA, excluding subsections 4043(b)(2) and 4043(b)(3) (a **"Reportable Event"**);

(P) Such Borrower has filed all federal, state and local tax returns and other reports (taking into account any extension of time to file granted to or obtained on behalf of Borrower), or has been included in consolidated returns or reports filed by an Affiliate, which such Borrower is required by law, rule or regulation to file and all Charges that are due and payable have been paid, except for Charges being contested in good faith and for which adequate reserves are being maintained;

(Q) Such Borrower's execution and delivery of this Agreement and the Ancillary Agreements do not directly or indirectly violate or result in any violation of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including without limitation, Regulation U, T or X of the Board of Governors of the Federal Reserve System (12 CFR 221, 207, 220 and 224, respectively) and Borrower does not own or intend to purchase or carry any **"margin security,"** as defined in such Regulations;

(R) Except as set forth on Schedule 6.1(R), as of the date of this Agreement such Borrower has no Subsidiaries and does not own an equity interest in any other Person;

(S) Such Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any material amount of its Accounts or General Intangibles;

(T) None of such Borrower's Collateral has been pledged or sold to any other Person or otherwise encumbered, such Borrower is the owner of its Collateral free of all Liens and encumbrances except those of Agent and except for the Permitted Liens and no financing statement has been filed concerning the Collateral, except any filed on behalf of Agent and those relating to Permitted Liens;

(U) To the best of such Borrower's knowledge, each property (including underlying ground water), operation and facility that such Borrower operates or controls is in compliance with all statutes, judicial or administrative orders, licenses, permits and governmental rules and regulations applicable to them, including, without limitation, Environmental Laws, the noncompliance with which is reasonably likely to have a material adverse effect on the financial condition, continued operations or Property of such Borrower;

(V) Such Borrower possesses adequate copyrights, patents, trademarks, trade secrets and computer software to conduct its business and all such intellectual property (other than computer software and trade secrets) in the possession of such Borrower as of the date of this Agreement is listed on Schedule 6.1(V); and

(W) Neither Pacific Direct Marketing Corp., a California corporation, nor any other Borrower or Affiliate of any of them is in any way associated with or related to The Lake Group, Inc., d/b/a Pacific Direct, Lake Graphics and Elan Resources, which filed bankruptcy in the Northern District of California Case No. 93-30351.

6.2 Account Warranties and Representations. Each Borrower warrants and represents to Agent and each Lender that such Agent and such Lender may rely on all statements, warranties and representations made by such Borrower on or with respect to any Accounts and Inventory Report and, unless otherwise indicated in writing by such Borrower, that:

(A) Such Borrower's Accounts are genuine, are in all respects what they purport to be, are not reduced to a judgment and, if evidenced by any instrument, item of chattel paper, agreement, contract or documents, are evidenced by only one executed original instrument, item of chattel paper, agreement, contract, or document, which original has been endorsed and delivered to Agent;

(B) Such Borrower's Accounts represent undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any related documents;

(C) The amounts shown on any Accounts and Inventory Report, and all invoices and statements delivered to Agent with respect to any Account, are actually and absolutely owing to such Borrower and are not contingent for any reason;

(D) Except as may be disclosed on such Accounts and Inventory Report, there are no setoffs, counterclaims or disputes existing or asserted with respect to any Accounts included on an Accounts and Inventory Report, and such Borrower has not made any agreement with any Account Debtor for any deduction from such Account, except for discounts or allowances allowed by such Borrower in the ordinary course of its business for prompt payment, which discounts and allowances have been disclosed to Agent and are reflected in the calculation of the invoice related to such Account;

(E) To the best of such Borrower's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforcement of any of the Accounts or tend to reduce the amount payable thereunder from the amount of the invoice shown on any Accounts and Inventory Report, and on all contracts, invoices and statements delivered to Agent with respect thereto;

(F) To the best of such Borrower's knowledge, all Account Debtors are Solvent and had the capacity to contract at the time any contract or other document giving rise to or evidencing the Accounts was executed; and

(G) To the best of such Borrower's knowledge, there are no proceedings or actions which are threatened in writing or pending against any Account Debtor which might result in any material adverse change in such Account Debtor's financial or other condition.

6.3 Automatic Warranty and Representation and Reaffirmation of Warranties and Representations. Each request for a Loan made by Borrowers pursuant to this Agreement or the Ancillary Agreements shall constitute (i) an automatic warranty and representation by Borrowers to Agent and each Lender that there does not then exist a Default or an Event of Default and (ii) a reaffirmation as of the date of such request of all of the warranties and representations of each Borrower contained in this Agreement and in the Ancillary Agreements.

6.4 Survival of Warranties and Representations. Each Borrower covenants, warrants and represents to Agent and each Lender that all representations and warranties of such Borrower contained in this Agreement and the Ancillary Agreements shall be true at the time of such Borrower's execution of this Agreement and the Ancillary Agreements, and shall survive the execution, delivery and acceptance by the parties and the closing of the transactions described in this Agreement.

7. COVENANTS AND CONTINUING AGREEMENTS.

7.1 Financial Covenants.

(i) Minimum EBITDA. Borrowers shall maintain, on the last day of each fiscal quarter of Borrowers and their Subsidiaries (on a consolidated basis), other than Twin Solutions, LLC, through and including the date of termination of this Agreement, total EBITDA of not less than $3,000,000 for the previous four (4) fiscal quarters.

(ii) Minimum Cash Balance. CMGI shall maintain a balance of Cash and Cash Equivalents of not less than $80,000,000 (on a consolidated basis) in excess of the CMGI Indebtedness (excluding Indebtedness hereunder) outstanding at any time through and including the date of termination of this Agreement.

7.2 Affirmative Covenants. Each Borrower covenants, unless at any time the Required Lenders shall otherwise expressly consent in writing, it shall:

(A) Fees and Costs. Pay to Agent on demand, any and all reasonable fees, costs or expenses which Agent or any Lender incurs arising out of or in connection with (i) the forwarding to Borrowers, or any other Person on behalf of Borrowers, by Agent of proceeds of Loans made to Borrowers pursuant to this Agreement and (ii) the depositing for collection by Agent, of any check or item of payment received or delivered to Agent on account of the Liabilities;

(B) Insurance. At its sole cost and expense, keep and maintain and cause each Subsidiary to keep and maintain the Collateral, its other assets and its business insured in such amounts and against loss or damage by fire, theft, explosion, sprinklers and all other hazards and risks (including business interruption) as is ordinarily insured against by other owners or users of such properties in similar businesses and notify Agent promptly of any event or occurrence causing a material loss or decline in value of the Collateral and the estimated (or actual, if available) amount of such loss or decline;

(C) Financial Reports. Keep books of account and prepare financial statements and furnish to Agent and each Lender the following (all of the foregoing and following to be kept and prepared in accordance with generally accepted accounting principles applied on a basis consistent with the Financials, unless Borrowers' independent certified public accountants concur in any changes therein and such changes are disclosed to Agent and are consistent with then generally accepted accounting principles):

(i) as soon as available, but not later than ninety (90) days after the close of each fiscal year of Borrowers, (a) financial statements of Borrowers and Subsidiaries prepared on a consolidated basis (including a balance sheet, statement of income and retained earnings and cash flow, all with supporting footnotes) as at the end of such year and for the year then ended, all in reasonable detail as requested by Agent and audited by a firm of independent certified public accountants of recognized standing selected by Borrowers and approved by Agent, together with an unqualified opinion thereon from such certified public accountants and (b) internally prepared financial statements of Borrowers and Subsidiaries prepared on a consolidated basis by business line for the last quarter of such fiscal year of Borrowers, together with a calculation sheet related thereto, signed by an authorized officer of each Borrower;

(ii) as soon as available, but not later than forty-five (45) days after the end of each fiscal quarter of Borrowers a Financial Condition and Compliance Certificate (**"Compliance Certificate"**) in the form of Exhibit J attached hereto for such period;

(iii) as soon as available, but no later than thirty (30) days after the end of each month of each fiscal year of Borrowers, internally prepared consolidated financial statements of Borrowers and Subsidiaries (including a balance sheet, statement of income and retained earnings and cash flow) as at the end of and for the portion of Borrowers' fiscal year then elapsed, all in reasonable detail as requested by Agent and certified by Borrowers' principal financial officer as prepared in accordance with generally accepted accounting principles and fairly presenting in all material respects the financial position and results of operations of Borrowers and Subsidiaries for such period (subject to normal year-end audit adjustments and omission of footnotes);

(iv) within fifteen (15) Business Days after the last day of each month of each fiscal year of Borrowers, (a) an Accounts and Inventory Report; provided that in the event loans outstanding under the Revolving Credit Facility are less than $5,000,000, Borrowers shall not be required to provide the information set forth in (iv) of the definition of Accounts and Inventory Report and (b) a properly completed and executed certificate (**"Borrowing Base Certificate"**), in the form of Exhibit K attached hereto or in such other form as Agent deems acceptable, setting forth a calculation of the Borrowing Base as at the last day of such month;

(v) as soon as available upon request of Agent, but no later than thirty (30) days after such request, pro forma financial projections for Borrowers and Subsidiaries prepared on a consolidated basis for the then current fiscal quarter;

(vi) prior to the beginning of each fiscal year, annual projections for Borrowers and Subsidiaries prepared on a consolidated basis for the upcoming fiscal year;

(vi) such other data and information (financial and otherwise) as Agent or any Lender, from time to time, may reasonably request, bearing upon or related to the Collateral, Borrowers' or any Affiliate's financial condition or results of its operations, or the financial condition of any Person who is a guarantor of any of the Liabilities;

(D) Litigation and Other Events. Notify Agent, promptly upon such Borrower's learning of: (i) the institution or threat of any litigation, suit, action, inquiry, investigation or administrative proceeding which, if adversely determined, could reasonably be expected to materially and adversely affect the operations, financial condition or business of such Borrower or any Affiliate or which may affect Agent's security interest in the Collateral; (ii) the occurrence of an Event of Default or Default; (iii) any Borrowers use of any other corporate or fictitious name other than as currently used; (iv) any Borrowers formation of any Subsidiary; or (v) any Borrowers obtaining any copyrights, patents, trademarks and similar intellectual property;

(E) Bank Accounts; Compensating Balances. Maintain all of its primary bank accounts and its primary banking relationship with Agent. Without affecting such obligation to maintain such balances, if such Borrower fails to maintain such balances, then on the last day of such calendar quarter of each year such Borrower shall pay to Agent in arrears, immediately upon demand, a reasonable fee in lieu of balances as determined by Agent which may be charged at Agent's option to any bank account of any Borrower with Agent. Neither the maintenance of balances nor payment of any fees shall obligate Agent or any Lender to make any advances under the Revolving Credit Facility. Any balances in bank accounts and fees shall compensate, and be deemed to compensate, Agent for the cost incurred by Agent in being prepared to respond to requests for credit under the Revolving Credit Facility and for costs incurred by Agent in processing and servicing such accounts;

(F) Reserve Costs. Upon demand by Agent or by any Lender, reimburse Agent or such Lender for any reasonable additional costs incurred by Agent or such Lender if at any time after the date of this Agreement any law, regulation, treaty or any change in any law, regulation, treaty or the interpretation thereof by any governmental agency, central bank or other fiscal, monetary or other authority having jurisdiction of Agent or such Lender shall impose, modify or deem applicable any reserve (except reserve requirements taken into account by Agent or such Lender in calculating the Interest Rate) and/or special deposit requirement against Agent or such Lender or impose any other condition with respect to the loans or other financial accommodations the result of which is to increase the cost to Agent or such Lender in making or maintaining the Loans or to reduce the amount of principal or interest received or receivable by Agent or such Lender with respect to the Liabilities. Borrowers' reimbursement obligation shall

apply only to those costs which directly result from the imposition of such requirement and shall begin as of the date of any such change in law, treaty, rule or regulation. Notwithstanding the preceding, such Borrower shall not be required to pay any such additional costs which could be avoided by Agent or such Lender with the exercise of reasonable conduct and diligence;

(G) Existence and Status. Maintain and preserve and cause each Subsidiary to maintain and preserve its existence as a limited partnership, limited liability company or corporation, as applicable, in its state of formation and all rights, privileges, licenses, copyrights, trademarks, trade names, franchises and other authority to the extent material and necessary for the conduct of its business in the ordinary course as conducted from time to time. Such Borrower shall not take any action or suffer any action to be taken by others and will not permit any Subsidiary to take any action or suffer any action which will alter, change or destroy its status as a limited partnership, limited liability company or corporation;

(H) Use of Proceeds. Use proceeds of the Loans as follows: to finance working capital of Borrowers and their Subsidiaries, but in no event may proceeds of any Loan be (i) used to finance operations of Borrowers or any of their Subsidiaries outside of the United States or (ii) invested, lent or otherwise contributed to any Subsidiary of any of the Borrowers located outside of the United States until such time as Agent shall have received evidence satisfactory to it, in its reasonable discretion, of the creation, perfection and the relative priority of a security interest in the Property of such Borrower or Subsidiary located outside of the United States, including such Borrower's or Subsidiary's Inventory and Accounts located outside of the United States, together with an opinion of counsel to that effect acceptable to Agent in its reasonable discretion, provided that Letters of Credit may be issued to finance the operations of Borrowers and their Subsidiaries outside of the United States. In no event may proceeds of any Loan be invested, lent or otherwise contributed to Twin Solutions LLC;

(I) Environmental Covenant. (a) Use and operate and cause each Subsidiary to use and operate all of its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all hazardous substances and waste in material compliance with all applicable Environmental Laws; (b) immediately notify Agent and each Lender and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its, or any Subsidiary's, facilities and properties or compliance with Environmental Laws, and shall (i) promptly cure and have dismissed with prejudice to the satisfaction of Agent any actions and proceedings relating to compliance with Environmental Laws or (ii) contest any such actions or proceedings in good faith by appropriate proceedings and establish adequate reserves therefor; and (c) provide such information and certifications which Agent may reasonably request from time to time to evidence compliance with this subsection;

(J) Field Audits. Each fiscal year, Borrowers shall permit Agent, during normal business hours and upon no less than three (3) Business Days' notice, to inspect the Inventory, other tangible assets and/or other business operations of each Borrower and its Subsidiaries, to perform appraisals of the Equipment of each Borrower and its Subsidiaries, and to inspect, audit, check and make copies of, and extracts from, the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to Inventory, Accounts and any other Collateral, the results of which must be satisfactory to the Bank in the Bank's reasonable discretion. All such inspections or audits by the Bank shall be at the Borrowers' expense (which shall be reasonable), provided that so long as no Default or Event of Default has occurred and is continuing, Borrowers shall not be required to reimburse Agent for inspections or audits more frequently than once each twelve-month period; and

(K) Compliance with Laws; Payment of Taxes and Liabilities. (a) Comply in all material respects with all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits, except where failure to comply could not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, ensure that no person who owns a controlling interest in or otherwise controls such Borrower is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control (**"OFAC"**), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, executive order or regulation or (ii) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar executive orders, (c) without limiting clause (a) above, comply with all applicable Bank Secrecy Act (**"BSA"**) and anti-money laundering laws and regulations and (d) pay prior to delinquency, all taxes and other governmental charges against it or any Collateral, as well as claims of any kind which, if unpaid, could become a Lien on any of its property; provided that the foregoing shall not require any Borrower to pay any such tax or charge so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP and, in the case of a claim which could become a Lien on any Collateral, such contest proceedings shall stay the foreclosure of such Lien or the sale of any portion of the collateral to satisfy such claim.

7.3 Negative Covenants. Each Borrower covenants that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it shall not:

(A) Capital Expenditures. Collectively with the other Borrowers, make Capital Expenditures in an amount greater than $8,000,000 in any fiscal year;

(B) Mergers and Acquisitions. (i) Liquidate, dissolve or merge or consolidate with or acquire any Person, (ii) permit any Subsidiary to liquidate, dissolve or merge or consolidate with or acquire any Person or (iii) lose control (as such term is defined in the definition of **"Affiliate"**) of any Subsidiary, except that any Borrower may merge or consolidate with any other Borrower;

(C) Investments. (i) Except in respect of other Borrowers and other than in the ordinary course of its business, make any investment in the securities of any Person other than to a Subsidiary as permitted under Section 7.2(H) or (ii) use or permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any margin stock (such Borrower will furnish to Agent upon request, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Federal Reserve Board);

(D) Loans. Make any loans or other advances of money (other than salary) to any other Borrower, or any Affiliate, officers, directors, employees or agents of Affiliates or such Borrower or to any other Person, except for (i) such loans or advances to employees in the ordinary course of business consistent with past practice or (ii) loans or advances to any other Borrower that are subordinated to the Liabilities on terms satisfactory to Agent;

(E) Capital Structure and Business. Except with respect to the Modus Transaction, make any material change in such Borrower's capital structure or in any of its business objectives, purposes and operations or permit any Subsidiary to make any material change in such Subsidiary's capital structure or in any of its business objectives, purposes and operations;

(F) Affiliate Transactions. Enter into, or be a party to, any transaction with any Affiliate or partner, shareholder, director or officer of such Borrower or an Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of such Borrower's business and upon fair and reasonable terms which are fully disclosed to Agent and are no less favorable to such Borrower than could be obtained in a comparable arm's length transaction with a Person not an Affiliate or partner, shareholder, director or officer of such Borrower or an Affiliate;

(G) Adverse Transactions. (i) Enter or permit any Subsidiary to enter into any transaction which materially and adversely affects the Collateral or such Borrower's ability to repay Agent or any Lender the Liabilities or (ii) permit or agree to any extension, compromise or settlement or make any change or modification of any kind or nature with respect to any Account, including any of the terms relating thereto, except in accordance with such Borrower's current credit collection policy as disclosed to Agent and each Lender or in accordance with such Borrower's past practices in the ordinary course of business;

(H) Guarantees. Except with respect to the Guaranty, guarantee or otherwise, in any way, become liable or permit any Subsidiary to become liable with respect to the obligations or liabilities of any other Person, except by endorsement of instruments or items of payment for deposit to the general account of such Borrower or for delivery to Agent on account of the Liabilities;

(I) Other Liens; Transfer of Assets. Except for Permitted Liens and as otherwise expressly permitted in this Agreement or in the Ancillary Agreements, pledge, mortgage, grant a security interest in or permit to exist a Lien on, encumber, assign, sell, lease, license or otherwise dispose of or transfer, whether by sale, merger, consolidation, liquidation, dissolution, or otherwise, any of such Borrower's assets or permit any Subsidiary to pledge, mortgage, grant a security interest in or permit to exist a Lien on, encumber, assign, sell or otherwise dispose of or transfer, whether by sale, merger, consolidation, liquidation, dissolution or otherwise, any of such Subsidiary's assets;

(J) Other Indebtedness. Incur or permit any Subsidiary to incur any Indebtedness other than Permitted Debt;

(K) Asset Purchase. Purchase or otherwise acquire or permit any Subsidiary to acquire all or substantially all or a substantial portion of the assets of any Person (or any division or line of business of any Person);

(L) Organic Documents. Amend or otherwise modify or permit any Subsidiary to amend or otherwise modify any material term of its certificate of limited partnership or agreement of limited partnership or charter and by-laws or other organic document, as applicable, in effect on the date hereof or on the date of its later formation except for amendments, modifications or waivers that are not adverse in any way to Agent or Lenders;

(M) Restriction on Redemptions and Dividend Distributions. (a) Directly or indirectly purchase, redeem or otherwise acquire or retire any interest of any shareholder of such Borrower, (b) make or declare any partial or full liquidating distributions to any shareholder of such Borrower with respect to such shareholder's interest in such Borrower or (c) make or declare any dividends or distributions to such Borrower's shareholders, including, without limitation, those distributions required under the SalesLink Certificate of Designation of Series B Convertible Preferred Stock dated July 31, 2003;

(N) Restrictions on Activities for SalesLink Mexico. Until such time as SalesLink Mexico shall provide Agent with evidence of insurance required by Section 7.2(B) hereof, SalesLink Mexico shall conduct no operations other than to hold the stock certificates of any Subsidiary of SalesLink Mexico;

(O) Modification of Guaranty. Amend, modify or extend the Guaranty or increase the Guaranteed Indebtedness; or

(P) Intercompany Payables to CMGI. Make any payment to CMGI for the account of any accrued intercompany payables.

7.4 Contesting Charges. Notwithstanding anything to the contrary in this Agreement, a Borrower may dispute any Charges without prior payment thereof, so long as such non-payment will not cause a Lien except a Permitted Lien to attach to such Borrower's assets, and provided that such Borrower shall give Agent and each Lender prompt notice of such dispute and shall be diligently contesting the same in good faith and by an appropriate proceeding and there is no danger of a loss or forfeiture of any of the Collateral and provided further that, if such disputed Charges are potentially or actually in excess of $10,000 in the aggregate, such Borrower shall give Agent and each Lender such additional collateral and assurances as Agent and such Lender, in their sole discretion, deems necessary under the circumstances, immediately upon demand by Agent and such Lender.

7.5 Payment of Charges. Subject to the provisions of Section 7.4, a Borrower shall pay promptly when due all of the Charges. In the event such Borrower, at any time or times, shall fail to pay the Charges or to promptly obtain the satisfaction of such Charges, such Borrower shall promptly so notify Agent and each Lender and Agent and such Lender may, without waiving or releasing any obligation or liability of such Borrower under this Agreement or any Event of Default, in its sole discretion, at any subsequent time or times, make such payment or any part thereof (but shall not be obligated so to do), or obtain such satisfaction and take any other action which Agent or such Lender deems advisable. All sums so paid by Agent or any Lender and any expenses, including reasonable attorneys' fees, court costs, expenses and other related charges, shall be payable by such Borrower to Agent or such Lender upon demand and shall be additional Liabilities.

7.6 Insurance; Payment of Premiums. All policies of insurance on the Collateral or otherwise required under this Agreement shall be in form and amount satisfactory to Agent and with insurers reasonably recognized as adequate by Agent. Borrowers shall deliver to Agent the original (or a certified copy) of each policy of insurance, or, in lieu thereof, certificates of such policies of insurance satisfactory to Agent, and evidence of payment of all premiums therefor and shall deliver renewals of all such policies to Agent at least thirty (30) days prior to their expiration dates. Such policies of insurance shall contain an endorsement, in form and substance acceptable to Agent, showing all losses payable to Agent for the benefit of each Lender. Such endorsement shall provide that the insurance companies will give Agent at least thirty (30) days' prior written notice before any such policy shall be altered or canceled and that no act or default of Borrowers or any other Person shall affect the right of Agent to recover under such policy in case of loss or damage. Each Borrower hereby directs all insurers under such policies to pay all proceeds directly to Agent after the occurrence of an Event of Default. Each Borrower irrevocably makes, constitutes and appoints Agent (and all officers, employees or agents designated by Agent) as such Borrower's true and lawful attorney and agent-in-fact for the purpose of making, settling and adjusting claims under such policies (provided that Agent shall consult with such Borrower prior to finally making, settling or adjusting claims under such policies), endorsing the name of such Borrower in writing or by stamp on any check, draft, instrument or other item of payment for the proceeds of such policies and for making all determinations and decisions with respect to such policies. If such Borrower shall fail to obtain or maintain any of the policies required by this Section 7.6 or to pay any premium relating thereto, then Agent or any Lender, without waiving or releasing any obligation or Event of

Default by such Borrower hereunder, may (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action which Agent or such Lender deems advisable. All sums so disbursed by Agent or any Lender, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable by Borrowers to Agent or such Lender upon demand and shall be additional Liabilities.

7.7 Survival of Obligations Upon Termination of Agreement. Except as otherwise expressly provided for in this Agreement and in the Ancillary Agreements, no termination or cancellation (regardless of cause or procedure) of this Agreement or the Ancillary Agreements shall in any way affect or impair the powers, obligations, duties, rights, and liabilities of Borrowers or Agent or any Lender in any way with respect to (i) any transaction or event occurring prior to such termination or cancellation, (ii) the Collateral, or (iii) any of the undertakings, agreements, covenants, warranties and representations of Borrowers or Agent or any Lender contained in this Agreement or the Ancillary Agreements. All such undertakings, agreements, covenants, warranties and representations shall survive such termination or cancellation.

8. EVENTS OF DEFAULT; RIGHTS AND REMEDIES.

8.1 Event of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under this Agreement:

(A) (i) Borrowers fail to pay, within three (3) days after the same shall be due and payable or be declared due and payable, any part of the Liabilities or (ii) a Borrower is in default in the payment of Indebtedness in the aggregate in excess of $200,000 beyond any applicable cure period or (iii) any Subsidiary is in default on its Indebtedness in the aggregate in excess of $200,000 beyond any applicable cure period; or

(B) Borrowers or any Subsidiary or any guarantor of the Liabilities fails or neglects to perform, keep or observe (i) any term, provision, condition or covenant contained in Sections 7.1, 7.2 or 7.3 of this Agreement and such failure continues unremedied for a period of ten (10) days or (ii) any other term, provision, condition or covenant contained in this Agreement or in the Ancillary Agreements, which is required to be performed, kept or observed by a Borrower or such Subsidiary or guarantor, and such failure continues unremedied for a period of ten (10) days. Notwithstanding the foregoing, the applicable cure period for the Events of Defaults set forth in this Section 8.1(B) shall be ninety (90) days provided that (a) Borrowers have deposited Cash or Cash Equivalents in the Cash Collateral Account in an amount equal to the outstanding principal amount of the Loans as of the date of such deposit within ten (10) days of the initial occurrence of such Event of Default and (b) Borrowers maintain a balance in the Cash Collateral Account of not less than the outstanding principal amount of the Loans until such Event of Default has been cured; or

(C) The occurrence of any default (subject to any applicable cure periods) under (i) any of the Ancillary Agreements or (ii) any document evidencing or securing any Subordinated Debt with a principal amount in excess of $200,000; or

(D) Any statement, warranty, representation, report, financial statement, or certificate made or delivered by a Borrower, any of its officers, employees or agents, to Agent or any Lender is not true and correct in any material respect on the date it was made or delivered or deemed re-made; or

(E) There shall occur any material uninsured damage to or loss, theft, or destruction of any of the Collateral in excess of $200,000; or

(F) The Collateral or any of Borrowers' other assets or any assets of any Subsidiary are attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not cured within ten (10) days; or an application is made by any Person for the appointment of a receiver, trustee, or custodian for any of the Collateral or any of Borrowers' other assets or any assets of any Subsidiary and the same is not dismissed within sixty (60) days after such application; or

(G) An application is made by a Borrower for the appointment of a receiver, trustee or custodian for any of the Collateral or any of such Borrower's other assets; or an application is made by any Subsidiary or any guarantor of the Liabilities, for the appointment of a receiver, trustee or custodian for any of such Subsidiary's or such guarantor's assets; or any case or proceeding is filed by or against a Borrower, any Subsidiary or any such guarantor for its dissolution, liquidation, or termination; or a Borrower or any Subsidiary ceases to conduct its business as now conducted or is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs; or

(H) A notice of Lien, levy or assessment is filed of record with respect to all or any substantial portion of a Borrower's assets or any Subsidiary's assets by the United States, or any department, agency or instrumentality, or by any state, county, municipal or other governmental agency including, without limitation, the Pension Benefit Guaranty Corporation, or any taxes or debts owing to any of the foregoing becomes a Lien or encumbrance upon the Collateral or any of a Borrower's other assets or upon any Subsidiary's assets and such Lien or encumbrance is not released within sixty (60) days after its creation; or

(I) Judgment(s) is or are rendered against a Borrower or any Subsidiary in the aggregate in excess of $300,000 and such Person fails to either discharge the judgment or commence appropriate proceedings to appeal such judgment(s) within the applicable appeal period or, after such appeal is filed, such Person fails to diligently prosecute such appeal or such appeal is denied; or

(J) A petition under any section or chapter of the United States Bankruptcy Code or any similar law or regulation is filed by or against a Borrower, any Subsidiary or any guarantor of the Liabilities, and, if filed against a Borrower, any Subsidiary or any such guarantor, is not dismissed within sixty (60) days after filing; or a Borrower, any Subsidiary or any such guarantor makes an assignment for the benefit of its creditors; or a Borrower or any Subsidiary becomes insolvent, fails generally to pay its debts as they become due or admits its inability to pay its debts as they become due; or

(K) A Borrower fails within fifteen (15) days after the occurrence of any of the following events, to furnish Agent and each Lender with appropriate notice thereof: (i) the happening of a Reportable Event with respect to any profit sharing or pension plan governed by ERISA (such notice shall contain the statement of the chief financial officer of a Borrower setting forth details as to such Reportable Event and the action which such Borrower or the applicable Subsidiary proposes to take with respect thereto and a copy of the notice of such Reportable Event to the Pension Benefit Guaranty Corporation), (ii) the termination of any such plan, (iii) the appointment of a trustee by an appropriate United States District Court to administer any such plan, or (iv) the institution of any proceedings by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee to administer any such plan; or

(L) A Borrower fails to: (i) notify Agent and each Lender promptly upon receipt by such Borrower or any Subsidiary of any notice of the institution of any proceeding or other actions which may result in the termination of any profit sharing or pension plan; or (ii) acquire and maintain or cause any Subsidiary to acquire and maintain, when available, the contingent employer liability coverage insurance provided for under Section 4023 of ERISA in an amount satisfactory to the Required Lenders; or

(M) This Agreement or any Ancillary Agreement shall be repudiated or become unenforceable or incapable of performance, in whole or in part; or

(N) Except in connection with the Modus Transaction, any Person(s) presently not in control of a Borrower shall obtain control directly or indirectly of such Borrower.

(O) Borrowers shall fail to timely perform the obligations set forth on the Post-Closing Letter.

8.2 Effect of Event of Default. If (a) any Event of Default described in Section 8.1(J) shall occur, the Commitments (if they have not theretofore terminated) shall immediately terminate and all Notes shall become immediately due and payable, all without presentment, demand, protest or notice of any kind, or any action by Agent or any of the Lenders; and (b) any other Event of Default shall occur (other than an Event of Default described in Section 8.1(J)), Agent may (and upon written request of the Required Lenders, shall) declare the Commitments (if they have not theretofore terminated) to be terminated and all Notes to be due and payable, whereupon the Commitments (if they have not theretofore terminated) shall immediately

terminate and all Notes shall become immediately due and payable, all without presentment, demand, protest or notice of any kind. Agent shall promptly advise Borrowers and each Lender of any such declaration, but failure to do so shall not impair the effect of such declaration.

8.3 Remedies. Upon and after the occurrence of an Event of Default, Agent shall have all of the following rights and remedies:

(A) All of the rights and remedies of a secured party under the Illinois Uniform Commercial Code or other applicable law, all of which rights and remedies shall be cumulative and non-exclusive, to the greatest extent permitted by law, and in addition to any other rights and remedies contained in this Agreement and in any of the Ancillary Agreements;

(B) The right to (i) peacefully enter upon the premises of each Borrower or any other place or places where the Collateral is located and kept, without any obligation to pay rent to such Borrower or any other person, through self-help and without judicial process or first obtaining a final judgment or giving such Borrower notice and opportunity for a hearing on the validity of Agent's and each Lender's claim, and remove the Collateral from such premises and places, for such time as Agent and each Lender may require to collect or liquidate the Collateral, and/or (ii) require each Borrower to assemble and deliver the Collateral to Agent at a place to be designated by Agent;

(C) The right to (i) open each Borrower's mail and collect any and all amounts due from Account Debtors, (ii) notify Account Debtors that the Accounts have been assigned to Agent and that Agent has a security interest therein and (iii) direct such Account Debtors to make all payments due from them upon the Accounts, including the Special Collateral, directly to Agent or to a lock box designated by Agent. Agent shall promptly furnish each Borrower with a copy of any such notice sent and each Borrower hereby agrees that any such notice in Agent's sole discretion, may be sent on Agent's stationery, in which event, each Borrower shall, upon demand, co-sign such notice with Agent; and

(D) The right to sell, lease or to otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as provided in Section 8.4, in lots or in bulk, for cash or on credit, all as Agent, in its sole discretion, may deem advisable. At any such sale or sales of the Collateral, the Collateral need not be in view of those present and attending the sale, nor at the same location at which the sale is being conducted. Agent shall have the right to conduct such sales on each Borrower's premises or elsewhere and shall have the right to use each Borrower's premises without charge by Borrowers or their Affiliates for such sales for such time or times as Agent may see fit, subject to the rights of any landlord to such premises. Agent is granted a license or other right to use, without charge, each Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any

Collateral and each Borrower's rights under all licenses and all franchise agreements shall inure to Agent's benefit but Agent shall have no obligations thereunder. Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may setoff the amount of such price against the Liabilities. The proceeds realized from the sale of any Collateral shall be applied as set forth in Section 8.7. If any deficiency shall arise, Borrowers shall remain liable to Agent and each Lender for the amount of such deficiency.

8.4 Notice. Each Borrower agrees that any notice required to be given by Agent or any Lender of a sale, lease, other disposition of any of the Collateral or any other intended action by Agent or such Lender, which is personally delivered to such Borrower or which is deposited in the United States mail, postage prepaid and duly addressed to such Borrower at the address set forth in Section 10.10, at least ten (10) days prior to any such public sale, lease or other disposition or other action being taken, or prior to the time after which any private sale of the Collateral is to be held, shall constitute commercially reasonable and fair notice to such Borrower.

8.5 Default Interest Rate. To compensate Agent and each Lender for additional unreimbursed costs resulting from the occurrence of an Event of Default, including without limitation, acts associated with the uncertainty of future funding and additional supervisory and administrative efforts, upon the occurrence of and during the continuance of an Event of Default and after notice thereof is given to Borrowers at the direction of the Required Lenders, the Liabilities shall continue to bear interest, calculated daily on the basis of a 360-day year at the per annum rate set forth in Section 2.4 above, plus additional post-default interest of two percent (2%) per year until the Liabilities are paid in full.

8.6 Preservation of Rights. No delay or omission of Agent or any Lender to exercise any right under this Agreement or any Ancillary Agreement shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of an Event of Default or the inability of Borrowers to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of this Agreement or any Ancillary Agreement whatsoever shall be valid unless in writing signed by the Required Lenders, and then only to the extent in such writing specifically set forth. All remedies contained in this Agreement or any Ancillary Agreement or by law afforded shall be cumulative and all shall be available to Agent and Lenders until the Liabilities have been paid in full.

8.7 Distributions. Agent shall distribute all proceeds and other amounts received by it with respect to Collateral:

First, to the payment of any amounts owed to it under Section 10.3 or under any Ancillary Agreement executed pursuant hereto and any expenses incurred by Agent in connection with the maintenance, preservation or protection of any Collateral;

Second, to all Lenders pro rata according to the then outstanding amount of Liabilities held by each such Lender; and

Third, if any balance remains after the Liabilities have been paid in full, to Borrowers.

Each Lender shall apply any payment so received from Agent,

First, to unpaid accrued interest, if any, on its Liabilities until paid in full;

Second, to the unpaid premium, if any, on its Liabilities;

Third, to the unpaid principal of its Liabilities until paid in full; and

Fourth, to its other Liabilities;

provided that any Lender which receives any payment on account of the Borrowers' contingent obligations under a Letter of Credit shall hold such payment as cash collateral for such contingent obligation (and shall have no obligation to pay interest thereon), and, following any reduction of the stated amount of such Letter of Credit or termination thereof, shall return to Agent for distribution pursuant to this Section 8.7 any amounts in excess of the Borrowers' contingent obligations not used to reimburse such Lender.

8.8 Method of Adjustment. If any Lender shall obtain any payment with respect to its Liabilities in excess of its (or their) pro rata share pursuant to Section 8.7, it shall be deemed to have received such excess on behalf of all Lenders and shall promptly deliver such excess to Agent for distribution in accordance with Section 8.7. If for any reason payments to Agent in the preceding sentence shall be determined by Agent to be improper or not advisable, then such Lender shall purchase from each Lender receiving less than its pro rata share, such participation in its Liabilities as shall be necessary for such purchasing Lender to share the excess payment received pro rata with such other Lenders; provided that if all or any portion of such excess payment be thereafter recovered from such purchasing Lender, the purchase shall be rescinded to the extent of such recovery, but without interest or premium; and, provided further that the nonperformance by any Lender of its obligation under this Section 8.8 shall not excuse any other Lender hereunder.

9. AGENT.

9.1 Appointment and Authorization. Each Lender hereby irrevocably (subject to Section 9.9) appoints, designates and authorizes each Agent to take such action on its behalf under the provisions of this Agreement and each other Ancillary Agreement and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Ancillary Agreement, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this

Agreement or in any other Ancillary Agreement, Agent shall not have any duties or responsibilities except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Ancillary Agreement or otherwise exist against Agent.

9.2 Delegation of Duties. Agent may execute any of its duties under this Agreement or any other Ancillary Agreement by or through its agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.3 Liability of Agent. No Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Ancillary Agreement or the transactions contemplated hereby (except for its own gross negligence or willful misconduct) or (ii) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by Borrowers or any Subsidiary or Affiliate of Borrowers, or any officer thereof, contained in this Agreement or in any other Ancillary Agreement, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Ancillary Agreement, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Ancillary Agreement, or for any failure of the Borrowers or any other party to any Ancillary Agreement to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Ancillary Agreement, or to inspect the properties, books or records of Borrowers or any of Borrowers' Subsidiaries or Affiliates.

9.4 Reliance by Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrowers), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Ancillary Agreement unless it shall first receive such advice or concurrence of the Required Lenders and, if it so requests, confirmation from Lenders of their obligation to indemnify Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Ancillary Agreement in accordance with a request or consent of the Required Lenders (unless the consent of all Lenders is required in such case, in which case unanimous consent of Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders. For purposes of determining compliance with the conditions specified in Section 2.11 or in any comparable provision of any amendment hereto, each Lender that has executed this Agreement or such amendment shall be

deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter either sent by an Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

9.5 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Agent will notify Lenders of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 8; provided that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of Lenders.

9.6 Credit Decision. Each Lender acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Borrowers and their Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers and their Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the Ancillary Agreements, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrowers which may come into the possession of any of the Agent-Related Persons.

9.7 Indemnification. Lenders shall indemnify upon demand any Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrowers and without limiting the obligation of Borrowers to do so), pro rata, from and against any and all Indemnified Liabilities; provided that no Lender shall be liable for the payment to Agent or any Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender shall

reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including reasonable fees of attorneys for Agent) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Ancillary Agreement, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. To the extent that Agent or any Agent-Related Person shall thereafter be reimbursed by or on behalf of Borrowers for any amount paid by the Banks pursuant to this Section 9.7, such Person shall reimburse each Lender for its ratable share of any such amount. The undertaking in this Section 9.7 shall survive the expiration or termination of the Commitments and payment of the Loans and other liabilities of Borrowers hereunder and the resignation or replacement of Agent. For the purposes of this Section 9.7, **"Indemnified Liabilities"** shall mean: any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable fees of attorneys for Agent) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of Agent or replacement of any Lender) be imposed on, incurred by or asserted against any such Agent Related Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Agent Related Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including (i) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (ii) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Agent-Related Person, any Lender or any of their respective officers, directors, employees, counsel, agents or attorneys-in-fact is a party thereto.

9.8 Agent in Individual Capacity. LaSalle and its Affiliates may make loans to, issue Letters of Credit for the account of, accept deposits from and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with Borrowers and their Subsidiaries and Affiliates as though it were not Agent hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Agent or its Affiliates may receive information regarding Borrowers or their Affiliates (including information that may be subject to confidentiality obligations in favor of Borrowers or such Subsidiaries) and acknowledge that Agent shall be under no obligation to provide such information to them. With respect to their Loans, Agent and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though such Agent were not an Agent, and the terms Lender and Lenders include Agent and its Affiliates, to the extent applicable, in their individual capacities.

9.9 Successor Agent. Agent may resign as an Agent upon 30 days' notice to Lenders. If Agent resigns under this Agreement, the Required Lenders shall, with the prior written consent of Borrowers, appoint from among Lenders a successor agent for Lenders. If no successor agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with Lenders and with the prior written consent of Borrowers, a successor agent from among Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term Agent shall mean such successor agent and the retiring Agent's appointment, powers and duties as an Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement. If no successor agent has accepted appointment as an Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and Lenders shall perform all of the duties of an Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

10. MISCELLANEOUS.

10.1 Appointment of Agent as Each Borrower's Lawful Attorney-In-Fact. Each Borrower irrevocably designates, makes, constitutes and appoints Agent (and all persons designated by Agent) as such Borrower's true and lawful attorney and agent-in-fact and Agent, or Agent's agent, may, without notice to such Borrower:

(A) At any time after the occurrence of and during the continuance of an Event of Default, endorse by writing or stamp each Borrower's name on any checks, notes, drafts or any other payment relating to and/or proceeds of the Collateral which come into the possession of Agent or under Agent's control and deposit the same to the account of Agent for application to the Liabilities;

(B) At any time after the occurrence of and during the continuance of an Event of Default, in each Borrower's or Agent's name: (i) demand payment of the Collateral; (ii) enforce payment of the Collateral, by legal proceedings or otherwise; (iii) exercise all of each Borrower's rights and remedies with respect to the collection of the Collateral; (iv) settle, adjust, compromise, extend or renew the Accounts and the Special Collateral; (v) settle, adjust or compromise any legal proceedings brought to collect the Collateral; (vi) if permitted by applicable law, sell or assign the Collateral upon such terms, for such amounts and at such time or times as Agent deems advisable; (vii) satisfy and release the Accounts and Special Collateral; (viii) take control, in any manner, of any item of payment or proceeds referred to in Section 3.3; (ix) prepare, file and sign each Borrower's name on any proof of claim in bankruptcy or similar document against any Account Debtor; (x) prepare, file and sign each Borrower's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Collateral; (xi) do all acts and things necessary, in Agent's sole discretion, to fulfill each Borrower's obligations under this Agreement; (xii) endorse by writing or stamp the name of each Borrower upon any chattel paper, document, instrument, invoice, freight

bill, bill of lading or similar document or agreement relating to the Collateral; and (xiii) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to the Collateral to which each Borrower has access; and

(C) At any time after the occurrence of and during the continuance of an Event of Default, notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Agent and receive, open and dispose of all mail addressed to each Borrower.

10.2 Modification of Agreement; Sale of Notes; Participations. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Notes shall in any event be effective unless the same shall be in writing and signed and delivered by Lenders having an aggregate Percentage of not less than the aggregate Percentage expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement or the Notes, by the Required Lenders, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, modification, waiver or consent shall extend or increase the amount of the Commitments, extend the final maturity of the Notes, reduce the principal thereof (other than pursuant to Section 2.1), reduce the fees hereunder or the rate of interest payable with respect to the Notes, reduce the aggregate Percentage required to effect an amendment, modification, waiver or consent, reduce the amount of or extend the date for the mandatory payments on the Notes, modify the definition of Borrowing Base, amend this Section 10.2 or permit any assignment by Borrowers of their obligations or rights hereunder or amend any covenants contained in Sections 7.1, 7.2 or 7.3, without the consent of the Required Lenders in each instance. No provision of this Agreement relating to Agent shall be amended, modified or waived without the consent of Agent. No provision of Section 2.13 shall be amended, modified or waived without the consent of the Issuing Lender. No Borrower may sell, assign, transfer or otherwise dispose of all or any portion of this Agreement or the Ancillary Agreements, including, without limitation, such Borrower's right, title, interest, remedies, powers, or duties. Each Borrower consents to any Lender's participation, sale, assignment, transfer or other disposition, at any time or times, of this Agreement or the Ancillary Agreements, including, without limitation, such Lender's right, title, interest, remedies, powers, or duties. Each Borrower consents to any Lender's pledge of its rights under this Agreement, any Note issued hereunder or any Ancillary Agreement to the Federal Reserve Bank. Any Lender shall have the right to sell, assign or transfer all or part of any Note to one or more banks or other financial institutions, or to grant participations to one or more banks or other financial institutions, in or to any Loan hereunder and any Note held by such Lender upon three (3) days prior written notice to Borrowers (and if no Default or Event of Default has occurred and is continuing with the prior written consent of Borrowers) and Agent together with, in the case of assignments only, execution and delivery to Agent and the Borrowers of an Assignment Agreement in the form acceptable to Agent in its reasonable discretion (**"Assignment Agreement"**) and payment of a $5,000 fee to Agent for processing such assignment. Borrowers hereby consent to the disclosure of any information obtained by Agent or any Lender in connection herewith to any bank or other financial institution to which any Lender now or

hereafter has sold, assigned or transferred, or sold or proposed to sell, assign or transfer, all or any part of any Note or any participation interest in any Loan or Note. Upon the sale, transfer or assignment of all or a portion of any Note pursuant to one or more Assignment Agreements, Borrowers shall, upon the request of the assigning Lender, execute a new note or notes in a form substantially similar to the Note or Notes so replaced. Each such transferee shall be deemed to be a Lender under this Agreement. Each transferee of any Note shall take such Note subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken hereunder prior to the receipt by Agent and Borrowers of written notice of such transfer. Each Lender represents that it is the present intention of such Lender to acquire each Note drawn to its order for its own account and not with a view to the distribution or sale thereof, subject, nevertheless, to the necessity that such Lender remain in control at all times of the disposition of property held by it for its own account; it being understood that the foregoing representation shall not affect the character of the Loans as commercial lending transactions.

10.3 Attorneys' Fees and Expenses; Agent and Each Lender's Out-of-Pocket Expenses. If, at any time or times, whether prior or subsequent to the date of this Agreement and regardless of the existence of a Default or an Event of Default, Agent and each Lender incurs reasonable legal or other costs and expenses or employs counsel, accountants or other professionals for advice or other representation or services in connection with:

(A) The preparation, negotiation and execution of this Agreement, all Ancillary Agreements, any amendment of or modification of this Agreement or the Ancillary Agreements;

(B) Any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, a Borrower or any other Person) in any way relating to the Collateral, this Agreement, the Ancillary Agreements or Borrowers' affairs;

(C) Any attempt to enforce any rights of Agent or any Lender against a Borrower or any other Person which may be obligated to Agent or such Lender by virtue of this Agreement or the Ancillary Agreements, including, without limitation, the Account Debtors;

(D) Any attempt to inspect, verify, protect, collect, sell, liquidate or otherwise dispose of any of the Collateral; or

(E) Any inspection, verification, protection, collection, sale, liquidation or other disposition of any of the Collateral, including without limitation, Agent's periodic field audits and audits of a Borrower's books and records;

then, in any such event, the reasonable attorneys' and paralegals' fees and expenses arising from such services and all reasonably incurred expenses, costs, charges and other fees of or paid by Agent (or any Lender after the occurrence of and during the continuation of an Event of Default) in any way or respect arising in connection with or relating to any of the events or actions described in this Section 10.3 shall be payable by Borrowers, jointly and severally, to

Agent (or any Lender after the occurrence of and during the continuation of an Event of Default) upon demand and shall be additional Liabilities. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include accountants' fees, costs and expenses; court costs, fees and expenses; photocopying and duplicating expenses; court reporter fees, costs and expenses; long distance telephone charges; courier charges; telegram and telecopy charges.

10.4 No Setoff; Right to Charge Accounts. All payments due to Agent or any Lender shall be made in immediately available funds, without setoff or counterclaim. At Agent's or any Lender's sole discretion, Agent or such Lender may charge against any demand account of a Borrower all or any part of the Liabilities which are due and payable.

10.5 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.6 Parties; Entire Agreement. This Agreement and the Ancillary Agreements shall be binding upon and inure to the benefit of the respective successors and assigns of each Borrower, Agent and each Lender. Each Borrower's successors and assigns shall include, without limitation, a trustee, receiver or debtor-in-possession of or for such Borrower. Nothing contained in this Section 10.6 shall be deemed to modify Section 10.2. This Agreement is the complete statement of the agreement by and among Borrowers, Agent and each Lender and supersedes all prior negotiations, understandings and representations between them with respect to the subject matter of this Agreement.

10.7 Conflict of Terms. The provisions of the Ancillary Agreements are incorporated in this Agreement by this reference. Except as otherwise provided in this Agreement and except as otherwise provided in the Ancillary Agreement, by specific reference to the applicable provision of this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in any Ancillary Agreement, the provision contained in this Agreement shall govern and control.

10.8 Waiver by Borrowers. Except as otherwise provided for in this Agreement, each Borrower waives (i) presentment, demand and protest, notice of protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Agent or any Lender on which such Borrower may in any way be liable and hereby ratifies and confirms whatever Agent or such Lender may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's taking possession or control of, or Agent's or any Lender's replevy, attachment or levy upon the Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of Agent's or any Lender's remedies; and (iii) the benefit of all valuation, appraisement, extension and exemption laws. Each Borrower acknowledges that it has been advised by its own counsel with respect to this Agreement and the transactions evidenced by this Agreement.

10.9 Waiver and Governing Law. THE LOANS EVIDENCED HEREBY HAVE BEEN MADE, AND THIS AGREEMENT HAS BEEN DELIVERED, AT CHICAGO, ILLINOIS, AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS. EACH BORROWER (i) WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS; (ii) IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS, OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS; (iii) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT SUCH BORROWER MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING; (iv) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; AND (v) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST AGENT, ANY LENDER OR ANY OF AGENT'S OR LENDER'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY, CONCERNING ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS IN ANY COURT OTHER THAN ONE LOCATED IN COOK COUNTY, ILLINOIS. EACH BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH BORROWER AT THE ADDRESS SET FORTH IN SECTION 10.10. SHOULD SUCH BORROWER FAIL TO APPEAR OR ANSWER ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SERVED WITHIN THIRTY (30) DAYS AFTER THE RECEIPT THEREOF, IT SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED AGAINST IT AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. NOTHING IN THIS PARAGRAPH SHALL AFFECT OR IMPAIR LENDER'S RIGHT TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR LENDER'S RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST SUCH BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

10.10 Notice. Except as otherwise provided in this Agreement, any notice required shall be in writing and shall be deemed to have been validly served, given or delivered upon (i) delivery in person, by messenger or overnight courier service, (ii) the day after transmission by facsimile, (iii) or five (5) Business Days after deposit in the United States certified or registered mails, with proper postage prepaid, addressed to the party to be notified as follows:

(a) If to Agent, at:

LaSalle Bank National Association
135 South LaSalle
Chicago, Illinois 60603
Attention: David Bacon
Fax: (312) 904-0409

with a copy to:

Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago, Illinois 60602
Attention: Gary I. Levenstein
Fax: (312) 977-4405

(b) If to Borrowers, at:

SalesLink Corporation
InSolutions Incorporated
On-Demand Solutions, Inc.
Pacific Direct Marketing Corp.
SalesLink Mexico Holding Corp.
SL Supply Chain Services International Corp.
c/o SalesLink Corporation
425 Medford Street
Charlestown, Massachusetts 02129
Attention: Chief Financial Officer
Fax: (617) 886-4550

with a copy to:

Browne Rosedale & Lanouette LLP
31 St. James Avenue
Boston, Massachusetts 02116
Attention: Kevin P. Lanouette
Fax: (617) 399-6930

(c) If to any Lender, addressed to such Lender at the address shown below its signature as its domestic office addressor to such other address or facsimile number as each party may designate for itself by like notice.

10.11 Section Titles, Etc. The section titles and table of contents, if any, contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. All Exhibits and Schedules which are referred to herein or attached hereto are incorporated by reference.

10.12 Mutilated, Destroyed, Lost and Stolen Notes. If any mutilated Note is surrendered to the Borrowers, the Borrowers shall execute therefor a new Note with the same principal amount, containing identical terms and provisions. If there shall be delivered to the Borrowers (a) evidence to its satisfaction of the destruction, loss or theft of any Note and (b) such security or indemnity as may be required by them to hold the Borrowers and any agent of the Borrowers harmless, then, in the absence of notice to the Borrowers that such Note has been acquired by a bona fide purchaser, the Borrowers shall execute and deliver, in lieu of any such destroyed, lost or stolen Note or in exchange for such Note, a new Note with the same principal amount, containing identical terms and provisions. Upon the issuance of any new Note under this Section 10.12, the Borrowers may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. Every new Note, issued pursuant to this Section 10.12 in lieu of any destroyed, lost or stolen Note, shall constitute an original contractual obligation of the Borrowers, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement.

10.13 Customer Identification—USA Patriot Act Notice. Each Lender and LaSalle (for itself and not on behalf of any other party) hereby notifies the Borrowers that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001 (the **"Patriot Act"**), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or LaSalle, as applicable, to identify each Borrower in accordance with the Patriot Act.

11. CROSS-GUARANTY.

11.1 Cross-Guaranty. Each Borrower hereby agrees that such Borrower is jointly and severally liable for, and hereby absolutely and unconditionally guarantees to Agent and each Lender and their respective successors and assigns, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of, all Liabilities owed or hereafter owing to Agent and each Lender by each other Borrower. Each Borrower agrees that its guaranty obligation hereunder is a continuing guaranty of payment and performance and not of collection, that its obligations under this Section 11 shall not be discharged until payment and performance, in full, of the Liabilities has occurred, and that its obligations under this Section 11 shall be absolute and unconditional, irrespective of, and unaffected by, the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Agreement,

any other Ancillary Agreement or any other agreement, document or instrument to which any Borrower is or may become a party; the absence of any action to enforce this Agreement (including this Section 11) or any other Ancillary Agreement or the waiver or consent by Agent and each Lender with respect to any of the provisions thereof; the existence, value or condition of, or failure to perfect its Lien against, any security for the Liabilities or any action, or the absence of any action, by Agent and each Lender in respect thereof (including the release of any such security); the insolvency of any Borrower; or any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Each Borrower shall be regarded, and shall be in the same position, as principal debtor with respect to the Liabilities guaranteed hereunder.

11.2 Waivers by Borrowers. Each Borrower expressly waives all rights it may have now or in the future under any statute, or at common law, or at law or in equity, or otherwise, to compel Agent or any Lender to marshal assets or to proceed in respect of the Liabilities guaranteed hereunder, against any other party or against any security for the payment and performance of the Liabilities before proceeding against, or as a condition to proceeding against, such Borrower. It is agreed among each Borrower, Agent and each Lender that the foregoing waivers are of the essence of the transaction contemplated by this Agreement and the Ancillary Agreements and that, but for the provisions of this Section 11.2 and such waivers, Agent and Lenders would decline to enter into this Agreement.

11.3 Benefit of Guaranty. Each Borrower agrees that the provisions of this Section 11.3 are for the benefit of Agent and each Lender and their respective successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between any other Borrower and Agent or any Lender, the obligations of such other Borrower under this Agreement and the Ancillary Agreements.

11.4 Subordination of Subrogation, Etc.. Notwithstanding anything to the contrary in this Agreement or in any Ancillary Agreement, and except as set forth in Section 11.7, each Borrower hereby expressly and irrevocably subordinates to payment of the Liabilities any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and any and all defenses available to a surety, guarantor or accommodation co-obligor until the Liabilities are indefeasibly paid in full in cash. Each Borrower acknowledges and agrees that this subordination is intended to benefit Agent and each Lender and shall not limit or otherwise affect such Borrower's liability hereunder or the enforceability of this Section 11, and that Agent, each Lender and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 11.4.

11.5 Election of Remedies. If Agent or any Bank may, under applicable law, proceed to realize its benefits under this Agreement or any Ancillary Agreement giving Agent or such Lender a Lien upon any Collateral, whether owned by any Borrower or by any other Person, either by judicial foreclosure or by non-judicial sale or enforcement, Agent or any Lender may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Section 11. If, in the exercise of any of its rights and

remedies, Agent or any Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Borrower or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, each Borrower hereby consents to such action by Agent or such Lender and waives any claim based upon such action, even if such action by Agent or such Lender shall result in a full or partial loss of any rights of subrogation that each Borrower might otherwise have had but for such action by Agent or such Lender. Any election of remedies that results in the denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Liabilities. In the event Agent or any Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or this Agreement or any Ancillary Agreements, Agent or such Lender may bid all or less than the amount of the Liabilities and the amount of such bid need not be paid by Agent or such Lender but shall be credited against the Liabilities. The amount of the successful bid at any such sale, whether Agent, such Lender or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral and the difference between such bid amount and the remaining balance of the Liabilities shall be conclusively deemed to be the amount of the Liabilities guaranteed under this Section 11, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

11.6 Limitation. Notwithstanding any provision herein contained to the contrary, each Borrower's liability under this Section 11 (which liability is in any event in addition to amounts for which such Borrower is primarily liable under Section 2) shall be limited to an amount not to exceed as of any date of determination the greater of: (i) the net amount of all Loans advanced to any other Borrower under this Agreement and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower; and (ii) the amount that could be claimed by Agent and Lenders from such Borrower under this Section 11 without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law after taking into account, among other things, such Borrower's right of contribution and indemnification from each other Borrower under Section 11.7.

11.7 Contribution with Respect to Guaranty Obligations. To the extent that any Borrower shall make a payment under this Section 11 of all or any of the Liabilities (other than Loans made directly to that Borrower) (a **"Guarantor Payment"**) that exceeds the amount such Borrower would otherwise have paid if each Borrower had paid the aggregate Liabilities satisfied by such Guarantor Payment in the same proportion that such Borrower's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Borrowers as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Liabilities and termination of the Commitments) such Borrower shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. As of any date of determination, the **"Allocable Amount"** of any Borrower shall be equal to the maximum

amount of the claim that could then be recovered from such Borrower under this Section 11 without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. This Section 11.7 is intended only to define the relative rights of Borrowers and nothing set forth in this Section 11.7 is intended to or shall impair the obligations of Borrowers, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement, including this Section 11.7. Nothing contained in this Section 11.7 shall limit the liability of any Borrower to pay the Loans made directly or indirectly to that Borrower and accrued interest, fees and expenses with respect thereto for which such Borrower shall be primarily liable. The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Borrower to which such contribution and indemnification is owing. The rights of the indemnifying Borrowers against other Borrower under this Section 11.7 shall be exercisable upon the full and indefeasible payment of the Liabilities and the termination of the Commitments.

11.8 Liability Cumulative. The liability of Borrowers under this Section 11 is in addition to and shall be cumulative with all liabilities of each Borrower to Agent and each Lender under this Agreement and the Ancillary Agreements to which such Borrower is a party or in respect of any Liabilities or obligation of the other Borrowers, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. CONSENT TO TRANSACTIONS.

Subject to the terms and conditions set forth herein, the Required Lenders consent to (i) the Modus Transaction and (ii) the acquisition by Logistix Holdings Europe Ltd. of the remaining equity interest in SalesLink Solutions International Ireland Limited that it did not/does not presently own.

[signature page attached]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first written above.

BORROWERS:

SALESLINK CORPORATION
a Delaware corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Chief Financial Officer and Treasurer

PACIFIC DIRECT MARKETING CORP.
a California corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Treasurer

INSOLUTIONS INCORPORATED
a Delaware corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Treasurer

SALESLINK MEXICO HOLDING CORP.
a Delaware corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Treasurer

ON-DEMAND SOLUTIONS, INC.
a Massachusetts corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Treasurer

SL SUPPLY CHAIN SERVICES INTERNATIONAL CORP.
a Delaware corporation

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf
Title: Chief Financial Officer and Treasurer

LENDERS:

LASALLE BANK NATIONAL ASSOCIATION,
as a Lender and as Agent

By: /s/ David Bacon

Name: David Bacon
Title: Assistant Vice President

Address
LaSalle Bank National Association
135 South LaSalle
Chicago, Illinois 60603
Attention: David Bacon
Fax: (312) 904-0409

CITIZEN'S BANK OF MASSACHUSETTS,
as a Lender

By: /s/ David P. O'Connell

Name: David P. O'Connell
Title: Portfolio Manager

Address
Citizen's Bank of Massachusetts
53 State Street
8th Floor
Boston, Massachusetts 02109
Attention: David O' Connell
Fax: (617) 742-9548

Exhibit 10.49

CMG @VENTURES III, LLC

AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT

THIS AMENDMENT, dated as of the 31st day of December, 2003, to the Limited Liability Company Agreement of CMG@Ventures III, LLC (the "Company"), dated as of August 7, 1998 (as amended to date, the "Agreement"), is among CMG@Ventures Capital Corp., a Delaware corporation (the "Capital Member"), and @Ventures Partners III, LLC, a Delaware limited liability company (the "Managing Member" and together with the Capital Member, the "Members"). Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed thereto in the Agreement.

WHEREAS, the Capital Member and the Managing Member desire to extend the term of the Company through June 30, 2005; and

WHEREAS, in connection with such extension, the Capital Member and the Managing Member desire to modify certain provisions of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members hereby agree as follows:

1. Effective Date of Amendment. This Amendment shall become effective on December 31, 2003 (such date, the "Amendment Effective Date").

2. Election to Extend Term. Pursuant to and in accordance with Section. 8.1.4 of the Agreement, the Capital Member and the Managing Member have elected to extend the term of the Company through June 30, 2005, and the Agreement is hereby amended to reflect such election. For purposes of the Agreement, the period from January 1, 2004 to June 30, 2005 is hereinafter referred to as the "Extension Period."

3. Management Fee During Extension Period. Section 4.4.2 of the Agreement is hereby amended to add, at the end thereof, the following language:

"Notwithstanding anything to the contrary in this Agreement or the Management Contract, during and subsequent to the Extension Period, no Management Fee shall be due or payable to the Management Company pursuant to Section 4.4.2 of this Agreement or Section 4 of the Management Contract. Section 4 of the Management Contract between the Company and the Management Company is hereby deemed to be amended in the manner described herein, and the Management Company and the Company, and the Capital Member (by its signature below), hereby consent to such amendment."

4. Amendment to Section 4.4.3. Section 4.4.3 of the Agreement is hereby amended by adding, at the end thereof, the following sentence:

"Notwithstanding the foregoing, during the Extension Period, any amount received by the Managing Member, the Management Company and their respective affiliates which would otherwise be credited against the amount of the Management Fee pursuant to this Section 4.4.3 shall instead be paid directly to the Company. The corresponding provisions of the Management Contract between the Company and the Management Company are hereby deemed to be amended in the manner described herein, and the Management Company and the Company, and the Capital Member (by its signature below) hereby consent to such amendment."

5. Amendment to Section 4.5. Section 4.5 of the Agreement is hereby amended by adding, at the end thereof, the following sentence:

"Notwithstanding the foregoing, if the term of the Company ends, the Company shall not, after the date of any such termination, have a right to attend and/or participate in any meetings of the LP Advisory Board."

6. Amendment to Section 9.3. Section 9.3 of the Agreement is hereby amended by adding at Line end thereof the following paragraph:

"Notwithstanding the foregoing, with respect to the Extension Period, the Managing Member shall be required to prepare and deliver to each Member only the following reports: (i) on or before August 15, 2004, an unaudited balance sheet as of June 30, 2004 and an income statement for the Company for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (ii) on or before August 15, 2004, a statement showing the balance in each Member's Capital Account as of June 30, 2004 and a reconciliation, of such balance, (iii) on or before February 15, 2005, an unaudited balance sheet as of December 31, 2004 and an income statement for the Company for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (iv) on or before February 15, 2005, a statement showing the balance in each Member's Capital Account as of December 31, 2004 and a reconciliation of such balance, (v) on or before August 15, 2005, an unaudited balance sheet as of June 30, 2005 and. an income statement for the Company for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (vi) on or before August 15, 2005, a statement showing the balance in each Member's Capital Account as of June 30, 2005 and a reconciliation of such balance, (vii) on or before December 31, 2004, such other information, reports and forms as are necessary to assist each Member in the preparation of his federal, state and local tax returns for the year ending July 31, 2004, (viii) on or before September 30, 2005, such other information, reports and forms as are necessary to assist each Member in the preparation of his federal, state and local tax returns for the year ending July 31, 2005, and (ix) on or before

September 30, 2005, such other information regarding existing investments and portfolio companies as any Member shall reasonably request."

7. Consent to Amendment of Management Contract. The Capital Member, the Managing Member and the Management Company, by their execution of this Amendment, hereby consent to the amendment of the Management Contract on the terms set forth herein, and the Management Contract is deemed amended hereby to the extent provided herein.

8. Ratification. The Agreement is amended by this Amendment only to the extent expressly provided in this Amendment, and in all other respects, the Agreement is hereby ratified and confirmed and shall remain in full force and effect.

9. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10. Governing Law. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

MANAGING MEMBER:

@VENTURES PARTNERS III, LLC

By: /s/ Marc D. Poirier
Name: Marc D. Poirier
Title: Managing Member

CAPITAL MEMBER:

CMG@VENTURES CAPITAL CORP.

By: /s/ Thomas Oberdorf
Name: Thomas Oberdorf
Title: Treasurer and Chief Financial Officer

The Management Company and the Company hereby consent to the amendment to the Management Contract contemplated by Sections 3 and 4 of this Amendment, as of the date first written above.

@VENTURES MANAGEMENT, LLC

By /s/ Marc D. Poirier
Authorized Member

CMG @VENTURES III, LLC

By @Ventures Partners III, LLC,
Managing Member

By /s/ Marc D. Poirier
Authorized Managing Member

Exhibit 10.53

AMENDMENT NO. 6 TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
@VENTURES III, L.P.

This Amendment, dated as of November 10, 2003 (this "Amendment"), to the Agreement of Limited Partnership dated as of August 7, 1998 (as amended by a certain Amendment No. 1 dated as of August 7, 1998, an Amendment dated as of October 1, 1999 (reflecting a transfer of a limited partnership interest) an Amendment dated as of December 31, 1999 (reflecting a transfer of a limited partnership interest), an Amendment dated as of September 30, 2001 (reflecting a transfer of a limited partnership interest), and a certain Amendment No. 5 dated as of June 7, 2002, the "Agreement") of @Ventures III, L.P., a Delaware limited partnership (the "Partnership"), is by and among @Ventures Partners III, LLC, the general partner of the Partnership (the "General Partner"), and the Limited Partners of the Partnership signing this Amendment below. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

WHEREAS, the Limited Partners and the General Partner desire to extend the term of the Partnership, and to modify certain provisions of the Agreement in connection with such extension, as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Partners agree as follows:

1. Effective Date of Amendment. This Amendment shall become effective on the date on which this Amendment has been signed and delivered by or on behalf of the General Partner and at least Two-Thirds in Interest of the Limited Partners (such date, the "Amendment Effective Date").

2. Election to Extend Term. Pursuant to and in accordance with Section 11.1(1)(x) of the Agreement, the General Partner and Two-Thirds in Interest of the Limited Partners have elected to extend the term of the Partnership through June 30, 2004, and the Agreement is hereby amended to reflect such election. For purposes of the Agreement, the period from January 1, 2004 to June 30, 2004 is hereinafter referred to as the "Extension Period."

3. Management Fee During Extension Period. Pursuant to and in accordance with Section 6.5C of the Agreement, the Management Company and Two-Thirds in Interest of the Limited Partners have agreed that the Management Fee during the Extension Period shall equal $57,607, which amount shall be paid in a single nonrefundable installment on or about January 1, 2004 out of funds currently held by the Partnership. The Agreement is hereby amended to reflect such agreement. The Management Company, by signing this amendment below, hereby consents to and agrees

to provide management services to the Partnership pursuant to the Management Contract for such Management Fee during the Extension Period.

4. Amendment to Section 6.6A. Section 6.6A of the Agreement is hereby amended to add, at the end thereof, the following sentence:

"Notwithstanding the foregoing, if the term of the Foreign Fund ends, the Foreign Fund shall not, after the date of any such termination, have a right to designate a member of the LP Advisory Board, and in any such event, the LP Advisory Board shall consist solely of the three Domestic Designees, and no decision of the LP Advisory Board shall be binding upon the Foreign Fund or its partners."

5. Amendment to Section 6.6B. Section 6.6B of the Agreement is hereby amended to add, at the end thereof, the following sentence:

"Notwithstanding the foregoing, if the term of CMG @Ventures III, LLC ends, CMG @Ventures III, LLC shall not, after the date of any such termination, have a right to attend and/or participate in any meetings of the LP Advisory Board."

6. Amendment to Section 7.1. Section 7.1 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Until June 30, 2004, Mills agrees to use his best efforts in furtherance of the purposes and objectives of the Partnership, to devote such of his time as shall be necessary to the business of the Partnership, and to devote substantially all of his business time to the affairs of the Partnership, the Foreign Fund, the CMGI Funds, the Management Company, @Ventures Expansion Management LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., CMGI @Ventures IV, LLC and other future @Ventures investment entities of which CMGI is the sole investor."

7. Amendment to Section 7.4. Section 7.4 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, the provisions of this Section 7.4 shall be of no further force or effect."

8. Amendment to Section 7.5. Section 7.5 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, the provisions of this Section 7.5 shall be of no further force or effect."

9. Amendment to Section 7.6. Section 7.6 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, the provisions of this Section 7.6 shall be of no further force or effect."

10. Amendment to Section 7.7(a). Section 7.7(a) of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, the provisions of this Section 7.7(a) shall be of no further force or effect."

11. Amendment to Section 7.7(b). Section 7.7(b) of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, for purposes of this Section 7.7(b), no distribution of securities by the Partnership or any Other Participating Fund to its respective partners or members in connection with the termination, dissolution or liquidation of the Partnership or such Other Participating Fund shall constitute a sale, exchange, transfer or other disposition and any such distribution shall not be subject to the provisions of this Section 7.7(b)."

12. Amendment to Section 7.7(c). Section 7.7(c) of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31, 2003, the provisions of this Section 7.7(c) shall be of no further force or effect."

13. Amendment to Section 10.3. Section 10.3 of the Agreement is hereby amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing, with respect to the Extension Period, the General Partner shall be required to prepare and deliver to each Partner only the following reports: (i) on or before August 15, 2004, an unaudited balance sheet as of June 30, 2004 and an income statement for the Partnership for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (ii) on or before August 15, 2004, a statement showing the balance in such Partner's Capital Account as of June 30, 2004 and a reconciliation of such balance, (iii) on or before August 15, 2004, a statement showing the amount of UBTI, if any, generated by the Partnership during such six-month period, and (iv) on or before September 30, 2004, such other information, reports and forms as are necessary to assist each Partner in the preparation of his federal, state and local tax returns. In addition, after the end of the partial year ending on June 30, 2004, the General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for that

partial year. Such audit shall be certified and a copy thereof shall be delivered to each Partner on or before September 30, 2004."

14. Amendment to Section 10.4. Section 10.4 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement, with respect to periods after December 31, 2003, the General Partner shall not be obligated to hold annual meetings of the Limited Partners."

15. Consent to Amendment of Management Contract. The Limited Partners and the Management Company hereby consent to the amendment of the Management Contract on the terms set forth herein, and the Management Contract is deemed amended hereby to the extent provided herein.

16. Ratification. The Agreement is to be deemed amended by this Amendment only to the extent expressly provided in this Amendment, and in all other respects, the Agreement is hereby ratified and confirmed and shall remain in full force and effect.

17. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

18. Governing Law. This Amendment shall be construed and enforced in accordance with and governed by the laws of Massachusetts.

[Signature pages follow.]

Counterpart Signature Page to Amendment
to the Agreement of Limited Partnership
of @Ventures III, L.P.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

GENERAL PARTNER:

@VENTURES PARTNERS III, LLC

By: /s/ Marc D. Poirier
Authorized Managing Member

LIMITED PARTNERS:

Limited Partner Name *(Please print or type)*

Limited Partner Signature

Title *(If applicable)*

_____, 2003
Date *(Please complete)*

The undersigned is signing this Amendment, effective as of the Amendment Effective Date, for the limited purpose of reflecting its Agreement to the matters specified in Sections 3 and 15 of this Amendment, including without limitation, the amount of Management Fees payable by the Partnership during the Extension Period, and agrees that the Management Contract is hereby amended to the extent necessary to reflect such Management Fee.

@VENTURES MANAGEMENT, LLC

By: /s/ Marc D. Poirier
Authorized Member

Exhibit 10.54

AMENDMENT NO. 7 TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
@VENTURES III, L.P.

This Amendment, dated as of June 29, 2004 (this "Amendment"), to the Agreement of Limited Partnership dated as of August 7,1998 (as amended to date, the "Agreement") of @Ventures III, L.P., a Delaware limited partnership (the "Partnership"), is by and among @Ventures Partners III, LLC, the general partner of the Partnership (the "General Partner"), and the Limited Partners of the Partnership signing this Amendment below. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

WHEREAS, the Limited Partners and the General Partner desire to extend the term of the Partnership, and to modify certain provisions of the Agreement in connection with such extension, as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Partners agree as follows:

1. Effective Date of Amendment. This Amendment shall become effective on the date on which this Amendment has been signed and delivered by or on behalf of the General Partner and at least Two-Thirds in Interest of the Limited Partners (such date, the "Amendment Effective Date").

2. Election to Extend Term. Pursuant to and in accordance with Section 11.1(1)(x) of the Agreement, the General Partner and Two-Thirds in Interest of the Limited Partners have elected to extend the term of the Partnership through June 30, 2005, and the Agreement is hereby amended to reflect such election. For purposes of the Agreement, the period from January 1, 2004 to June 30, 2004 is hereinafter referred to as the "Extension Period" and the period from July 1, 2004 through June 30, 2005 is hereinafter referred to as the "Second Extension Period."

3. Management Fee During Second Extension Period. Pursuant to and in accordance with Section 6.5C of the Agreement, the Management Company and Two-Thirds in Interest of the Limited Partners have agreed that the Management Fee during the Second Extension Period shall equal $115,213, which amount shall be paid in two equal nonrefundable installments, the first due on July 1, 2004 and the second due on January 1, 2005, in each case out of funds currently held by the Partnership. The Agreement is hereby amended to reflect such agreement. The Management Company, by signing this amendment below, hereby consents to and agrees to provide management services to the Partnership pursuant to the Management Contract for such Management Fee during the Second Extension Period.

4. Amendment to Section 7.1. Section 7.1 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Until June 30, 2005, Mills agrees to use his best efforts in furtherance of the purposes and objectives of the Partnership, to devote such of his time as shall be necessary to the business of the Partnership, and to devote substantially all of his business time to the affairs of the Partnership, the Foreign Fund, the CMGI Funds, the Management Company, @Ventures Expansion Management LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., CMGI @Ventures IV, LLC, and any other @Ventures investment entities of which CMGI is the sole investor."

5. Amendment to Section 10.3. The last paragraph of Section 10.3 of the Agreement is hereby amended to read in its entirety as follows:

"Notwithstanding the foregoing, with respect to the Extension Period and the Second Extension Period, the General Partner shall be required to prepare and deliver to each Partner only the following reports: (i) on or before August 15, 2004, March 30, 2005 and September 30, 2005, an unaudited balance sheet as of June 30, 2004, December 31, 2004 and June 30, 2005, respectively, and in each case an income statement for the Partnership for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (ii) on or before March 30, 2005, a statement showing the balance in such Partner's Capital Account as of December 31, 2004 and a reconciliation of such balance, (iii) on or before September 30, 2005, a statement showing the balance in such Partner's Capital Account as of June 30, 2005, and a reconciliation of such balance, (iv) on or before March 30, 2005 and September 30, 2005, a statement showing the amount of UBTI, if any, generated by the Partnership during the 12-month period ended December 31, 2004 and the six-month period ended June 30, 2005, respectively, and (v) on or before March 15, 2005 and September 30, 2005, such other information, reports and forms as are necessary to assist each Partner in the preparation of his federal, state and local tax returns for the year ended December 31, 2004 and the partial year ended June 30, 2005, respectively. The General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for the 12-month period ended December 31, 2004, and such audit shall be certified and a copy thereof shall be delivered to each Partner on or before March 30, 2005. The General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for the six-month period ended June 30, 2005, and such audit shall be certified and a copy thereof shall be delivered to each Partner on or before September 30, 2005."

6. Consent to Amendment of Management Contract. The Limited Partners and the Management Company hereby consent to the amendment of the Management Contract on the terms set forth herein, and the Management Contract is deemed amended hereby to the extent provided herein.

7. Ratification. The Agreement is to be deemed amended by this Amendment only to the extent expressly provided in this Amendment, and in all other respects, the Agreement is hereby ratified and confirmed and shall remain in full force and effect.

8. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

9. Governing Law. This Amendment shall be construed and enforced in accordance with and governed by the laws of Massachusetts.

[Signature pages follow.]

Counterpart Signature Page to Amendment
to the Agreement of Limited Partnership
of @Ventures III, L.P.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

GENERAL PARTNER:

@VENTURES PARTNERS III, LLC

By: /s/ Marc D. Poirier
Authorized Managing Member

LIMITED PARTNERS:

Limited Partner Name *(Please print or type)*

Limited Partner Signature

Title *(If applicable)*

_____, 2004
Date (*Please complete*)

The undersigned is signing this Amendment, effective as of the Amendment Effective Date, for the limited purpose of reflecting its Agreement to the matters specified in Sections 3 and 6 of this Amendment, including without limitation, the amount of Management Fees payable by the Partnership during the Second Extension Period, and agrees that the Management Contract is hereby amended to the extent necessary to reflect such Management Fee.

@VENTURES MANAGEMENT, LLC

By: /s/ Marc D. Poirier
Authorized Member

Exhibit 10.59

AMENDMENT NO. 3 TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
@VENTURES FOREIGN FUND III, L.P.

This Amendment No. 3 (this "Amendment No. 3"), dated as of February 26,2003, to the Agreement of Limited Partnership dated as of December 22,1998 (as amended to date, the "Agreement") of @Ventures Foreign Fund III, L.P., a Delaware limited partnership (the "Partnership"), is by and among @Ventures Partners III, LLC, the general partner of the Partnership (the "General Partner"), and all of the Limited Partners of the Partnership. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

WHEREAS, the undersigned Partners desire to amend the Agreement to (i) reflect that the General Partner and the Management Company have agreed to waive all Incentive Distributions and Management Fees, respectively, with respect to the conduct of the business of the Partnership from and after February 1,2002, (ii) reflect that certain penalty provisions relating to the General Partner have been modified or deleted, and (iii) modify certain other provisions of the Agreement, as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Partners agree as follows:

1. Effective Date of Amendment. This Amendment No. 3 shall become effective on the date on which this Amendment No. 3 has been signed and delivered by the General Partner and all of the Limited Partners (such date, the "Amendment No. 3 Effective Date").

2. Addition of Section 5.10. Section 5.10A is hereby amended and restated in its entirety to read as follows:

"5.10 General Partner Distributions and Payments; Amendment Effective Date Distributions.

A. From and after February 26, 2003, the General Partner hereby waives its right to receive (i) any Incentive Distributions, (ii) any associated allocations of Operating Income or Loss and Investment Gain or Loss to the extent attributable to the amounts waived pursuant to clause (i) of this Section 5.10A and (iii) any distributions upon liquidation in respect of its positive Capital Account to the extent of any portion of such Capital Account balance which is attributable to amounts waived pursuant to clauses (i) and (ii) of this Section 5.10A."

3. Amendment to Section 6.4. The second paragraph of Section 6.4 of the Agreement is hereby amended and restated in its entirety to read as follows:

"Each of Mills, Nerrow and Poirier agrees that, during the period from the Amendment Effective Date through December 31,2003, he shall be engaged in the activities contemplated by the second sentence of Section 7.1 (as amended), he shall not be entitled

to receive out of amounts paid by the Partnership to the Management Company as management fees (or otherwise), any salary or bonus compensation payments, and that the Partnership will not be permitted to pay salary or bonus compensation to such Principal or any other person during such period (except pursuant to Section 5.10B)."

4. Amendment to Section 7.1. The first paragraph of Section 7.1 of the Agreement is hereby amended to read in its entirety as follows:

"The General Partner hereby agrees to use its best efforts in furtherance of the purposes and objectives of the Partnership and to devote to such purposes and objectives such of its time as shall be necessary for the management of the affairs of the Partnership. Until December 31,2003, each of the Principals agrees to use his best efforts in furtherance of the purposes and objectives of the Partnership, to devote such of his time as shall be necessary to the business of the Partnership, and to devote substantially all of his business time to the affairs of the Partnership, the Domestic Fund, the CMGI Funds, the Management Company, @Ventures Expansion Management LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., CMGI @Ventures IV, LLC and other future @Ventures investment entities of which CMGI is the sole investor. Breach by any Principal of his obligations under the preceding sentence shall constitute a Triggering Event for purposes of Section 6.4, and the sole remedy of the Partnership and/or any Partner against such Principal for breach of such obligations shall be the payment to the Partnership of $10.00 by such Principal."

5. Confidentiality. The Limited Partners hereby confirm the confidentiality agreements contained in Section 8.12 of their respective Subscription Agreements, which confidentiality agreements shall be applicable to the arrangements effectuated by this Amendment No. 3.

6. General Partner Legal Fees. No portion of the legal fees or other expenses incurred by the General Partner, the Partnership and/or the Management Company in connection with the transactions contemplated by this Amendment No. 3 will be borne by the Partnership.

7. Ratification. In all other respects, the Agreement (including Amendments Nos. 1 and 2) is hereby ratified and confirmed and shall remain in full force and effect.

8. Counterparts. This Amendment No. 3 may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 3 as of the date first above written.

GENERAL PARTNER:

@VENTURES PARTNERS III, LLC

By: /s/ Peter H. Mills
Authorized Managing Member

LIMITED PARTNERS:

Limited Partner Name (Please print or type)

Limited Partner Signature

Title (If applicable)

Date (Please Complete)

Each of the undersigned is signing this Amendment No. 3, effective as of the Amendment No. 3 Effective Date, for the limited purposes of reflecting their agreement to the matters specified in Section 3 of this Amendment No. 3 (with respect to Section 6.4 of the Agreement) and Section 4 of this Amendment No. 3 (with respect to Section 7.1 of the Agreement), and for no other purpose.

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc D. Poirier
Marc D. Poirier

The undersigned is signing this Amendment No. 3, effective as of the Amendment No. 3 Effective Date, for the limited purposes of reflecting its agreement to the matters specified in Section 3 of this Amendment No. 3 (with respect to Section 6.4 of the Agreement) and for no other purpose.

@VENTURES MANAGEMENT, LLC

By: /s/ Peter H. Mills
Authorized Member

Print Name and Title: Peter H. Mills

Exhibit 10.60

AMENDMENT NO. 4 TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
@VENTURES FOREIGN FUND III, L.P.

This Amendment No. 4, dated as of December 1, 2003 (this "Amendment"), to the Agreement of Limited Partnership dated as of December 22,1998 (as amended to date, the "Agreement") of @Ventures Foreign Fund III, L.P., a Delaware limited partnership (the "Partnership"), is by and among @Ventures Partners III, LLC, the general partner of the Partnership (the "General Partner"), and all of the Limited Partners of the Partnership. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

WHEREAS, the Limited Partners and the General Partner desire to extend the term of the Partnership, and to modify certain provisions of the Agreement in connection with such extension, as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Partners agree as follows:

1. Effective Date of Amendment. This Amendment shall become effective on the date hereof (such date, the "Amendment Effective Date").

2. Election to Extend Term. Pursuant to and in accordance with Section 11.1(1)(x) of the Agreement, the General Partner and Two-Thirds in Interest of the Limited Partners have elected to extend the term of the Partnership through June 30, 2004, and the Agreement is hereby amended to reflect such election. For purposes of the Agreement, the period from January 1, 2004 to June 30, 2004 is hereinafter referred to as the "Extension Period."

3. Amendment to Section 6.4. Section 6.4 of the Agreement is hereby amended to add, at the end thereof, the following sentence:

"Mills agrees that, during the period from January 1,2004 until June 30,2004, he shall be engaged in the activities contemplated by the fourth sentence of Section 7.1, and that the Partnership shall not be permitted to pay salary or bonus compensation to him or any other person during such period (except pursuant to Section 5.10B)."

4. Management Fee During Extension Period. Pursuant to and in accordance with Section 6.5C of the Agreement, the Management Company, the General Partner and Two-Thirds in Interest of the Limited Partners have agreed that during the Extension Period, no Management Fee shall be payable. The Agreement is hereby amended to reflect such agreement. The Management Company, by signing this Amendment below, hereby consents to and agrees to provide management services to the Partnership pursuant to the Management Contract for no Management Fee during the Extension Period.

5. Amendments to Sections 6.5E and F. Sections 6.5E and 6.5F shall be amended by replacing “through December 31,2003” with “through June 30, 2004.”

6. Amendment to Section 6.6A. Section 6.6A of the Agreement is hereby amended to add, at the end thereof, the following sentence:

“Notwithstanding the foregoing, if the term of the Domestic Fund ends, the Domestic Fund shall not, after the date of any such termination, have a right to designate any members of the LP Advisory Board, and in any such event, the LP Advisory Board shall consist solely of the Foreign Designee, and no decision of such LP Advisory Board (consisting solely of the Foreign Designee) shall be binding upon the Domestic Fund or its partners.”

7. Amendment to Section 6.6B. Section 6.6B of the Agreement is hereby amended to add, at the end thereof, the following sentence:

“Notwithstanding the foregoing, if the term of CMG @Ventures III, LLC ends, CMG @Ventures III, LLC shall not, after the date of any such termination, have a right to attend and/or participate in any meetings of the LP Advisory Board.”

8. Amendment to Section 7.1. Section 7.1 of the Agreement is hereby amended by adding at the end thereof the following sentence:

“From January 1, 2004 until June 30, 2004, Mills agrees to use his best efforts in furtherance of the purposes and objectives of the Partnership, to devote such of his time as shall be necessary to the business of the Partnership, and to devote substantially all of his business time to the affairs of the Partnership, the Domestic Fund, the CMGI Funds, the Management Company, @Ventures Expansion Management LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., CMGI @Ventures IV, LLC and other future @Ventures investment entities of which CMGI is the sole investor.”

9. Amendment to Section 7.4. Section 7.4 of the Agreement is hereby amended by adding at the end thereof the following sentence:

“Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31,2003, the provisions of this Section 7.4 shall be of no further force or effect.”

10. Amendment to Section 7.5. Section 7.5 of the Agreement is hereby amended by adding at the end thereof the following sentence:

“Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31,2003, the provisions of this Section 7.5 shall be of no further force or effect.”

11. Amendment to Section 7.6. Section 7.6 of the Agreement is hereby amended by adding at the end thereof the following sentence:

“Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, with respect to periods after December 31,2003, the provisions of this Section 7.6 shall be of no further force or effect.”

12. Amendment to Section 10.3. Section 10.3 of the Agreement is hereby amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing, with respect to the Extension Period, the General Partner shall be required to prepare and deliver to each Partner only the following reports: (i) on or before August 15, 2004, an unaudited balance sheet as of June 30, 2004 and an income statement for the Partnership for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (ii) on or before August 15,2004, a statement showing the balance in such Partner's and the General Partner's Capital Account as of June 30, 2004 and a reconciliation of such balance, and (iii) on or before September 30, 2004, such other information, reports and forms as are necessary to assist each Partner in the preparation of its federal, state, local and foreign tax returns. In addition, after the end of the partial year ending on June 30, 2004, the General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for that partial year. Such audit shall be certified and a copy thereof shall be delivered to each Partner on or before September 30, 2004."

13. Amendment to Section 10.4. Section 10.4 of the Agreement is hereby amended by adding at the end thereof the following sentence:

"Notwithstanding the foregoing, or any other provision of this Agreement, with respect to periods after December 31, 2003, the General Partner shall not be obligated to hold annual meetings of the Limited Partners."

14. Consent to Amendment of Management Contract. The Limited Partners, the General Partner and the Management Company hereby consent to the amendment of the Management Contract on the terms set forth herein, and the Management Contract is deemed amended hereby to the extent provided herein.

15. Ratification. The Agreement is to be deemed amended by this Amendment only to the extent expressly provided in this Amendment, and in all other respects, the Agreement is hereby ratified and confirmed and shall remain in full force and effect.

16. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

17. Governing Law. This Amendment shall be construed and enforced in accordance with and governed by the laws of Delaware.

18. General Partner Legal Fees. No portion of the legal fees or other expenses incurred by the General Partner, the Partnership and/or the Management Company in connection with the transactions contemplated by this Amendment will be borne by the Partnership.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 4 as of the date first above written.

GENERAL PARTNER:

@VENTURES PARTNERS III, LLC

By: /s/ Marc D. Poirier
Authorized Managing Member

LIMITED PARTNERS:

Limited Partner Name (Please print or type)

Limited Partner Signature

Title (If applicable)

Date (Please Complete)

Peter H. Mills is signing this Amendment No. 4, effective as of the Amendment Effective Date, for the limited purposes of reflecting his agreement to the matters specified in Sections 3 and 8 of this Amendment, and for no other purpose.

/s/ Peter H. Mills
Peter H. Mills

The undersigned is signing this Amendment, effective as of the Amendment Effective Date, for the limited purpose of reflecting its Agreement to the matters specified in Sections 4 and 14 of this Amendment, including without limitation, that no Management Fees will be payable by the Partnership during the Extension Period, and agrees that the Management Contract is hereby amended to the extent necessary to reflect that no Management Fees will be payable.

@VENTURES MANAGEMENT, LLC

By: /s/ Marc D. Poirier
Authorized Member

Exhibit 10.61

AMENDMENT NO. 5 TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
@VENTURES FOREIGN FUND III, L.P.

This Amendment No. 5, dated as of June 30, 2004 (this "Amendment"), to the Agreement of Limited Partnership dated as of December 22, 1998 (as amended to date, the "Agreement") of @Ventures Foreign Fund III, L.P., a Delaware limited partnership (the "Partnership"), is by and among @Ventures Partners III, LLC, the general partner of the Partnership (the "General Partner"), and all of the Limited Partners of the Partnership. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

WHEREAS, the Limited Partners and the General Partner desire to extend the term of the Partnership, and to modify certain provisions of the Agreement in connection with such extension, as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Partners agree as follows:

1. Effective Date of Amendment. This Amendment shall become effective on the date hereof (such date, the "Amendment Effective Date").

2. Election to Extend Term. Pursuant to and in accordance with Section 11.1(1)(x) of the Agreement, the General Partner and Two-Thirds in Interest of the Limited Partners have elected to extend the term of the Partnership through June 30, 2005, and the Agreement is hereby amended to reflect such election. For purposes of the Agreement, the period from January 1, 2004 to June 30, 2004 is hereinafter referred to as the "Extension Period" and the period from July 1, 2004 through June 30, 2005 is hereinafter referred to as the "Second Extension Period."

3. Amendment to Section 6.4. The last sentence of Section 6.4 of the Agreement is hereby amended to read in its entirety as follows:

"Mills agrees that, during the period from January 1, 2004 until June 30, 2005, he shall be engaged in the activities contemplated by the last sentence of Section 7.1, and that the Partnership shall not be permitted to pay salary or bonus compensation to him or any other person during such period (except pursuant to Section 5.10B)."

4. Management Fee During Extension Period and Second Extension Period. Pursuant to and in accordance with Section 6.5C of the Agreement, the Management Company, the General Partner and Two-Thirds in Interest of the Limited Partners have agreed that during the Extension Period and the Second Extension Period, no Management Fee shall be payable. The Agreement is hereby amended to reflect such agreement. The Management Company, by signing this Amendment below, hereby consents to and agrees to provide management services to the Partnership pursuant to the Management Contract for no Management Fee during the Extension Period and the Second Extension Period.

5. Amendments to Sections 6.5E and F. Sections 6.5 E and 6.5F shall be amended by replacing the words “through June 30, 2004” with the words “through the end of the term of the Partnership.”

6. Amendment to Section 7.1. The last sentence of Section 7.1 of the Agreement is hereby amended to read in its entirety as follows:

“From January 1, 2004 until June 30, 2005, Mills agrees to use his best efforts in furtherance of the purposes and objectives of the Partnership, to devote such of his time as shall be necessary to the business of the Partnership, and to devote substantially all of his business time to the affairs of the Partnership, the Domestic Fund, the CMGI Funds, the Management Company, @Ventures Expansion Management LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., CMGI @Ventures IV, LLC and other @Ventures investment entities of which CMGI is the sole investor.”

7. Amendment to Section 10.3. The last paragraph of Section 10.3 of the Agreement is hereby amended to read in its entirety as follows:

“Notwithstanding the foregoing, with respect to the Extension Period and the Second Extension Period, the General Partner shall be required to prepare and deliver to each Partner only the following reports: (i) on or before August 15, 2004, March 30, 2005 and September 30, 2005, an unaudited balance sheet as of June 30, 2004, December 31, 2004 and June 30, 2005, respectively, and in each case an income statement for the Partnership for the six-month period then ended, accompanied by a report on any material developments in existing investments which occurred during such six-month period, (ii) on or before March 30, 2005, a statement showing the balance in such Partner’s and the General Partner’s Capital Account as of December 31, 2004 and a reconciliation of such balance, (iii) on or before September 30, 2005, a statement showing the balance in such Partner’s and the General Partner’s Capital Account as of June 30, 2005, and a reconciliation of such balance, and (iv) on or before March 15, 2005 and September 30, 2005, such other information, reports and forms as are necessary to assist each Partner in the preparation of its foreign, federal, state and local tax returns for the year ended December 31, 2004 and the partial year ended June 30, 2005, respectively. The General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for the 12-month period ended December 31, 2004, and such audit shall be certified and a copy thereof shall be delivered to each Partner on or before March 30, 2005. The General Partner shall cause an audit to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for the six-month period ended June 30, 2005, and such audit shall be certified and a copy thereof shall be delivered to each Partner on or before September 30, 2005.”

8. Consent to Amendment of Management Contract. The Limited Partners, the General Partner and the Management Company hereby consent to the amendment of the Management Contract on the terms set forth herein, and the Management Contract is deemed amended hereby to the extent provided herein.

9. Ratification. The Agreement is to be deemed amended by this Amendment only to the extent expressly provided in this Amendment, and in all other respects, the Agreement is hereby ratified and confirmed and shall remain in full force and effect.

10. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

11. Governing Law. This Amendment shall be construed and enforced in accordance with and governed by the laws of Delaware.

12. General Partner Legal Fees. No portion of the legal fees or other expenses incurred by the General Partner, the Partnership and/or the Management Company in connection with the transactions contemplated by this Amendment will be borne by the Partnership.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 5 as of the date first above written.

GENERAL PARTNER:

@VENTURES PARTNERS III, LLC

By: /s/ Marc D. Poirier 6/29/04
Authorized Managing Member

LIMITED PARTNERS:

Limited Partner Name (Please print or type)

Limited Partner Signature

Title (If applicable)

Date (Please Complete)

Peter H. Mills is signing this Amendment No. 5, effective as of the Amendment Effective Date, for the limited purposes of reflecting his agreement to the matters specified in Sections 3 and 6 of this Amendment, and for no other purpose.

/s/ Peter H. Mills
Peter H. Mills

The undersigned is signing this Amendment, effective as of the Amendment Effective Date, for the limited purpose of reflecting its Agreement to the matters specified in Sections 4 and 8 of this Amendment, including without limitation, that no Management Fees will be payable by the Partnership during the Extension Period and the Second Extension Period, and agrees that the Management Contract is hereby amended to the extent necessary to reflect that no Management Fees will be payable.

@VENTURES MANAGEMENT, LLC

By: /s/ Marc D. Poirier 6/29/04
Authorized Member

Exhibit 10.63

FIRST AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FIRST AMENDMENT, dated as of the 16th day of August, 2001, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among CMG @Ventures Capital Corp. (the "Class A Member") and Two-thirds in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows.

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (A) (i) effective as of August 13, 2001, the relationship of Daniel Pawliw ("Pawliw") with all Employers has terminated, (ii) effective as of August 16, 2001, the relationship of Cara McCauley ("McCauley") with all Employers has terminated, and (iii) in each case, such termination constitutes an Event of Forfeiture, and (B) effective as of the date hereof, the Profit Member Percentage Interests of the Profit Members have been adjusted pursuant to and in accordance with Section 8.03(a) and (b) of the Agreement.

Pursuant to and in accordance with the Agreement: (i) the Vested Percentage Interest of Pawliw is 50%, and the Vested Percentage Interest of McCauley is 48.33%; (ii) the Investment Percentage Interest of each of Pawliw and McCauley in each Investment in which she or he participates has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments has been increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Pawliw or McCauley which is attributable to the portion of her or his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii).

Pawliw and McCauley shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. Amendment to Article VIII. Article VIII is hereby amended by adding, at the end thereof, the following new Section 8.05:

"8.05 Reallocation of Profit Member Investment Percentage Interests. The Class B Members, by action of Two-thirds in Number of the Class B Members, may at any time and from time to time, elect to modify, retroactively, the respective Profit Member Investment Percentage Interests of the Profit Members and Former Profit Members in any Investment which

is owned by the LLC; provided, however, that no such modification shall reduce the Investment Percentage Interest of any Profit Member or Former Profit Member without the express written approval of any such Profit Member or Former Profit Member. In no event shall the interest of the Class A Member in any Investment be modified or adjusted as a result of this Section 8.05. In connection with any such adjustment to the Investment Percentage Interests of the Members: (i) all Members shall be bound by the determination of Two-thirds in Number of the Class B Members, (ii) the records of the LLC, including the appropriate Investment Schedules, shall be amended accordingly, and (iii) the amounts held in Vesting Escrows for the Profit Members with respect to any Investment for which adjustments are made pursuant to this Section 8.05 shall be adjusted so that, following such adjustments, the amount of any Investment held in the Vesting Escrows for the Profit Members shall be proportionate to the respective Investment Percentage Interests of the Profit Members in such Investment."

3. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ David S. Wetherell
Name David S. Wetherell
Title President

CLASS B MEMBERS (to be signed by Two-thirds in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ Lior E. Yahalomi
Lior E. Yahalomi

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	Profit Member Percentage Interest
Denise W. Marks	1.7592%
Peter H. Mills	26.9750%
David J. Nerrow, Jr.	21.1109%
Marc D. Poirier	19.9381%
Lior E. Yahalomi	26.9750%

Former Profit Members (Class B)	Profit Member Percentage Interest
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Brad Garlinghouse	-0-

Class C Members	Profit Member Percentage Interest
Mainini Cabute	0.02500%
Peter Cochran	2.50000%
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%

Matthew Jennings	0.08340%
Denise McCabe	0.08340%
Jim Quagliaroli	0.50000%
Lisa Scoma	0.02500%

Former Profit Members (Class C)	**Profit Member Percentage Interest**
Denise Ames	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Suresh Ramakrishnan	-0-
Janet Veino	-0-

Exhibit 10.64

CORRECTIVE AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS CORRECTIVE AMENDMENT, dated as of the 27th day of July, 2001, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among CMG @Ventures Capital Corp. (the "Class A Member") and Two-thirds in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement. This Amendment corrects a clerical error in the Agreement, and does not reflect a substantive change to the intended arrangements documented therein.

1. Section 4.01(b)(i). The last sentence of Section 4.01(b)(i) of the Agreement is corrected to read in its entirety as follows:

"As used herein, the "Applicable Profit Members" means those persons who are Profit Members as of the date of this Amended and Restated Agreement, exclusive of (aa) Charles Finnie and (bb) any of such persons who is a Former Profit Member as of the date hereof, provided that, if an Event of Forfeiture occurs after the date hereof with respect to any such Profit Member, it shall not be an Applicable Profit Member unless, pursuant to the Retention Agreement, if any, of such Profit Member, such Profit Member's Vested Percentage is increased to 100% in connection with such Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ David S. Wetherell

Name David S. Wetherell

Title President

CLASS B MEMBERS (to be signed by Two-thirds in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ Lior E. Yahalomi
Lior E. Yahalomi

Exhibit 10.65

SECOND AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS SECOND AMENDMENT, dated as of the 5th day of October, 2001, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows.

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of September 7, 2001, the relationship of Matthew Jennings ("Jennings") with all Employers has terminated, (ii) effective as of September 7, 2001, the relationship of Lisa Scoma ("Scoma") with all Employers has terminated, and (iii) effective as of October 5, 2001, the relationship of Mainini Cabute ("Cabute") with all Employers has terminated, and (iv) in each case, such termination constitutes an Event of Forfeiture.

Pursuant to and in accordance with the Agreement: (i) the Vested Percentage Interest of Jennings is 48.33%, the Vested Percentage Interest of Scoma is zero, and the Vested Percentage Interest of Cabute is 56.67%; (ii) the Investment Percentage Interest of each of Jennings, Scoma and Cabute in each Investment in which she or he participates (if any) has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments has been increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Jennings, Scoma and Cabute (if any) which is attributable to the portion of her or his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii).

Jennings, Scoma and Cabute shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ Lior E. Yahalomi
Lior E. Yahalomi

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	**Profit Member Percentage Interest**
Denise W. Marks	1.76170%
Peter H. Mills	27.0122%
David J. Nerrow, Jr.	21.1400%
Marc D. Poirier	19.9656%
Lior E. Yahalomi	27.0122%

Former Profit Members (Class B)	**Profit Member Percentage Interest**
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Brad Garlinghouse	-0-

Class C Members	**Profit Member Percentage Interest**
Peter Cochran	2.50000%
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08340%
Jim Quagliaroli	0.50000%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.66

THIRD AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS THIRD AMENDMENT, dated as of the 12th day of April, 2002, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Two-Thirds in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of April 12, 2002, the relationship of James Quagliaroli with all Employers has terminated, and (ii) such termination constitutes an Event of Forfeiture.

Pursuant to and in accordance with the Agreement: (a) Two-Thirds in Number of the Class B Members have voted to increase to 88.33% (from the percentage determined in accordance with Section 3.04 of the Agreement) the Vested Percentage Interest of Mr. Quagliaroli in each Investment in which he participates and the Investment Percentage Interest of the other Members participating in such Investments has been increased to the extent and in the manner provided in Section 3.04(b)(ii); and (b) any amount held in any Vesting Escrow for the benefit of Mr. Quagliaroli (if any) which is attributable to the portion of his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii).

Mr. Quagliaroli shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by Two-Thirds in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ Lior E. Yahalomi
Lior E. Yahalomi

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	**Profit Member Percentage Interest**
Denise W. Marks	1.77080%
Peter H. Mills	27.15160%
David J. Nerrow, Jr.	21.24910%
Marc D. Poirier	20.06860%
Lior E. Yahalomi	27.15160%

Former Profit Members (Class B)	**Profit Member Percentage Interest**
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Brad Garlinghouse	-0-

Class C Members	**Profit Member Percentage Interest**
Peter Cochran	2.50000%
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08340%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.67

FOURTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FOURTH AMENDMENT, dated as of the first day of August, 2002, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of August 1, 2002, the relationship of Peter Cochran with all Employers has terminated, and (ii) such termination constitutes an Event of Forfeiture.

Pursuant to and in accordance with the Agreement: (i) Mr. Cochran's Vested Percentage Interest is 80%; (ii) the Investment Percentage Interest of Mr. Cochran in each Investment in which she or he participates (if any) has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments has been increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Mr. Cochran which is attributable to the portion of his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii).

Mr. Cochran shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ Lior E. Yahalomi
Lior E. Yahalomi

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	Profit Member Percentage Interest
Denise W. Marks	1.8162%
Peter H. Mills	27.8486%
David J. Nerrow, Jr.	21.7945%
Marc D. Poirier	20.5837%
Lior E. Yahalomi	27.8486%

Former Profit Members (Class B)	Profit Member Percentage Interest
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Brad Garlinghouse	-0-

Class C Members	Profit Member Percentage Interest
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08340%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Peter Cochran	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.68

FIFTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FIFTH AMENDMENT, dated as of the 30th day of September, 2002, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of September 30, 2002, the relationship of Lior Yahalomi with all Employers has terminated, and (ii) such termination constitutes an Event of Forfeiture. Pursuant to and in accordance with the Agreement: (A) Mr. Yahalomi's Profit Member Percentage Interest is reduced to zero, effective as of September 30, 2002, and (B) Mr. Yahalomi's Vested Percentage is 100%, and therefore, as a result of the occurrence of such Event of Forfeiture, (I) there shall be no modification of Mr. Yahalomi's Investment Percentage Interest in any Investment in which he participates as of September 30, 2002 and (II) no portion of any amount held in any Vesting Escrow for the benefit of Mr. Yahalomi shall be forfeited.

Mr. Yahalomi shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	**Profit Member Percentage Interest**
Denise W. Marks	2.51828%
Peter H. Mills	38.61358%
David J. Nerrow, Jr.	30.21932%
Marc D. Poirier	28.54047%
Former Profit Members (Class B)	**Profit Member Percentage Interest**
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Lior E. Yahalomi	-0-
Class C Members	**Profit Member Percentage Interest**
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08335%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Peter Cochran	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.69

SIXTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS SIXTH AMENDMENT, dated as of the 24th day of January, 2003, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of January 24, 2003, the relationship of Denise W. Marks with all Employers has terminated, and (ii) such termination constitutes an Event of Forfeiture. Pursuant to and in accordance with the Agreement: (A) Ms. Marks' Profit Member Percentage Interest is reduced to zero, effective as of January 24, 2003, and (B) Ms. Marks' Vested Percentage is 100%, and therefore, as a result of the occurrence of such Event of Forfeiture, (I) there shall be no modification of Ms. Marks' Investment Percentage Interest in any Investment in which she participates as of January 24, 2003 and (II) no portion of any amount held in any Vesting Escrow for the benefit of Ms. Marks, shall be forfeited.

Ms. Marks shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	**Profit Member Percentage Interest**
Peter H. Mills	39.61220%
David J. Nerrow, Jr.	31.00086%
Marc D. Poirier	29.27859%
Former Profit Members (Class B)	**Profit Member Percentage Interest**
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Denise W. Marks	-0-
Lior E. Yahalomi	-0-
Class C Members	**Profit Member Percentage Interest**
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08335%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Peter Cochran	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.70

SEVENTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS SEVENTH AMENDMENT, dated as of the 3rd day of February, 2003, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among (i) the Class A Member, (ii) Two-thirds in Number of the Class B Members and (iii) @Ventures Partners III, LLC. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedules A and B. Schedule A and Schedule B to the Agreement are hereby deleted, and Schedule A and Schedule B attached hereto, respectively, are substituted therefor, in order to reflect that (i) effective as of the date of this Amendment, Bradley Garlinghouse has transferred all of his right, title and interest in and to the LLC to @Ventures Partners III, LLC (the "Transferee"). The Class A Member and Two-thirds in Number of the Class B Members hereby consent to such transfer and to the admission of the Transferee to the LLC as a substitute Member for purposes of Article VIII of the Agreement. The interest acquired by the Transferee is that of a Former Profit Member, and such interest shall not be subject to forfeiture pursuant to Section 3.04 of the Agreement.

2. Agreement of Transferee. The Transferee, by its execution and delivery of this Amendment, hereby agrees to be bound by and subject to all of the provisions of the Agreement in respect of the interest acquired by it on the date hereof, hereby ratifies and confirms all actions taken by the LLC to date, and hereby makes each of the representations and warranties contained in Section 2.10 of the Agreement, as if they were set forth in their entirety herein. The Transferee hereby agrees and acknowledges that it has no right to participate in the conduct of the business or management of the LLC.

3. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS A MEMBER

CMG @VENTURES CAPITAL CORP.

By /s/ Peter L. Gray
Name Peter L. Gray
Title Secretary

CLASS B MEMBERS (to be signed by Two-thirds in Number):

/s/ Peter H. Mills

Peter H. Mills

/s/ David J. Nerrow, Jr.

David J. Nerrow, Jr.

/s/ Marc Poirier

Marc Poirier

TRANSFEREE:

@VENTURES PARTNERS III, LLC

By /s/ Peter H. Mills
Name: Peter H. Mills
Managing Member

CMGI @VENTURES IV, LLC

SCHEDULE A

NAMES AND ADDRESSES OF THE MEMBERS
AND VESTING COMMENCEMENT DATES

Class A Members	Vesting Commencement Date
CMG @ Ventures Capital Corp. 100 Brickstone Square Andover, MA 01810	NA

Class B Members	Vesting Commencement Date
@Ventures Partners III, LLC* 100 Brickstone Square Andover, MA 01810	NA
Jonathan Callaghan* 263 Santa Rita Palo Alto, CA 94301	11/10/99
John Scott Case* 3723 Webster Street San Francisco, CA 94123	6/16/00
Gary Curtis* 7 Oak Arbor Road Orinda, CA 94563	5/1/00
Josh Daniels* 1465 Santa Cruz Avenue Menlo Park, CA 94025	11/10/99
Denise W. Marks* One Orchard Lane Topsfield, MA 01983	11/10/99
Peter H. Mills 2 Sierra Lane Portola Valley, CA 94028	11/10/99

David J. Nerrow, Jr. One Jay Lane Acton, MA 01720	11/10/99
Marc D. Poirier 160 Christian Way North Andover, MA 01845	11/10/99
Lior E. Yahalomi* 1024 Cathcart Way Stanford, CA 94305	1/24/00

Class C Members	**Vesting Commencement Date**
Denise Ames 123 Beacon Drive Milpitas, CA 95034	11/10/99
Mainini Cabute* 1455 Latham Street Mountain View, CA 94041	12/1/99
Peter Cochran* 342 King Street Redwood City, CA 94062	7/5/00
Charles Finnie* 128 Alvarado Road Berkeley, CA 94705	1/31/00
Lynne Haro 233 Vera Avenue Redwood City, CA 94061	2/22/00
Matthew Jennings* 3833 Park Boulevard, #9 Palo Alto, CA 94306	3/10/00
John LaBarre* 1157 Meadowbrook Circle West Allentown, PA 18103	5/15/00

* Former Profit Member.

Denise McCabe 15 Babicz Road Tewksbury, MA 01876	12/29/99
Cara McCauley* 1209 Beacon Street, Apt. 6 Brookline, MA 02146	3/6/00
Daniel Pawliw* 1681 Union Street San Francisco, CA 94123	1/31/00
Jim Quagliaroli* 40 Joy Street, Apt. 12 Boston, MA 02114	11/29/99
Lisa Scoma* 184 Lyndhurst Avenue San Carlos, CA 94070	10/16/00
Janet Veino* 17 Charlemont Court Chelmsford, MA 01863	11/10/99

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	**Profit Member Percentage Interest**
Peter H. Mills	39.61220%
David J. Nerrow, Jr.	31.00086%
Marc D. Poirier	29.27859%
Former Profit Members (Class B)	**Profit Member Percentage Interest**
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Denise W. Marks	-0-
Lior E. Yahalomi	-0-
@Ventures Partners III, LLC	-0-
Class C Members	**Profit Member Percentage Interest**
Charles Finnie	NA See Section 3.03(c)
Lynne Haro	0.02500%
Denise McCabe	0.08335%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Peter Cochran	-0-
Matthew Jennings	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.71

EIGHTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS EIGHTH AMENDMENT, dated as of the 14th day of May, 2004, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among the person named as Class A Member on Schedule A to the Agreement and a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Section 4.01(b)(i). Section 4.01(b)(i) is hereby amended to read in its entirety as follows:

"(i) First, to the Applicable Profit Members (as hereinafter defined), as a group, the LLC shall pay a fee (the "Bonus Incentive Fee") in an amount equal to the Incentive Percentage (determined immediately prior to the proposed distribution in accordance with Exhibit 1 to this Agreement) multiplied by the lower of (A) the amount of the Net Investment Receipts generated by the portion of the Investment then being distributed reduced by the Unreimbursed Acquisition Expense with respect to such portion of the Investment and (B) the aggregate purchase price paid by the LLC for the portion of the Investment generating the Net Investment Receipts then being distributed. The Bonus Incentive Fee shall not be payable in respect of any distribution in respect of the LLC's investment in Half.com or AnswerLogic. The Bonus Incentive Fee shall be subject to reduction in the manner described under clause (iii) below. The Bonus Incentive Fee shall be allocated among the Applicable Profit Members, in proportion to the respective Investment Percentage Interests of the Applicable Profit Members in the Investment generating the particular Net Investment Receipts being distributed, as of the date on which the Bonus Incentive Fee is paid (unless all Applicable Profit Members otherwise unanimously agree). Payment of the Bonus Incentive Fee shall not be subject to the vesting and forfeiture provisions of Sections 3.04 and/or 4.02, but shall be subject to appropriate income and self-employment tax withholding obligations. As used herein, the "Applicable Profit Members" means those persons who are Profit Members as of the date of this Amended and Restated Agreement (July 27, 2001), exclusive of (aa) Charles Finnie and (bb) any of such persons who is a Former Profit Member as of July 27, 2001, provided that,

(xx) if an Event of Forfeiture occurs between July 27,2001 and July 31, 2005 with respect to any Profit Member, such Profit Member shall not be an Applicable Profit Member unless, pursuant to the Retention Agreement, if any, of such Profit Member, such Profit Member's Vested Percentage is increased to 100% in connection with such Event of Forfeiture, and

(yy) all persons who were Profit Members on July 31, 2005 (regardless of whether an Event of Forfeiture thereafter occurs) shall be Applicable Profit Members."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS A MEMBER:

CMGI @VENTURES CAPITAL CORP.

By /s/ Thomas Oberdorf
Name Thomas Oberdorf
Title Chief Financial Officer & Treasurer

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Peter H. Mills
Peter H. Mills

David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

Exhibit 10.72

NINTH AMENDMENT TO
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS NINTH AMENDMENT, dated as of the 18th day of May, 2004, to the Amended and Restated Limited Liability Company Agreement dated as of July 27, 2001 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among a Majority in Number of the persons named as Class B Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby amend the Agreement as follows:

1. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect that (i) effective as of January 9, 2004, the relationship of Lynne Haro with all Employers has terminated, and such termination constitutes an Event of Forfeiture and (ii) effective as of April 14, 2004, the relationship of David J. Nerrow, Jr. with all Employers has terminated, and such termination constitutes an Event of Forfeiture. Pursuant to and in accordance with the Agreement: (A) Ms. Haro's and Mr. Nerrow's Profit Member Percentage Interests are each reduced to zero, effective as of January 9, 2004 and April 14, 2004, respectively, and (B) each of Ms. Haro's and Mr. Nerrow's Vested Percentage is 100%, and therefore, as a result of the occurrence of such Event of Forfeiture, (I) there shall be no modification of Ms. Haro's or Mr. Nerrow's Investment Percentage Interest in any Investment in which she or he participates as of January 9, 2004 and April 14, 2004, respectively and (II) no portion of any amount held in any Vesting Escrow for the benefit of Ms. Haro or Mr. Nerrow shall be forfeited. The LLC did not make any investments between January 9, 2004 and April 14, 2004.

Ms. Haro and Mr. Nerrow shall continue to be subject to all other provisions of the Agreement, including without limitation, Section 6.06(b), and the fourth to last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Peter H. Mills

Peter H. Mills

/s/ Marc Poirier

Marc Poirier

CMGI @VENTURES IV, LLC

SCHEDULE B

PROFIT MEMBERS AND PROFIT MEMBER PERCENTAGE INTERESTS

Class B Members	Profit Member Percentage Interest
Peter H. Mills	57.45207%
Marc D. Poirier	42.46458%

Former Profit Members (Class B)	Profit Member Percentage Interest
Jonathan Callaghan	-0-
John Scott Case	-0-
Gary Curtis	-0-
Josh Daniels	-0-
Bradley Garlinghouse	-0-
Denise W. Marks	-0-
David J. Nerrow, Jr.	-0-
Lior E. Yahalomi	-0-

Class C Members	Profit Member Percentage Interest
Charles Finnie	NA See Section 3.03(c)
Denise McCabe	0.08335%

Former Profit Members (Class C)	Profit Member Percentage Interest
Denise Ames	-0-
Mainini Cabute	-0-
Peter Cochran	-0-
Matthew Jennings	-0-
Lynne Haro	-0-
John LaBarre	-0-
Cara McCauley	-0-
Daniel Pawliw	-0-
Jim Quagliaroli	-0-
Suresh Ramakrishnan	-0-
Lisa Scoma	-0-
Janet Veino	-0-

Exhibit 10.75

CONFIRMATION OF FEE WAIVER

This CONFIRMATION OF FEE WAIVER, dated as of December 31, 2003, is by and among CMG @Ventures Capital Corp., a Delaware corporation (the "Capital Member"), and @Ventures Partners III, LLC, a Delaware limited liability company (the "Managing Member" and together with the Capital Member, the "Members"), constituting all of the members of CMG @Ventures III, LLC, a Delaware limited liability company (the "Company"), and @Ventures Management, LLC, a Delaware limited liability company (the "Management Company"). The Members are party to a certain Limited Liability Company Agreement of the Company dated as of August 7, 1998 (as amended to date, the "LLC Agreement"). Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed thereto in the LLC Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members and the Management Company hereby agree as follows:

1. The Members and the Management Company hereby agree, acknowledge and confirm that, notwithstanding anything to the contrary in the LLC Agreement or the Management Contract, from and after the date hereof, no Management Fee shall be due or payable to the Management Company pursuant to Section 4.4.2 of the LLC Agreement or Section 4 of the Management Contract. Section 4 of the Management Contract between the Company and the Management Company is hereby deemed to be amended in the manner described herein, and the Management Company and the Company, and the Members (by their signatures below), hereby consent to such amendment.

2. Any amount received by the Managing Member, the Management Company and their respective affiliates which would otherwise be credited against the amount of the Management Fee pursuant to Section 4.4.3 of the LLC Agreement shall instead be paid directly to the Company. The corresponding provisions of the Management Contract between the Company and the Management Company are hereby deemed to be amended in the manner described herein, and the Management Company and the Company, and the Members (by their signatures below) hereby consent to such amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Fee Waiver Confirmation as of the date first above written.

MANAGING MEMBER:

@VENTURES PARTNERS III, LLC

By: /s/ David J. Nerrow

Name: David J. Nerrow

Title: Managing Member

CAPITAL MEMBER:

CMG@VENTURES CAPITAL CORP.

By: /s/ Peter L. Gray

Name: Peter L. Gray

Title: Secretary

MANAGEMENT COMPANY:

@VENTURES MANAGEMENT, LLC

By: /s/ David J. Nerrow
Authorized Member

COMPANY:

CMG @VENTURES III, LLC

By: @Ventures Partners III, LLC,
Managing Member

By: /s/ David J. Nerrow

Name: David J. Nerrow

Title: Managing Member

Exhibit 10.76

SECOND AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
@VENTURES PARTNERS III, LLC

THIS SECOND AMENDMENT, effective as of the 31st day of December, 2000, to the Limited Liability Company Agreement dated as of June 30, 1999 (as amended to date, the "Agreement"), of @Ventures Partners III, LLC, a Delaware limited liability company (the "LLC"), is by and among the persons named as Members on Schedule A to the Agreement. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members hereby amend the Agreement as follows.

1. Treatment of Mr. Garlinghouse in Respect of Event of Termination. Effective as of the date hereof, Mr. Garlinghouse's relationship with all Employers has terminated, and such termination constitutes an Event of Forfeiture. The Members and Mr. Garlinghouse agree that, notwithstanding any provision of the Agreement to the contrary, (i) such Event of Forfeiture shall not constitute a Clause Z Event, and (ii) Mr. Garlinghouse's Vested Percentage shall equal 40%. Therefore, effective as of the date hereof, (a) Mr. Garlinghouse's Percentage Interest has been reduced to zero; (b) Mr. Garlinghouse's Investment Percentage Interest in each Investment in which he participates has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments shall be increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Mr. Garlinghouse which is attributable to the portion of his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii). Mr. Garlinghouse shall continue to be subject to all other provisions of the Agreement, including without limitation, Sections 3.01(b)(ii) and (iii), 3.04(b)(iv), 3.04(c) and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CAPITAL MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ Andrew J. Hajducky III
Name Andrew J. Hajducky III
Title CFO

MANAGING MEMBERS:

/s/ Guy A. Bradley

Guy A. Bradley

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ Brad Garlinghouse 1/20/01

Brad Garlinghouse

/s/ Andrew J. Hajducky, III

Andrew J. Hajducky, III

/s/ Denise W. Marks

Denise W. Marks

/s/ Peter H. Mills

Peter H. Mills

/s/ David J. Nerrow, Jr.

David J. Nerrow, Jr.

/s/ Marc Poirier

Marc Poirier

/s/ David S. Wetherell

David S. Wetherell

Exhibit 10.77

THIRD AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
@VENTURES PARTNERS III, LLC

THIS THIRD AMENDMENT, effective as of the 31st day of July, 2001, to the Limited Liability Company Agreement dated as of June 30,1999 (as amended to date, the "Agreement"), of @Ventures Partners III, LLC, a Delaware limited liability company (the "LLC"), is by and among the Capital Member and the Managing Members of the LLC. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members hereby amend the Agreement as follows.

1. Treatment of Andrew J. Hajducky, III and Jonathan Callaghan in Respect of Event of Termination.

Effective as of July 31, 2001, Andrew J. Hajducky, III's relationship with all Employers has terminated, and such termination constitutes an Event of Forfeiture. The Members and Mr. Hajducky agree that, notwithstanding any provision of the Agreement to the contrary, (i) such Event of Forfeiture shall not constitute a Clause Z Event, and (ii) Mr. Hajducky's Vested Percentage shall equal 55%. Therefore, effective as of the date hereof, (a) Mr. Hajducky's Percentage Interest has been reduced to zero; (b) Mr. Hajducky's Investment Percentage Interest in each Investment in which he participates has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments shall be increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Mr. Hajducky which is attributable to the portion of his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii). Mr. Hajducky shall continue to be subject to all other provisions of the Agreement, including without limitation, Sections 3.01(b)(ii) and (iii), 3.04(b)(iv), 3.04(c) and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

Effective as of July 31, 2001, Jonathan Callaghan's relationship with all Employers has terminated, and such termination constitutes an Event of Forfeiture. The Members and Mr. Callaghan agree that, notwithstanding any provision of the Agreement to the contrary, (i) such Event of Forfeiture shall not constitute a Clause Z Event, and (ii) Mr Callaghan's Vested Percentage shall equal 55%. Therefore, effective as of the date hereof, (a) Mr. Callaghan's Percentage Interest has been reduced to zero; (b) Mr. Callaghan's Investment Percentage Interest in each Investment in which he participates has been reduced in accordance with Section 3.04(b)(ii) of the Agreement and the Investment Percentage Interest of the other Members participating in such Investments shall be increased to the extent and in the manner provided in Section 3.04(b)(ii); and (c) any amount held in any Vesting Escrow for the benefit of Mr.

Callaghan which is attributable to the portion of his interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii). Mr. Callaghan shall continue to be subject to all other provisions of the Agreement, including without limitation, Sections 3.01(b)(ii) and (iii), 3.04(b)(iv), 3.04(c) and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

2. Amendment to Section 6.02. Section 6.02 of the Agreement is hereby amended to read in its entirety as follows:

"6.02 Tax Matters Partner. The tax matters partner for the LLC, pursuant to Code Sections 6221 through 6231, shall be a Member designated by the Capital Member and a Majority in Number of the Voting Managing Members."

3. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CAPITAL MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ David S. Wetherell

Name David S. Wetherell

Title President

MANAGING MEMBERS (to be executed by the Managing Members, exclusive of Members for whom an Event of Forfeiture has occurred):

/s/ Guy A. Bradley
Guy A. Bradley

/s/ Jonathan Callaghan
Jonathan Callaghan

NA
Brad Garlinghouse (Event of Forfeiture)

/s/ Andrew J. Hajducky, III
Andrew J. Hajducky, III

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ David S. Wetherell
David S. Wetherell

Exhibit 10.78

FOURTH AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
@VENTURES PARTNERS III, LLC

THIS FOURTH AMENDMENT, effective as of the 21st day of June, 2002, to the Limited Liability Company Agreement dated as of June 30, 1999 (as amended to date, the "Agreement"), of @Ventures Partners III, LLC, a Delaware limited liability company (the "LLC"), is by and among the Capital Member and the Managing Members of the LLC. Capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members hereby amend the Agreement as follows.

1. Treatment of Guy Bradley in Respect of Event of Termination. Effective as of June 21, 2002, Guy A. Bradley's relationship with all Employers has terminated, and such termination constitutes an Event of Forfeiture. The Members and Mr. Bradley agree that (i) such Event of Forfeiture shall not constitute a Clause Z Event, and (ii) Mr. Bradley's Vested Percentage shall equal 100%. Therefore, effective as of the date hereof, (a) Mr. Bradley's Percentage Interest has been reduced to zero; and (b) Mr. Bradley shall continue to retain his entire interest in all Investments in which he participates as of the date hereof. Mr. Bradley shall continue to be subject to all other provisions of the Agreement, including without limitation, Sections 3.01(b)(ii) and (iii), 3.04(b)(iv), 3.04(c) and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

2. No Other Amendments. In all other respects, the Agreement is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

CAPITAL MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ Thomas Oberdorf
Name Thomas Oberdorf
Title Treasurer & Chief Financial Officer

MANAGING MEMBERS (to be executed by the Managing Members, exclusive of Members for whom an Event of Forfeiture has occurred):

/s/ Guy A. Bradley
Guy A. Bradley

NA
Jonathan Callaghan (Event of Forfeiture)

NA
Brad Garlinghouse (Event of Forfeiture)

NA
Andrew J. Hajducky, III (Event of Forfeiture)

/s/ Denise W. Marks
Denise W. Marks

/s/ Peter H. Mills
Peter H. Mills

/s/ David J. Nerrow, Jr.
David J. Nerrow, Jr.

/s/ Marc Poirier
Marc Poirier

/s/ David S. Wetherell
David S. Wetherell

LIMITED LIABILITY COMPANY AGREEMENT OF @VENTURES V, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT of @Ventures V, LLC (the "LLC") dated as of May 14, 2004, is by and among the persons named on Schedule A attached hereto, each of whom is designated as a Managing Member or an Associate Member.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the agreements hereinafter set forth, the parties hereby agree as follows.

ARTICLE I
DEFINITIONS

The following capitalized terms used in this Agreement shall have the respective meanings ascribed to them below:

"Act" means the Delaware Limited Liability Company Act, in effect at the time of the initial filing of the Certificate in the Office of the Secretary of State of the State of Delaware, and as thereafter amended from time to time.

"Affiliate" shall mean, with respect to any specified person or entity, (i) any person or entity that directly or indirectly controls, is controlled by, or is under common control with such specified person or entity; (ii) any person or entity that directly or indirectly controls 10% or more of the outstanding equity securities of the specified entity or of which the specified person or entity is directly or indirectly the owner of 10% or more of any class of equity securities; (iii) any person or entity that is an officer of, director of, manager of, partner in, or trustee of, or serves in a similar capacity with respect to, the specified person or entity or of which the specified person or entity is an officer, director, partner, manager or trustee, or with respect to which the specified person or entity serves in a similar capacity; or (iv) any person that is a spouse, mother, father, brother, sister or lineal descendant of the specified person.

"Agreement" means this Limited Liability Company Agreement as it may be amended, supplemented, or restated from time to time.

"Appropriate Amount" has the meaning ascribed thereto in Section 3.01(b).

"Associate Member" shall refer severally to any person named as an Associate Member in this Agreement and any person who becomes an additional, substitute or replacement Associate Member as permitted by this Agreement, in such person's capacity as an Associate Member of the LLC. "Associate Members" shall refer collectively to all such persons in their capacities as Associate Members.

"Budget" shall have the meaning ascribed thereto in Section 6.05(a).

"Capital Account" means a separate account maintained for each Member and adjusted in accordance with Treasury Regulations under Section 704 of the Code. To the extent consistent with such Treasury Regulations, the adjustments to such accounts shall include the following:

(i) There shall be credited to each Member's Capital Account the amount of any cash actually contributed by such Member to the capital of the LLC, the fair market value of any property contributed by such Member to the capital of the LLC, the amount of liabilities of the LLC assumed by the Member or to which property distributed to the Member was subject, and such Member's share of the Net Profits of the LLC and of any items in the nature of income or gain separately allocated to the Members; and there shall be charged against each Member's Capital Account the amount of all cash distributions to such Member, the fair market value of any property distributed to such Member by the LLC, the amount of liabilities of the Member assumed by the LLC or to which property contributed by the Member to the LLC was subject, and such Member's share of the Net Losses of the LLC and of any items in the nature of losses or deductions separately allocated to the Members.

(ii) In the event any interest in the LLC is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

"Capital Contribution" means the aggregate amount of cash and the fair market value (as determined in accordance with Section 6.08 hereof) of any property contributed to the LLC by a Member.

"Carrying Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes; provided, however, that (i) the initial Carrying Value of any asset contributed to the LLC shall be adjusted to equal its gross fair market value at the time of its contribution and (ii) the Carrying Values of all assets held by the LLC shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) upon an election by the LLC to revalue its property in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(*f*). The Carrying Value of any asset whose Carrying Value was adjusted pursuant to the preceding sentence thereafter shall be adjusted in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(*g*).

"Cause" shall have the meaning ascribed thereto in the Retention Agreement.

"Certificate" means the Certificate of Formation creating the LLC, as it may, from time to time, be amended in accordance with the Act.

"CMGI" means CMGI, Inc., a Delaware corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Employer" shall mean, for any Associate Member, CMGI or any of its Affiliates that employs the Associate Member on a full-time basis. For purposes of this Agreement, a Portfolio Company shall not constitute an Affiliate of any of the LLC, or CMGI (and an Associate Member shall not be deemed to be employed by an Employer if such Associate Member is employed by a Portfolio Company).

"Event of Forfeiture" shall mean and shall be deemed to have occurred with respect to an Associate Member in the event that there occurs with respect to such Associate Member a Separation Event of the type described in clause (w), (x) or (z) of the definition of "Separation Event." An Event of Forfeiture for an Associate Member whose relationship with the Employer has been terminated may thereafter occur if any Clause Z Event occurs with respect to such Associate Member.

"Follow-on Investment" shall mean an Investment in securities of a Portfolio Company in which the LLC owns securities or debt instruments.

"Former Associate Member" shall mean any person holding an interest in the LLC as an Associate Member as to whom a Separation Event has occurred.

"Good Reason" shall have the meaning ascribed thereto in the Retention Agreement.

"Invested Capital" means, at any point in time, for the Managing Member, the excess of (i) the aggregate amount of the Capital Contributions of the Managing Member over (ii) the aggregate amount distributed to such Member pursuant to Section 4.01(b)(i).

"Investment" means an investment in a Portfolio Company made by the LLC, including without limitation a Follow-on Investment. The term "Investment" shall include any short-term investments, if any, made by the LLC.

"Investment Receipts" shall mean, the amount of any cash and the fair market value (as determined in accordance with Section 6.08 hereof) of any property received by the LLC with respect to Investments and any cash and the fair market value (as determined in accordance with Section 6.08 hereof) of any property received by the LLC in accordance to Section 6.06(a) hereof with respect to any Portfolio Company. For this purpose, any Investment held by the LLC shall be considered to give rise to an Investment Receipt at the time it is distributed to the Members.

"LLC" means the limited liability company formed pursuant to the Certificate and this Agreement, as it may from time to time be constituted and amended.

"Majority in Number of the Associate Members" means, with respect to a particular action or matter, a majority in number of the Associate Members then entitled to vote on the action.

"Managing Member" shall refer severally to any person named as a Managing Member in this Agreement and any person who becomes an additional, substitute or replacement Managing Member as permitted by this Agreement, in such person's capacity as a Managing Member of the LLC. "Managing Members" shall refer collectively to all such persons in their capacities as Managing Members.

"Marketable Securities" means securities of the LLC (i) that are freely tradeable pursuant to a registration under the Securities Act, or an exemption therefrom, (ii) that immediately after giving effect to their distribution will not be subject to any contractual restriction on transfer or restrictions on transfer imposed by applicable laws, (iii) that will be traded on a national

securities exchange or reported on the Nasdaq Stock Market of Securities Dealers Automated Quotation System, and (iv) that may be sold without regard to volume or other limitations.

"Member" shall refer severally to any person named as an Associate Member or Managing Member in this Agreement and any person who becomes an additional, substitute or replacement Associate or Managing Member as permitted by this Agreement, in such person's capacity as a Member of the LLC. "Members" shall refer collectively to all such persons in their capacities as Members.

"Net Investment Receipts" shall mean, with respect to any particular Investment, the excess of all Investment Receipts of the LLC with respect to such Investment over the sum (i) the aggregate amount of the unreimbursed third party transaction costs, if any, associated with the realization of such Investment Receipts, including without limitation, brokerage commissions, finders fees, and attorneys fees, investment banking fees and accountants fees and (ii) such reserves as may be reasonably established by the Managing Member (and the LLC shall be permitted to dispose of Marketable Securities to the extent necessary to fund any such reserves), provided that no such reserves shall be established for payment of expenses of the types included in the Budget described in Section 6.05. Amounts released from the reserves described in clause (ii) of the preceding sentence shall be considered to be Investment Receipts attributable to the same Investments which produced the Investment Receipts originally used to fund such reserves in proportion of the respective gross amounts of Investment Receipts from Investments used to fund such reserves at any time since the inception of the LLC.

"Net Profits" and "Net Losses" mean the taxable income or loss, as the case may be, for a period as determined in accordance with Code Section 703(a) computed with the following adjustments:

(i) Items of gain, loss, and deduction shall be computed based upon the Carrying Values of the LLC's assets (in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(*g*) and/or 1.704-3(d)) rather than upon the assets' adjusted bases for federal income tax purposes;

(ii) Any tax-exempt income received by the LLC shall be included as an item of gross income;

(iii) The amount of any adjustments to the Carrying Values of any assets of the LLC pursuant to Code Section 743 shall not be taken into account except to the extent provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(*m*);

(iv) Any expenditure of the LLC described in Code Section 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code Section 704(b)) shall be treated as a deductible expense;

(v) The amount of items of income, gain, loss or deduction specially allocated to any Members pursuant to Section 5.02 or Section 5.03 shall not be included in the computation;

(vi) The amount of any unrealized gain or unrealized loss attributable to an asset at the time it is distributed in-kind to a Member shall be included in the computation as an item of income or loss, respectively; and

(vii) The amount of any unrealized gain or unrealized loss with respect to the assets of the LLC that is reflected in an adjustment to the Carrying Values of the LLC's assets pursuant to clause (ii) of the definition of "Carrying Value" shall be included in the computation as items of income or loss, respectively.

"Outside @Ventures III Entities" means @Ventures III, L.P., @Ventures Foreign Fund III, L.P, @Ventures Partners III, LLC, @Ventures Investors, LLC, CMG @Ventures III, LLC, @Ventures Management, LLC, @Ventures Expansion Fund, L.P., @Ventures Foreign Expansion Fund, L.P., @Ventures Expansion Partners LLC, CMG @Ventures Expansion LLC, @Ventures Expansion Investors, LLC and @Ventures Expansion Management LLC.

"Percentage Interest" means the Percentage Interest of each Member as specified on Schedule A hereto, as such Percentage Interest may be adjusted from time to time in accordance with this Agreement.

"Performance Cause" means, in the case of the termination of an Associate Member's employment by Employer without Cause, that such termination of employment has followed receipt by such Associate Member of notice (which notice need not be in writing) from the Technology Committee of CMGI that the Technology Committee has concerns about such Associate Member's performance, which performance concerns have not, in the good faith determination of a majority in number of the members of the Technology Committee, been remedied by such Associate Member within 30 days following receipt of such notice.

"Permitted Transferee" means (A) any Member; (B) any spouse, parent, lineal descendant (including a natural or adopted child, grandchild, etc.), brother, sister, or spouse of a brother or sister of a Member; (C) any trust, corporation or partnership or other entity in which any Member and/or one of the persons designated in clause (B) is a principal, beneficiary, majority stockholder, member or limited or general partner with an aggregate interest in profits and losses of greater than fifty percent; (D) grantors or beneficiaries of a trust which is (or of which the trustees thereof are, in their capacities as trustees) a Member; or (E) charitable foundations created or primarily endowed by a Member or a member of his or her family.

"Portfolio Company" means the issuer of any security in which the LLC has invested, other than issuers in which the LLC has made short-term investments pending the making of long-term investments.

"Retention Agreement" means the Amended and Restated Retention Agreement and General Release, between each Associate Member and CMGI, CMG @Ventures, Inc. and CMG @Ventures Capital Corp. dated on or about the date hereof, and "Retention Agreements" means all such agreements.

"Securities Act" means the Securities Act of 1933, as amended.

"Separation Event" shall mean and shall be deemed to have occurred in the event that:

(w) an Associate Member dies or becomes mentally or physically disabled (as determined by a physician selected by the Managing Member) or a conservator or guardian is appointed for the benefit of any Associate Member or his property;

(x) the employment of such Associate Member with the Employer is terminated by such Member without Good Reason (subject to clause (z) below), or for any reason other than the reasons specified in clauses (w), (y) or (z) of this definition; or

(y) the employment of such Associate Member with the Employer is terminated by such Member with Good Reason, or by the Employer without Cause and without Performance Cause; or

(z) the employment of such Associate Member with the Employer is (A) terminated by the Employer with Cause, or (B) terminated by the Associate Member without Good Reason, following which termination it is determined, in good faith, by CMGI within 10 days following such termination, that there was Cause to terminate such Member (any of the foregoing, a "Clause Z Event").

"Target Balance" means, for each Member at any point in time, either (i) a positive amount equal to the net amount, if any, the Member would be entitled to receive or (ii) a negative amount equal to the net amount the Member would be required to pay or contribute to the LLC or to any third party, assuming, in each case, that (A) the LLC sold all of its assets for an aggregate purchase price equal to their aggregate Carrying Value; (B) all liabilities of the LLC were paid in accordance with their terms from the amounts specified in clause (A) of this sentence; (C) any Member that was obligated to contribute any amount to the LLC pursuant to this Agreement or otherwise (including the amount a Member would be obligated to pay to any third party pursuant to the terms of any liability or pursuant to any guaranty, indemnity or similar ancillary agreement or arrangement entered into in connection with any liability of the LLC) contributed such amount to the LLC; (D) all liabilities of the LLC that were not completely repaid pursuant to clause (B) of this sentence were paid in accordance with their terms from the amounts specified in clause (C) of this sentence; and (E) the balance, if any, of any amounts held by the LLC was distributed in accordance with Section 4.01(b) hereof.

"Vested Percentage" means for any Associate Member, a fraction (expressed as a percentage) the numerator of which is the number of whole calendar quarters that have elapsed between such Associate Member's Vesting Commencement Date and the date of determination and the denominator of which is 20; provided that:

(i) in no event shall an Associate Member's Vested Percentage exceed 100%, and

(ii) upon the occurrence of a Vesting Event, each Associate Member's Vested Percentage shall equal 100%.

"Vesting Commencement Date" means, for each Associate Member, the Vesting Commencement Date specified on Schedule A attached hereto.

"Vesting Escrow" shall have the meaning ascribed thereto in Section 4.02.

"Vesting Event" shall mean the occurrence of any of the following:

(i) The adoption of a resolution by the Board of Directors of CMGI to dissolve or liquidate the LLC or the Managing Member;

(ii) The dissolution of the LLC;

(iii) The dissolution of CMGI; and

(iv) With respect to an Associate Member, the termination of the employment of such Associate Member by the Employer without Cause and without Performance Cause or by the Associate Member with Good Reason.

ARTICLE II
GENERAL PROVISIONS

2.01 Formation of Limited Liability Company; Foreign Qualification. The Managing Member formed the LLC as a limited liability company under the Act on the date hereof, by the filing of the Certificate in the Office of the Secretary of State of the State of Delaware. The LLC shall comply, to the extent procedures are available, with all requirements necessary to qualify the LLC as a foreign limited liability company in each jurisdiction in which such qualification is either necessary or appropriate. Each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming to this Agreement that are necessary or appropriate to qualify, or, as appropriate, to continue or terminate the foreign qualification of, the LLC as a limited liability company in all such jurisdictions in which the LLC may conduct business.

2.02 Name of the LLC. The name of the LLC is @Ventures V, LLC. The Managing Member may change the name of the LLC at any time and from time to time. No Member other than the Managing Member shall have any right or interest in or to the name "@Ventures" and all rights and interest in such name shall belong exclusively to the LLC during the term of the LLC, and, upon termination of the LLC, shall be assigned and transferred to the Managing Member. Each Associate Member hereby agrees and acknowledges that it shall have no right in or to the name "@Ventures", as a result of its interest in the LLC or otherwise.

2.03 Business of the LLC. The general character of the business of the LLC is to (a) make equity and equity-related investments (including debt and warrants to purchase equity securities) in business enterprises of all types; (b) manage, supervise, vote, hold and dispose of such investments, and receive the profits and losses therefrom; and (c) engage in any activities directly or indirectly related or incidental thereto which may be lawfully conducted by a limited liability company formed under the laws of the State of Delaware.

2.04 Place of Business of the LLC; Resident Agent. The address of the principal place of business of the LLC, and the office at which the LLC will maintain its records is c/o CMGI, Inc., 425 Medford Street, Charlestown, Massachusetts 02129. The LLC's registered office in Delaware is c/o Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19810,

and the LLC's registered agent for service of process in Delaware is Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19810. The Managing Member, may at any time and from time to time change the LLC's principal place of business, establish additional places of business, and/or change the LLC's registered agent or registered office in Delaware, and in each case shall promptly provide notice of any such actions (identifying all such offices and agents) to all Members.

2.05 Duration of the LLC. The term of the LLC commenced on the date hereof, and the LLC shall have perpetual existence, unless earlier terminated in accordance with Article IX hereof.

2.06 Members' Names and Addresses. The name and address of each Member are set forth on Schedule A. Additional Members may be admitted in accordance with the procedures specified in Article VIII. A Member may not resign from the LLC at any time.

2.07 No Partnership. The LLC is not intended to be a general partnership, limited partnership or joint venture, and no Member shall be considered to be a partner or joint venturer of any other Member, for any purposes other than foreign and domestic federal, state, and local income tax purposes, and this Agreement shall not be construed to suggest otherwise.

2.08 Title to LLC Property. All property owned by the LLC, whether real or personal, tangible or intangible, shall be deemed to be owned by the LLC as an entity, and no Member, individually, shall have any ownership of such property. The LLC may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more trusts. Any property held by a nominee trust for the benefit of the LLC shall, for purposes of this Agreement, be treated as if such property were directly owned by the LLC.

2.09 Nature of Member's Interest. The interests of all of the Members in the LLC are personal property and shall not, under any circumstances, be considered real property.

2.10 Investment Representations. Each Member, by execution of this Agreement or an amendment hereto reflecting such Member's admission to the LLC, hereby represents and warrants to the LLC that:

(a) It is acquiring an interest in the LLC for its own account for investment only, and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act or any rule or regulation thereunder.

(b) It understands that (i) the interest in the LLC it is acquiring has not been registered under the Securities Act or applicable state securities laws and cannot be resold unless subsequently registered under the Securities Act and such laws or unless an exemption from such registration is available, (ii) such registration under the Securities Act and such laws is unlikely at any time in the future and neither the LLC nor the Members are obligated to file a registration statement under the Securities Act or such laws, and (iii) the assignment, sale, transfer, exchange, or other disposition of the interests in the LLC is restricted in accordance with the terms of this Agreement.

(c) It has had such opportunity as it has deemed adequate to ask questions of and receive answers from representatives of the LLC concerning the LLC, and to obtain from representatives of the LLC such information which the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate the merits and risks of an investment in the LLC.

(d) It has, either alone or with its professional advisers, sufficient experience in business, financial and investment matters to be able to evaluate the merits and risks involved in investing in the LLC and to make an informed investment decision with respect to such investment.

(e) It can afford a complete loss of the value of its investment in the LLC and is able to bear the economic risk of holding such investment for an indefinite period.

(f) If it is an entity, (i) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) it has full organizational power to execute and deliver this Agreement and to perform its obligations hereunder, (iii) its execution, delivery and performance of this Agreement has been authorized by all requisite action on behalf of the entity, and (iv) it has duly executed and delivered this Agreement.

(g) In the case of each Associate Member, its interest in the LLC is subject to vesting and forfeiture, as provided in this Agreement.

ARTICLE III
CAPITAL CONTRIBUTIONS

3.01 Capital Contributions.

(a) The Managing Member shall contribute capital to the LLC, subject to and in accordance with the provisions of this Section 3.01(a).

(i) As and when the LLC requires capital to make a proposed Investment, the Associate Members shall provide a notice (which notice may be given in writing or by electronic mail) to the Managing Member which describes in reasonable detail (A) the proposed Investment, (B) the aggregate purchase price of such proposed Investment, (C) the material terms of the proposed Investment, (D) the unreimbursed expenses, if any, expected to be incurred in connection with such proposed Investment, and (E) the expected date on which such Investment is proposed to be made. If any Associate Member or any Affiliate of an Associate Member owns any direct or indirect interest in any proposed Investment, such interest shall be described in detail in any such notice. If, and only if, the Managing Member (acting at the direction of the Technology Committee of the Board of Directors of CMGI, or such other governing body of CMGI as regularly makes investment decisions for CMGI (the “Technology Committee”)) approves the making of such Investment in writing, it shall contribute to the capital of the LLC the aggregate purchase price specified in the notice, on or before the date of the anticipated purchase of the Investment. The Managing Member may approve or disapprove the making of any proposed Investment (including a Follow-on Investment) in its sole and absolute discretion. If the Managing Member fails to notify the Associate Members of its

decision with respect to the proposed Investment, it shall be deemed to have disapproved the proposed Investment.

(ii) The Managing Member shall contribute capital to the LLC to the extent required under Section 6.04(h) below, subject to the limitation stated therein.

(iii) The Managing Member may contribute capital of up to $50,000,000 to the LLC (and such $50,000,000 shall include amounts contributed pursuant to Section 6.04(h), if any). For the avoidance of doubt, but subject to Section 6.04(h), the Members acknowledge that the Managing Member's decision to make capital contributions to the LLC will be in the Managing Member's sole and absolute discretion.

(b) Notwithstanding any other provision of this Agreement, in the event that following dissolution of the LLC and (i) liquidation of all LLC assets and distributions of the proceeds thereof, and/or (ii) distributions of Investments in kind, any Associate Member shall have received aggregate distributions (valuing all distributions in kind for this purpose as of their respective dates of distribution in accordance with Section 6.08) from the LLC in an amount which exceeds the Appropriate Amount (as hereinafter defined) for such Associate Member, such Associate Member shall contribute to the LLC in cash or securities previously received from the LLC (valued in accordance with Section 6.08 as of the business day next preceding the date of delivery to the LLC) an amount equal to such excess. If the LLC is at the time holding any amount in a Vesting Escrow for such Associate Member, the Managing Member may cause the amount in such Vesting Escrow to be applied towards the Associate Member's obligation to pay the Appropriate Amount (and shall be permitted to select from among the assets held in such Vesting Escrow which assets shall be so applied). Amounts contributed to the LLC by any Associate Member pursuant to this Section 3.01(b) shall be promptly distributed to the Managing Member. Thereafter, the LLC will be terminated.

As used herein, the "Appropriate Amount" means with respect to an Associate Member an amount equal to the amount which such Associate Member would have received had all distributions from the LLC to the Members been made on the same date (valuing all distributions of securities for this purpose as of the actual date of distribution and assuming for this purpose that the distributions to the Members are made in the same order as the actual distributions to the Members during the term of the LLC), as follows:

(i) first, to the Managing Member, in an amount equal to the aggregate amount of the Capital Contributions actually made by it to the LLC; and

(ii) the balance, to the Members in proportion to their respective Percentage Interests as of the date of dissolution, but subject to the proviso at the end of Section 4.01(b) (i.e., no Former Associate Member shall be entitled to participate in any distributions of Net Investment Receipts with respect to any Investment (including a Follow-on Investment) made by the LLC after the date of a Separation Event with respect to such Former Associate Member, with such amounts being instead distributed to the Managing Member).

(c) The LLC shall maintain written records indicating the amount of capital contributed by the Managing Member to the LLC.

3.02 No Additional Capital. Except as provided in this Article III and Section 6.04(h) herein, no Member shall be obligated or permitted to contribute any additional capital to the LLC. No interest shall accrue on any Capital Contributions of the LLC, and no Member shall have the right to withdraw or to be repaid any Capital Contribution made by it or to receive any other payment in respect of its interest in the LLC, including without limitation as a result of the withdrawal or resignation of such Member from the LLC, except as specifically provided in this Agreement.

3.03 Event of Forfeiture.

(a) Each Associate Member's Percentage Interest in the LLC shall be adjusted upon the occurrence of an Event of Forfeiture with respect to such Associate Member, as provided in this Section 3.03. In no event shall the provisions of this Section 3.03 be applicable to the interest of the Managing Member.

(b) Upon the occurrence of an Event of Forfeiture with respect to an Associate Member:

(i) If the Event of Forfeiture is not a Clause Z Event, such Associate Member's Percentage Interest in the LLC shall, from and after the date of the Event of Forfeiture, be reduced to the percentage determined by multiplying such Member's Percentage Interest immediately prior to the Event of Forfeiture by such Associate Member's Vested Percentage determined as of the date of the Event of Forfeiture, and the Percentage Interest in the LLC of the Managing Member shall be increased by an aggregate amount equal to the amount by which the Associate Member's Percentage Interest is so reduced.

(ii) If the Event of Forfeiture is a Clause Z Event, such Associate Member's Percentage Interest shall be reduced to zero, and the Percentage Interest in the LLC of the Managing Member shall, from and after the date of the Clause Z Event, be increased by an aggregate amount equal to the amount by which the Associate Member's Percentage Interest is so reduced.

(iii) Any amount held in any Vesting Escrow for the benefit of such Associate Member shall be forfeited. Amounts so forfeited shall be distributed to the Managing Member.

(iv) The Associate Member shall not be entitled to any distributions of Net Investment Receipts with respect to any Investment (including a Follow-on Investment) made by the LLC after the date of the Event of Forfeiture, and any distributions of Net Investment Receipts in respect of such Investments which would otherwise be payable to such Associate Member shall instead be paid to the Managing Member.

(c) Upon the occurrence of an Event of Forfeiture, the Managing Member shall amend Schedule A hereto and the records of the LLC to reflect (i) the modification of the Members' Percentage Interests in accordance with this Section 3.03 and (ii) the date of any

Separation Event of an Associate Member. No such amendment shall require the consent of any other Member.

3.04 Separation Event. Upon the occurrence of any Separation Event with respect to an Associate Member, such Associate Member (and/or his legal representative, if applicable) shall have no right to vote on or participate in any decision or matter on or in which Associate Members are entitled to vote or participate and such Associate Member shall be disregarded for all purposes in determining the number of Associate Members which constitute a Majority in Number of the Associate Members, as applicable, or the number or percentage of Associate Members entitled to vote on any matter, as the case may be. Without limiting the foregoing, no Former Associate Member shall be entitled to vote on any proposed amendment to this Agreement, unless such proposed amendment specifically and disproportionately adversely affects such Former Associate Member, provided that any amendment made in order to effectuate the provisions of Sections 3.03 and 3.04 shall not require the consent of any Former Member. Following the occurrence of a Separation Event with respect to an Associate Member, such Associate Member shall not be entitled to any distributions of Net Investment Receipts with respect to any Investment (including a Follow-on Investment) made by the LLC after the date of the Separation Event, and any distributions of Net Investment Receipts in respect of such Investments which would otherwise be payable to such Associate Member shall instead be paid to the Managing Member.

ARTICLE IV
DISTRIBUTIONS

4.01 Distribution of Net Investment Receipts and Other Cash Receipts.

(a) Net Investment Receipts of the LLC shall be distributed as realized, including upon a partial liquidation or partial disposition of an Investment. To the extent that such Net Investment Receipts consist of (x) Marketable Securities, or (y) cash realized from the sale or disposition of an Investment, such Net Investment Receipts shall be distributed to the Members (i) in the case of Marketable Securities, as soon as reasonably practicable after they become Marketable Securities, and (ii) in the case of such cash, as soon as reasonably practicable following receipt by the LLC thereof. Any other receipts of cash or securities received by the LLC shall be distributed at such times and in such amounts as the Managing Member may determine in its sole and absolute discretion. Any non-cash distributions made to the Members shall be valued, as of the date of distribution, at their respective fair market values, as determined by the Managing Member in good faith and in a manner consistent with the valuation procedures contained in Section 6.08.

(b) Subject to the provisions of Sections 4.02 and 9.02(b), Net Investment Receipts and all other distributions of cash or securities of the LLC shall be distributed as follows:

(i) First, to the Managing Member, until the Invested Capital has been reduced to zero; and

(ii) The balance, if any, to the Members in proportion to their respective Percentage Interests as of the date of the distribution;

provided, however, that an Associate Member with respect to whom a Separation Event has occurred shall not be entitled to any distributions of Net Investment Receipts with respect to any Investment (including a Follow-on Investment) made by the LLC after the date of the Separation Event, and any distributions of Net Investment Receipts in respect of such Investments which would otherwise be payable to such Associate Member shall instead be paid to the Managing Member.

4.02 Vesting Escrow.

(a) Notwithstanding the provisions of Section 4.01 above, the LLC shall distribute to each Associate Member on the date of any distribution (a "Distribution") only that portion of any Net Investment Receipts to which he is entitled which is equal to his Vested Percentage of such amount. Any portion of any Distribution which is not distributed as a result of the operation of this Section 4.02(a) shall be held in escrow by the LLC, in accordance with this Section 4.02. Any escrow established pursuant to this Section 4.02 is herein referred to as a "Vesting Escrow." Subject to Section 3.03, (i) on the last day of each calendar quarter, one-twentieth of the amount of the original Distribution shall be disbursed from such Vesting Escrow to such Associate Member, (ii) upon the occurrence of an Event of Forfeiture with respect to such Associate Member, all amounts then held in such Vesting Escrow shall be distributed to the Managing Member; and (iii) subject to Section 3.01(b) with respect to amounts held in a Vesting Escrow which may be applied towards the Associate Member's capital contribution obligation in connection with a dissolution or impending dissolution of the LLC, upon the occurrence of a Vesting Event with respect to such Associate Member, all amounts then held in such Vesting Escrow shall be distributed to such Associate Member.

(b) The interest of the Managing Member shall not be subject to the provisions of this Section 4.02, and it shall at all times be entitled to receive 100% of any distributions of Net Investment Receipts allocable to it pursuant to and in accordance with Section 4.01.

(c) Each of the Associate Members hereby agrees and acknowledges that (i) for all purposes, but subject to the terms of this Agreement, he shall be deemed to be the legal owner of the assets held in a Vesting Escrow established for him and (ii) as a result of the operation of this Section 4.02, an Associate Member may be allocated Net Profits or Net Losses of the LLC without corresponding distributions of Net Investment Receipts.

(d) Each Associate Member is authorized to and may (but shall not be required to) invest cash amounts that are held in a Vesting Escrow for such Associate Member in short-term investments pending distribution of such amounts to such Associate Member. Any income earned with respect to such investments shall be deposited into the Vesting Escrow and shall be released at the same time and in the same proportions as the underlying cash amount is released.

(e) As a result of this Section 4.02, there may be held in a Vesting Escrow securities which would otherwise have been distributed to such Associate Member. The Associate Member shall be entitled to vote all such securities. The Associate Member shall be entitled to transfer or sell any such securities for a cash purchase price no less than the fair value of such securities (as determined as of the date of the proposed sale by the Managing Member in accordance with Section 6.08) prior to their distribution to the Associate Member from the Vesting Escrow in accordance with this Section 4.02, provided that the proceeds of any such sale or transfer shall be deposited into the Vesting Escrow and shall be subject to this Agreement as if originally held pursuant to this Agreement, and released in accordance with Section 4.02(a) above at the same time such property would have been released from such Vesting Escrow. Dividends earned on and other distributions with respect to securities held in a Vesting Escrow shall be deposited into the Vesting Escrow and released at the same time and in the same proportions as the underlying securities are released.

In addition, the LLC may, at the request and on behalf of any Associate Member, engage in hedging activities with respect to securities held in the Vesting Escrow of such Associate Member, provided that (i) a Majority in Number of the Associate Members approves in advance any such hedging activities; (ii) the Associate Member for whose benefit the hedging activities were undertaken bears all of the costs incurred in connection with such activities and indemnifies the LLC in writing with respect to any costs or losses incurred by the LLC in connection with any such activities; and (iii) the securities held in such Associate Member's Vesting Escrow may not be used to settle any "hedged" position until such time as such securities are released to such Associate Member from such Vesting Escrow. In no event shall the Managing Member or the LLC bear any of the costs associated with any hedging activities permitted by this paragraph.

(f) Amounts held in escrow pursuant to this Section 4.02 shall be irrevocably forfeited by an Associate Member from and after the date of any Event of Forfeiture with respect to such Associate Member.

(g) For purposes of maintaining the Capital Accounts of the Members and computing and allocating Net Profits, Net Losses and all items thereof pursuant to this Agreement, the amount of any Distribution retained and credited to the Vesting Escrow of an Associate Member shall be considered to have been actually distributed to such Associate Member at the time so credited. As a result, all items of Net Profits and Net Losses attributable to such Member's Vesting Escrow shall be considered to be realized directly by such Associate Member, all amounts disbursed to such Associate Member shall not be treated as Distributions, and all amounts disbursed to the Managing Member or used to satisfy the capital contribution obligation of the Associate Member shall be treated as having been contributed to the LLC by the Associate Member on the date so disbursed or used.

4.03 Certain Payments to the Internal Revenue Service Treated as Distributions. Notwithstanding anything to the contrary herein, to the extent that the LLC is required (as determined in the discretion of the Managing Member), or elects, pursuant to applicable law, either (i) to pay tax (including estimated tax) on a Member's allocable share of LLC items of income or gain, whether or not distributed, or (ii) to withhold and pay over to the tax authorities any portion of a distribution otherwise distributable to a Member, the LLC may pay over such tax or such withheld amount to the tax authorities, and such amount shall be treated as a

distribution to such Member at the time it is paid to the tax authorities. In the event that the amount paid (or paid over) to the tax authorities on behalf of a Member exceeds the amount that would have been distributed to such Member absent such tax obligation, such excess shall be treated as a demand loan from the LLC to such Member, which loan shall bear interest at the prime rate announced from time to time by *The Wall Street Journal*, until paid in full.

4.04 Distributions in Kind. A Member, regardless of the nature of his contribution to the LLC, shall have no right to demand or receive any distribution from the LLC in any form other than cash, provided that, with respect to Net Investment Receipts in the form of Marketable Securities, the LLC shall make distributions to the Members in the form of such Marketable Securities. Any Member entitled to any interest in such assets shall, unless otherwise determined by the Members, receive separate assets of the LLC and not an interest as a tenant-in-common with other Members so entitled in any asset being distributed.

ARTICLE V
ALLOCATION OF PROFITS AND LOSSES

5.01 Basic Allocations.

(a) Net Profits and Net Losses of the LLC for any fiscal period shall be allocated among the Members in such proportions and in such amounts as may be necessary so that following such allocations, the Capital Account balance of each Member equals such Member's then Target Balance.

(b) If the amount of Net Profits or Net Losses allocable to the Members pursuant to Section 5.01(a) for a period is insufficient to allow the Capital Account balance of each Member to equal such Member's Target Balance, such Net Profits or Net Losses shall be allocated among the Members in such a manner as to decrease the differences between the Members' respective Capital Account balances and their respective Target Balances in proportion to such differences.

5.02 Allocations of Nonrecourse Deductions and Minimum Gain. Notwithstanding the provisions of Section 5.01, if at any time the LLC incurs any "nonrecourse debt" (i.e., debt that is treated as nonrecourse for purposes of Treasury Regulation Section 1.1001-2), the following provisions will apply notwithstanding anything to the contrary expressed elsewhere in this Agreement:

(a) "Nonrecourse deductions" (as defined in Treasury Regulation Sections 1.704-2(b) and (c)) other than deductions attributable to "partner nonrecourse debt" (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated to the Members in proportion to their respective Percentage Interests;

(b) Nonrecourse deductions attributable to partner nonrecourse debt shall be specially allocated to the Member or Members that bear the economic risk of loss associated with the debt;

(c) If in any year there is a net decrease in "partnership minimum gain" (as defined in Treasury Regulation Section 1.704-2(d)) or "partner nonrecourse debt minimum gain"

(as defined in Treasury Regulation Section 1.704-2(i)(3), Members will be specially allocated items of income or gain for such year (and/or subsequent years to the extent necessary) in accordance with the "minimum gain chargeback" provisions of Treasury Regulation Section 1.704-2(f) and/or Treasury Regulation Section 1.704-2(i)(5).

(d) The aggregate selling price of the assets of the LLC referenced in clause (A) of the definition of "Target Balance" shall be increased by the amount of any "partnership minimum gain" or "partner nonrecourse debt minimum gain."

(e) For purposes of Sections 5.01 and 5.03, each Member's Capital Account balance shall be increased by the Member's share of minimum gain and of partner nonrecourse debt minimum gain.

5.03 Overriding Allocations of Net Profits and Net Losses. Notwithstanding the provisions of Section 5.01 above, but subject to the provisions of Section 5.02 above, the following allocations shall be made:

(a) Items of income or gain (computed with the adjustments contained in the definition of "Net Profits and Net Losses") for any taxable period shall be allocated to the Members in the manner and to the extent required by the "qualified income offset" provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(*d*).

(b) In no event shall Net Losses of the LLC be allocated to a Member if such allocation would cause or increase a negative balance in such Member's Capital Account (determined for purposes of this Section 5.03(b) only, by increasing the Member's Capital Account balance by (i) the amount the Member is obligated to restore to the LLC pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(*c*) and (ii) such Member's share of "minimum gain" and of "partner nonrecourse debt minimum gain" as determined pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), respectively).

(c) Except as otherwise provided herein or as required by Code Section 704, for tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to the Members in the same manner as are Net Profits and Net Losses; provided, however, that if the Carrying Value of any property of the LLC differs from its adjusted basis for tax purposes, then items of income, gain, loss, deduction or credit related to such property for tax purposes shall be allocated among the Members so as to take account of the variation between the adjusted basis of the property for tax purposes and its Carrying Value in the manner provided for under Code Section 704(c).

5.04 Timing of Allocations. Allocations of Net Profits, Net Losses and other items of income, gain, loss and deduction pursuant to this Article V shall be made for each fiscal year of the LLC as of the end of such fiscal year; provided, however, that if the Carrying Value of the assets of the LLC are adjusted in accordance with clause (ii) of the definition of "Carrying Value," the date of such adjustment shall be considered to be the end of a fiscal year for purposes of computing and allocating such Net Profits, Net Losses and other items of income, gain, loss and deduction.

5.05 Allocations Upon Transfer or Admission. In the event that a Member acquires an interest in the LLC either by transfer from another Member or by acquisition from the LLC, the LLC shall close its books as of the date of the acquisition and Net Profits, Net Losses and similar items computed for the portion of the year ending on the date of the acquisition shall be allocated among the Members without regard to such acquisition, and Net Profits, Net Losses and similar items computed for the portion of the year commencing on the day following the date of the acquisition shall be allocated among the Members taking into account such acquisition. For purposes of this Section 5.04, any modifications to an Associate Member's or Managing Member's Percentage Interest shall be treated as if a Member acquired or disposed of (as applicable) an interest in the LLC.

ARTICLE VI
MANAGEMENT

6.01 Management of the LLC.

(a) Subject to the provisions of this Agreement and the Act, all powers shall be exercised by or under the authority of, and the business and affairs of the LLC shall be controlled by the Members.

(b) Except to the extent that this Agreement specifically provides otherwise, all decisions respecting any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the LLC, shall be made exclusively by the Managing Member, and any decision which, pursuant to the terms of this Agreement is to be taken or approved by the Members, shall be taken by the Managing Member, acting alone. The Associate Members shall have no right to vote on or participate in any matter or decision or to otherwise manage the business of the LLC, except to the extent expressly provided in this Agreement.

(c) Subject to the foregoing, the Managing Member shall have the exclusive right and full authority to manage, conduct and operate the LLC business. Specifically, but not by way of limitation, the Managing Member shall be authorized, for and on behalf of the LLC:

(i) to borrow money, to issue evidences of indebtedness and to guarantee the debts of others for whatever purposes they may specify, and, as security therefor, to pledge or otherwise encumber the assets of the LLC, provided that any such borrowings, indebtedness and guarantees are reasonably related to the conduct of the business of the LLC;

(ii) to cause to be paid on or before the due date thereof all amounts due and payable by the LLC to any person or entity;

(iii) to employ such agents, employees, managers, accountants, attorneys, consultants and other persons necessary or appropriate to carry out the business and affairs of the LLC, whether or not any such persons so employed are Members or are affiliated or related to any Member, and to pay such fees, expenses, salaries, wages and other compensation to such persons as the Members shall in their sole discretion determine;

(iv) to pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend or compromise, upon such terms as it may determine and upon such evidence

as it may deem sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the LLC;

(v) to pay any and all fees and to make any and all expenditures which the Managing Member, in its discretion, deems necessary or appropriate in connection with the organization of the LLC, and the carrying out of its obligations and responsibilities under this or any other Agreement;

(vi) to invest the assets of the LLC, and to lease, sell, finance, refinance or dispose of all or any portion of the LLC's property, provided that the LLC shall not make any Investment or Follow-on Investment which has not been recommended by a Majority in Number of the Associate Members;

(vii) to cause the LLC to make or revoke any of the elections referred to in Sections 108, 704, 709, 754 or 1017 of the Code or any similar provisions enacted in lieu thereof, or in any other Section of the Code;

(viii) to establish and maintain reserves for such purposes and in such amounts as it deems appropriate from time to time;

(ix) to pay all organizational expenses and general and administrative expenses of the LLC;

(x) to deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any person who has provided or may in the future provide any services to, lend money to, sell property to, or purchase property from the LLC, including without limitation, a Member;

(xi) to engage in any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the LLC;

(xii) to cause to be paid any and all taxes, charges and assessments that may be levied, assessed or imposed upon any of the assets of the LLC, unless the same are contested by the Managing Member;

(xiii) to exercise all powers and authority granted by the Act to members, except as otherwise specifically provided in this Agreement; and

(xiv) to exercise all other rights, powers, privileges and other incidents of ownership with respect to the interest of the LLC in each Portfolio Company.

(d) The Managing Member is authorized to execute, deliver and file on behalf of the LLC any documents to be filed with the Secretary of State of the State of Delaware. The signature of one Managing Member (if at any time there is more than one Managing Member) on any agreement, contract, instrument or other document shall be sufficient to bind the LLC in respect thereof and conclusively evidence the authority of such Managing Member and the LLC

with respect thereto, and no third party need look to any other evidence or require the joinder or consent of any other party.

(e) Each Associate Member (other than a Former Associate Member) is authorized to use the title "Managing Director" when acting on behalf of the LLC. The Associate Members shall be granted the authority to act on behalf of the LLC with respect to making and managing each Investment of the LLC at the time the Managing Member approves such Investment pursuant to Section 3.01(a), and such authority shall be specified in the resolution of the Managing Member approving such Investment.

6.02 Tax Matters Partner. The Managing Member, or such other Member as the Managing Member may designate, shall be the tax matters partner for the LLC pursuant to Code Sections 6221 through 6231.

6.03 Liability of the Members; Exculpation.

(a) No Member shall be liable to the LLC or any other Member for any act or omission taken by the Member in good faith and in a manner reasonably believed to be within the scope of the authority conferred on the Member by this Agreement; provided that such act or omission is not in violation of this Agreement and does not constitute gross negligence, willful misconduct, fraud or a willful violation of law by the Member. No Member shall be liable to the LLC or any other Member for any action taken by any other Member, nor shall any Member (in the absence of gross negligence, willful misconduct, fraud or a willful violation of law by the Member) be liable to the LLC or any other Member for any action of any employee or agent of the LLC provided that the Member shall have exercised appropriate care in the selection and supervision of such employee or agent.

(b) Except as otherwise provided by the Act, the debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and no Member shall be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a Member.

(c) The liability of the Members for the losses, debts and obligations of the LLC shall be further limited to their capital contributions; provided, however, that under applicable law, the Members may under certain circumstances be liable to the LLC to the extent of previous distributions made to them in the event that the LLC does not have sufficient assets to discharge its liabilities.

(d) A Member shall be fully protected in relying in good faith upon the records of the LLC and upon such information, opinions, reports or statements presented to the Member by any third party professional as to matters the Member reasonably believes are within such third party's professional or expert competence.

(e) The Members' respective obligations to each other are limited to the express obligations described in this Agreement, which obligations the Members shall carry out with ordinary prudence and in a manner characteristic of business persons in similar circumstances. To the fullest extent permitted by the Act and other applicable law, no Member shall be a fiduciary of, or have any fiduciary duties or obligations to, the other Members in

connection with the LLC or this Agreement or such Member's performance of its obligations under this Agreement, and each Member hereby waives to the fullest extent permitted by the Act and other applicable law any rights it may have to claim any breach of any standard of care or duty (fiduciary or other) under this Agreement or in connection with the LLC.

6.04 Indemnification.

(a) Each Member and its respective partners, agents, employees and Affiliates (the "Indemnitees") shall be and hereby are (i) indemnified and held harmless by the LLC and (ii) released by the other Members from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions for which such Indemnitee has not otherwise been reimbursed (collectively, "Liabilities"), whether judicial, administrative, investigative or otherwise, of any nature whatsoever, known or unknown, liquidated or unliquidated, that may accrue to the LLC or any other Member or in which any of the Indemnitees may become involved, as a party or otherwise, arising out of the conduct of the business or affairs of the LLC by the respective Indemnitee or otherwise relating to this Agreement, including without limitation, in connection with the Indemnitee's service at the request or with the authorization of the Managing Member as a board member, officer or employee of any Portfolio Company, provided that an Indemnitee shall not be entitled to indemnification or release hereunder if it shall have been determined by (i) in the case of the Managing Member or an Indemnitee claiming by or through the Managing Member, final adjudication by a court of competent jurisdiction, or (ii) in the case of any Associate Member or an Indemnitee claiming by or through the Associate Member, the Managing Member acting in good faith, that (x) such person did not act in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the LLC and, in the case of a criminal proceeding, had reasonable cause to believe that its conduct was unlawful, or (y) such Liabilities shall have arisen from a violation of this Agreement or the gross negligence, willful misconduct, fraud or willful violation of law by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement.

(b) Promptly after receipt by any Member from any third party of notice of any demand, claim or circumstance that would reasonably be expected to give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in any loss, damage or claim with respect to which the Member might be entitled to indemnification from the LLC under Section 6.04(a), the Member shall give notice thereof (the "Claims Notice") to the Managing Member; provided, however, that a failure to give such notice shall not prejudice the Member's right to indemnification hereunder except to the extent that the LLC is actually prejudiced thereby. The Claims Notice shall describe the Asserted Liability in such reasonable detail as is practicable under the circumstances, and shall, to the extent practicable under the circumstances, indicate the amount (estimated, if necessary) of the loss or damage that has been or may be suffered by the Member.

(c) The LLC may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that if the named parties to any action or proceeding include (or could reasonably be expected to include) both the LLC and a Member, or more than one Member, and the LLC is advised by counsel that representation of

both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Member may engage separate counsel at the expense of the LLC (subject to the Member's obligation to reimburse the LLC if it is ultimately determined that the Member is not entitled to indemnification in accordance with this Section 6.04). If the LLC elects to compromise or defend such Asserted Liability, it shall within twenty (20) business days (or sooner, if the nature of the Asserted Liability so requires) notify the Member of its intent to do so, and the Member shall cooperate, at the expense of the LLC, in the compromise of, or defense against, such Asserted Liability. If the LLC elects not to compromise or defend such Asserted Liability, fails to notify the Member of its election as herein provided, contests its obligation to provide indemnification under this Agreement, or fails to make or ceases making a good faith and diligent defense, the Member may defend, compromise or pay such Asserted Liability in accordance with the provisions of Section 6.04(d) below. Except as set forth in the preceding sentence, neither the LLC nor the Managing Member may settle or compromise any claim against a Member over the objection of such Member; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, the LLC and/or the Member may participate at their own expense, in the defense of such Asserted Liability. If the Member chooses to defend any claim, the LLC shall make available to the Member any books, records or other documents within its control that are necessary or appropriate for such defense, all at the expense of the LLC.

(d) If the LLC elects not to compromise or defend an Asserted Liability, or fails to notify the Member of its election as herein provided, contests its obligation to provide indemnification, or fails to make or ceases making a good faith and diligent defense, then the Member shall be entitled to assume the defense and all expenses (including legal fees) incurred by a Member in defending any Asserted Liability shall promptly be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding following receipt by the LLC of an undertaking by or on behalf of the Member to repay such amount if it shall be determined that the Member is not entitled to be indemnified as authorized in Section 6.04(a) hereof.

(e) The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that such person reasonably believed to be in the best interests of the LLC or that the Indemnitee did not have reasonable cause to believe that its conduct was lawful.

(f) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which a Member may be entitled. Nothing contained in this Section 6.04 shall limit any lawful rights to indemnification existing independently of this Section. The obligations of the LLC under this Section 6.04 shall be satisfied only after any applicable insurance proceeds have been exhausted and then only out of LLC assets and, to the extent required by law, distributions made by the LLC to the Members, the Members shall otherwise have no personal liability to fund any indemnification payment hereunder.

(g) The indemnification rights provided by this Section 6.04 shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of a Member and any officers, directors, partners, members, shareholders, employees and Affiliates of such Member (and any former officer, director, partner, member, shareholder or employee of such Member, if

the loss, damage or claim was incurred while such person was an officer, director, partner, member, shareholder or employee of such Member). The Managing Member or the LLC may extend the indemnification called for by this Section 6.04 to non-employee agents of the LLC.

(h) As and when the LLC requires funds to discharge any indemnification obligation under this Section 6.04, if funds of the LLC are not otherwise available therefor, the Managing Member shall promptly contribute to the LLC the amount required to discharge such indemnification obligation, provided, however, the Managing Member shall have no obligation to contribute capital to the LLC pursuant to this Section 6.04(h) and/or Section 3.01 in an aggregate amount in excess of $50,000,000.

6.05 Budget; Certain Fees and Expenses; Office Facilities and Services.

(a) On or before August 1 of each year, the Managing Member shall adopt a budget (herein referred to as the "Budget"), setting forth the estimated expenditures (capital, operating, and other) of (x) the LLC and (y) of CMGI (as described in Section 6.05(d) below), in each case for the 12-month period covered by the Budget (which shall be the 12 months commencing on the next succeeding August 1). Any Budget may be amended at any time by the Managing Member. The Managing Member shall have complete discretion in preparing the Budget, taking into account, among other things and without limitation, the strategic importance of the LLC's activities to CMGI, the financial needs of CMGI and its affiliates, and market conditions (in general and for venture capital investing). Subject to its right to approve all Investments, as specified in Section 3.01, and compliance by the Associate Members with Section 6.05(c) below, the Managing Member shall make available to the LLC all amounts specified in the Budget for the purposes specified therein.

(b) If the Managing Member does not adopt a Budget with respect to any period, during such period the operating Budget adopted for the comparable portion of the preceding fiscal year shall be applicable until such time as the Managing Member adopts a Budget with respect to such period.

(c) All out-of-pocket expenses reasonably incurred by any Member in connection with the LLC's business shall be paid by the Managing Member or reimbursed by the Managing Member, provided that the Associate Members shall be entitled to reimbursement only in accordance with CMGI's standard policies and only to the extent that the expenses for which reimbursement is sought are of the types and consistent with the amounts specified in the then applicable Budget. The payment or reimbursement of such expenses shall not be treated as Capital Contributions of the Managing Member to the LLC.

(d) The Associate Members, for so long as they are employees of CMGI or a CMGI Affiliate, shall be provided with offices, facilities, computer and telephone equipment, administrative support and similar services that are reasonably necessary to the business of the LLC, as described in Section 2.03 herein (consistent with the then applicable Budget), at CMGI's principal place of business or at such other places as the Managing Member may determine. The cost of such facilities and services shall not be treated as a Capital Contribution of the Managing Member to the LLC.

(e) All amounts expended or made available by the Managing Member pursuant to this Section 6.05 shall be treated as incurred directly by the Managing Member outside of the LLC and shall not be treated as Capital Contributions to the LLC or expenditures by the LLC.

6.06 Other Activities.

(a) Subject to Sections 6.06(b) and (c) and Section 6.07 below, the terms of the Retention Agreements, certain Nondisclosure and Developments Agreements (one between each Associate Member and CMGI), and any other written agreement between an Associate Member, on the one hand, and CMGI or an Affiliate of CMGI on the other hand, the Members and their respective Affiliates may engage in and possess interests in other business ventures and investment opportunities of every kind and description, independently or with others, including serving as directors, officers, stockholders, managers, members and general or limited partners of corporations, partnerships or other limited liability companies with purposes similar to or the same as those of the LLC. Each Associate Member shall be required to pay over to the LLC any cash or non-cash compensation or remuneration to which such Associate Member becomes entitled from any Portfolio Company for services rendered to such Portfolio Company (or, in the case of options or similar compensation, to hold the same as nominee for the LLC).

(b) Each Associate Member agrees that (I) during his or her employment by the Employer, and (II) for a period of 18 months following termination of his or her employment relationship with the Employer if such employment is terminated: (A) by the Associate Member voluntarily, or (B) by the Employer for Cause, such Associate Member will not, directly or indirectly:

(x) recruit, solicit or induce, or attempt to induce, any employee of CMGI or of any Portfolio Company or of any Affiliate of any of them to terminate his or her employment with, or otherwise cease any relationship with, CMGI or any Portfolio Company or any Affiliate of any of them; or

(y) solicit, divert, take away, or attempt to divert or take away, any investment opportunity with respect to any Portfolio Company or any investment opportunity with respect to any prospective investment or prospective portfolio company which the LLC contacted or solicited (or by whom the LLC was contacted or solicited) during such Member's employment relationship with the Employer.

If any restriction set forth herein is found by any court to be unenforceable because it extends for too long a period of time, or over too great a range of activities, or over too broad a geographic area, the restriction shall be interpreted to extend only over the maximum period of time, range of activities, or geographic area which the court finds to be enforceable. Each Associate Member acknowledges and agrees that the restrictions contained in this Section 6.06(b) are necessary for the protection of the business and goodwill of the Employer, the Portfolio Companies and the Affiliates of any of them and are considered by such Associate Member to be reasonable for such purpose and that his or her interest in the LLC is being received partly in consideration for the foregoing covenant. The provisions of this Section 6.06(b) shall terminate upon the occurrence of any Vesting Event.

(c) Each Associate Member agrees that, without the prior written consent of the Managing Member, during his or her employment by the Employer, he shall not invest in any Qualified Investment Opportunity (as hereinafter defined) which is made available to him unless such Associate Member has notified the Managing Member of such opportunity and the LLC has elected not to undertake such Qualified Investment Opportunity. The Associate Member shall provide to the Managing Member, together with such notice, all information as may be reasonably necessary to enable the Managing Member to evaluate such Qualified Investment Opportunity. If, within 30 days following the notice from the Associate Member to the Managing Member of such opportunity, the Managing Member fails to notify the Associate Member that it has determined to cause the LLC to undertake such opportunity, the Managing Member and the LLC shall be deemed to have elected not to undertake such opportunity. In addition, each Associate Member agrees that, without the prior written consent of the Managing Member, he shall not invest in any Portfolio Company in which the LLC has invested or in which the LLC is contemplating making an investment. As used herein, a "Qualified Investment Opportunity" shall mean any venture capital investment in which (x) any one Associate Member intends to invest more than $100,000 or (y) two or more Associate Members intend to invest more than $200,000 in the aggregate, exclusive of any investment in a pooled investment vehicle sponsored or controlled by unaffiliated persons. Each Associate Member shall notify the Managing Member each time he invests in a Qualified Investment Opportunity, which notice shall include a brief description of the Qualified Investment Opportunity and the amount invested therein by such Associate Member.

(d) Without limiting Section 6.06(a) above, the Managing Member, CMGI and any of their respective Affiliates shall be permitted to make investments in business enterprises either directly or indirectly through vehicles other than the LLC, including without limitation, investments which are similar to those made by the LLC or suitable for the LLC, and shall have no obligation to offer to the LLC the opportunity to make any such investments, provided, however, that neither CMGI, the Managing Member nor any of their Affiliates shall be permitted to make any investment which the Associate Members have proposed, pursuant to Section 3.01(a)(i), that the LLC make, if the Managing Member has rejected any such proposal.

6.07 Commitment of Members. Each of the Associate Members hereby agrees, during his employment by the Employer, to use his best efforts in connection with the purposes and objectives of the LLC and to devote to such purposes and objectives, and to the purposes and objectives of the Outside @Ventures III Entities and any other investment vehicles affiliated with CMGI, his full business time and resources. Without limiting the foregoing, each Associate Member may serve on the board of directors of any portfolio company of any of the Outside @Ventures III Entities and any other investment vehicles which are affiliated with CMGI, provided however, each Associate Member hereby agrees and acknowledges that, with respect to service on the board of directors (or similar governing bodies) of any other entity or company, he is subject to CMGI's policy with respect to service on boards of directors or similar governing bodies of any entity.

6.08 Valuation of Investments.

(a) Whenever valuation of the LLC's net worth or any particular asset, including an Investment, of the LLC is required by this Agreement, the Managing Member shall,

as of a reasonable valuation date established by it, make a good faith determination of the "fair value" of all noncash assets of the LLC (if net worth is to be evaluated) or of such particular asset. Such determination of "fair value" with respect to any noncash asset shall be based upon all relevant factors, including, without limitation, type of security, marketability, liquidity, restrictions on disposition, recent purchases of the same or similar securities by other investors, pending mergers or acquisitions, current financial position and operating results, and risks and potential of the security.

(b) The fair value of any Marketable Securities owned by the LLC shall be equal to the average of: (i) if applicable, the median of the "bid" and "asked" prices for such securities in the market on which such securities are regularly traded; or (ii) if applicable, the closing price on the market on which such securities are regularly traded; in each case, on the ten trading days immediately preceding the date of valuation of such securities.

(c) Subject to the foregoing, any determination of LLC net worth or of the value of a particular asset required by this Agreement to be made pursuant to this Section 6.08 shall be made in accordance with generally accepted accounting principles, as from time to time applicable to the LLC or similar entities; provided, however, that no value whatsoever shall be assigned to the LLC name and goodwill or to the office records, files, statistical data or any similar intangible assets of the LLC not normally reflected in the LLC's accounting records; and provided further, that liabilities of the LLC shall be taken in the amounts at which they are carried on the books of the LLC and reasonable provision shall be made for contingent or other liabilities not reflected on such books and, in the case of valuation in connection with the liquidation of the LLC, for the expenses (to be borne by the LLC) of the liquidation and winding up of the LLC's affairs.

(d) In the event that a valuation of one or more assets (excluding Marketable Securities, to which this Section 6.08(d) shall not apply) in accordance with this Section 6.08 is made by the Managing Member for purposes of Section 9.02, the Managing Member will review such valuation with the Associate Members. If less than a Majority in Number of the Associate Members approve the aggregate fair market value determination of the LLC's noncash assets for such purpose, then the LLC will engage an independent appraiser to value such assets. The appraiser will be selected by the Managing Member and a Majority in Number of the Associate Members. If the Managing Member and a Majority in Number of the Associate Members are not able to agree on an appraiser, then they shall each select an appraiser, and those appraisers will select a third appraiser, who will perform the valuation of the such noncash assets.

6.09 Public Announcements. The Associate Members shall have no authority to make any press release or similar public announcement concerning the affairs and activities of the LLC without the prior written approval of the Managing Member.

ARTICLE VII
BOOKS, RECORDS AND BANK ACCOUNTS

7.01 Books and Records. The Managing Member shall keep or cause to be kept just and true books of account with respect to the operations of the LLC. Such books shall be maintained at the LLC's principal place of business, or at such other place as the Managing

Member shall determine, and all Members, and their duly authorized representatives, shall at all reasonable times have access to such books as well as any information required to be made available to the Members under the Act, in each case for any purpose reasonably related to the LLC. The Managing Member shall not be required to deliver or mail copies of the LLC's Certificate of Formation or copies of certificates of amendment thereto or cancellation thereof to the Members, although such documents shall be available for review and/or copying by the Members at the LLC's principal place of business.

7.02 Accounting Basis and Fiscal Year. The LLC's books shall be kept on the accrual method of accounting, or on such other method of accounting as the Managing Member may from time to time determine, and shall be closed and balanced at the end of each fiscal year of the LLC. The fiscal year of the LLC shall be the 12-month period ending on July 31 of each year.

7.03 Bank Accounts. The Managing Member shall be responsible for causing one or more accounts to be maintained in a bank (or banks), which accounts shall be used for the payment of the expenditures incurred by the Managing Member in connection with the business of the LLC, and in which shall be deposited any and all cash receipts (including cash, and, to the extent practicable, property and securities received by the LLC with respect to Investments) of the LLC. All such amounts shall be and remain the property of the LLC, and shall be received, held and disbursed by the Managing Member for the purposes specified in this Agreement. There shall not be deposited in any of said accounts any funds other than funds belonging to the LLC, and no other funds shall in any way be commingled with such funds.

7.04 Reports to Members. Within 90 days after the end of each LLC fiscal year, the Managing Member shall cause the LLC to furnish to each Member (i) such information as may be needed to enable the Members to file their federal income tax returns and any required state income tax returns, and (ii) a balance sheet of the LLC as of the last day of such fiscal year, and financial statements of the LLC for such fiscal year (which balance sheet and financial statements may, in the discretion of the Managing Member, be audited). The cost of such reporting shall be paid by the LLC as a LLC expense. Any Member may, at any time, at its own expense, cause an audit of the LLC books to be made by a certified public accountant of its own selection. All expenses incurred by such accountant shall be borne by such Member. The Associate Members shall provide such assistance to the Managing Member as may be reasonably requested in connection with the management and maintenance of the books and records of the LLC, and the preparation of any and all reports to be provided hereunder.

ARTICLE VIII
TRANSFERS OF INTERESTS OF MEMBERS

8.01 Substitution and Assignment of Member's Interest.

(a) Subject to Section 8.01(b) below, no Associate Member may sell, transfer, assign, pledge, hypothecate or otherwise dispose of all or any part of its interest in the LLC (whether voluntarily, involuntarily or by operation of law), unless (i) the Managing Member and (ii) a Majority in Number of the Associate Members (exclusive of the transferor) shall have previously consented to such transfer, assignment, pledge, hypothecation or disposition in

writing, the granting or denying of which consent shall be in such Members' absolute discretion. Subject to Section 8.01(b) below, the provisions of this Section 8.01(a) shall not be applicable to any assignment of the interest of an Associate Member to a Permitted Transferee (provided that no such Permitted Transferee may be admitted to the LLC as a substitute Member except as provided in Section 8.01(c) below) and any interest so assigned to a Permitted Transferee shall continue to be subject to the forfeiture provisions of Section 3.03 as if it had not been assigned. Subject to Section 8.01(b) below, the Managing Member may sell, transfer, assign, pledge, hypothecate or otherwise dispose of all or any part of its interest in the LLC without the consent or approval of any other Member, provided that the transferee of any such interest may not be admitted to the LLC as a substitute Member except as provided in Section 8.01(c) below.

(b) No assignment of the interest of a Member shall be made if, in the opinion of counsel to the LLC, such assignment (i) may not be effected without registration under the Securities Act of 1933, as amended, (ii) would result in the violation of any applicable state securities laws, (iii) would result in a termination of the LLC under Section 708 of the Code, unless such a transfer is consented to by the Managing Member, (iv) would result in the treatment of the LLC as an association taxable as a corporation or as a "publicly-traded limited partnership" for tax purposes, unless such a transfer is consented to by all Members or (v) would require the LLC to register as an investment company under the Investment Company Act of 1940, as amended, or as an investment advisor under the Investment Advisors Act of 1940, as amended. The LLC shall not be required to recognize any assignment until the instrument conveying such interest has been delivered to the LLC for recordation on the books of the LLC. Unless an assignee becomes a substituted Member in accordance with the provisions of Section 8.01(c), it shall not be entitled to any of the rights granted to a Member hereunder, other than the right to receive all or part of the share of the Net Profits, Net Losses, distributions of cash or property or returns of capital to which his assignor would otherwise be entitled.

(c) An assignee of the interest of a Member, or any portion thereof, shall become a substituted Member entitled to all the rights of a Member if, and only if:

(i) the assignor gives the assignee such right;

(ii) in the case of an assignee of an Associate Member, the Managing Member consents to such substitution, the granting or denying of which consent shall be in the Managing Member's absolute discretion;

(iii) in the case of an assignee of the Managing Member, the Managing Member consents to such substitution;

(iv) the assignee or the assignor pays to the LLC all costs and expenses incurred in connection with such substitution, including specifically, without limitation, costs incurred in the review and processing of the assignment and in amending this Agreement; and

(v) the assignee executes and delivers such instruments, in form and substance satisfactory to the LLC, as may be necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of this Agreement.

(d) The LLC and the Members shall be entitled to treat the record owner of any interest in the LLC as the absolute owner thereof in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such interest has been received and accepted by the Managing Member and recorded on the books of the LLC. The Managing Member may refuse to accept an assignment until the end of the next successive quarterly accounting period. In no event shall any interest in the LLC, or any portion thereof, be sold, transferred or assigned to a minor or incompetent, and any such attempted sale, transfer or assignment shall be void and ineffectual and shall not bind the LLC.

(e) If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the Member's executor, administrator, guardian, conservator or other legal representative may exercise all of the Member's rights hereunder, but solely for the purpose of settling his estate or administering his property, and in no event shall such executor, administrator, guardian, conservator or legal representative participate in any way in the conduct of the business of the LLC, or in the making of any decision or the taking of any action provided for hereunder for any other purpose. If a Member is a corporation, trust or other entity, and is dissolved or terminated, the powers of that Member may be exercised by its legal representative or successor.

8.02 Additional Members.

(a) Except as provided in Section 8.01, additional Members may be admitted to the LLC only in accordance with this Section 8.02.

(b) The Managing Member shall not cause any person to be admitted as an additional Associate Member without the consent of a Majority in Number of the Associate Members, and, if any such admission dilutes, modifies or adversely alters the economic interest of any Associate Member or Former Associate Member, the consent of such Associate Member or Former Associate Member shall be required in connection with such admission.

(c) In connection with any admission of an additional Member in accordance with this Section 8.02, this Agreement (including Schedule A) shall be amended by the Managing Member to reflect the additional Member, its capital contribution, if any, its Percentage Interest, its Vesting Commencement Date (if applicable), the portion of its interest, if any, which is vested, and any other rights and obligations of the additional Member.

(d) Each Member, and each person who is hereinafter admitted to the LLC as a Member in accordance with this Section 8.02, hereby consents to the admission to the LLC of any such third party on such terms as may be approved by the Members in accordance with this Section 8.02, and to any amendment to this Agreement which may be necessary or appropriate to reflect the admission of any such third party and the terms of its interest in the LLC.

(e) Any amendment to this Agreement which shall be made in order to effectuate the provisions of this Section 8.02 shall be executed by the additional Member and the Managing Member, and any such amendment shall be binding upon all of the Members.

ARTICLE IX
DISSOLUTION AND TERMINATION

9.01 Events of Dissolution.

(a) The LLC shall be dissolved:

(i) at any time, on a date designated in writing by the Managing Member;

(ii) upon the sale or other disposition of all of the LLC's assets; or

(iii) upon the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) Dissolution of the LLC shall be effective on the day on which the event occurs giving rise to the dissolution, but the LLC shall not terminate until the LLC's Certificate of Formation shall have been cancelled and the assets of the LLC shall have been distributed as provided herein. Notwithstanding the dissolution of the LLC, prior to the termination of the LLC, as aforesaid, the business of the LLC and the affairs of the Members, as such, shall continue to be governed by this Agreement. A liquidator appointed by the Managing Member (who may be a Member), shall liquidate the assets of the LLC, and distribute the proceeds thereof as contemplated by this Agreement and cause the cancellation of the LLC's Certificate of Formation.

9.02 Distributions Upon Liquidation.

(a) After payment of liabilities owing to creditors, the liquidator shall set up such reserves as it deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the LLC. Said reserves may be paid over by such liquidator to a bank, to be held in escrow for the purpose of paying any such contingent or unforeseen liabilities or obligations and, at the expiration of such period as such liquidator may deem advisable, such reserves shall be distributed to the Members or their assigns in the manner set forth in paragraph (b) below.

(b) After paying such liabilities and providing for such reserves, the liquidator shall cause the remaining net assets of the LLC to be distributed to all Members in accordance with Section 3.01(b) and Section 4.01 hereof. In the event that any part of such net assets consists of notes or accounts receivable or other non-cash assets, the liquidator may take whatever steps it deems appropriate to convert such assets into cash or into any other form which would facilitate the distribution thereof. If any assets of the LLC are to be distributed in kind, such assets shall be distributed on the basis of their fair market value, determined in accordance with Section 6.08 herein.

ARTICLE X
MISCELLANEOUS

10.01 Notices. Except as otherwise specifically provided in this Agreement, any and all notices, requests, elections, consents or demands permitted or required to be made under this

Agreement shall be in writing, signed by the Member giving such notice, request, election, consent or demand, and shall be delivered personally, or sent by registered or certified mail, or by overnight mail, Federal Express or other similar commercial overnight courier, to the other Member or Members at their addresses set forth in Schedule A, and, in the case of a notice to the LLC, at the address of its principal office as set forth in Article I hereof, or at such other address as may be supplied by written notice given in conformity with the terms of this Section 10.01. The date of personal delivery, three days after the date of mailing, the business day after delivery to an overnight courier, as the case may be, or the date of actual delivery if sent by any other method, shall be the date of such notice.

10.02 Successors and Assigns. Subject to the restrictions on transfer set forth herein, this Agreement, and each and every provision hereof, shall be binding upon and shall inure to the benefit of the Members, their respective successors, successors-in-title, heirs and assigns, and each and every successor-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure, or by any other method, shall hold such interest subject to all of the terms and provisions of this Agreement.

10.03 Amendments. Except as otherwise specifically provided in this Agreement (including without limitation, Section 3.03 and Article VIII), this Agreement may be amended or modified only by (i) the Managing Member and (ii) a Majority in Number of the Associate Members; provided that (x) no such amendment shall increase the liability of, increase the obligations of or disproportionately adversely affect the interest of, any Associate Member without the specific approval of such Member (other than upon the occurrence of an Event of Forfeiture), and no amendment shall reduce the Percentage Interest or Vested Percentage of any Former Associate Member without the specific approval of such Former Associate Member (except for such a reduction upon the occurrence of a Clause Z Event); (y) if any provision of this Agreement provides for the approval or consent of a greater number of Members or of Members holding a higher percentage of the total Percentage Interests of the Members, any amendment effectuated pursuant to such provision, and any amendment to such provision, shall require the approval or consent of such greater number of Members or of Members holding such higher percentage of Percentage Interests; and (z) subject to clauses (x) and (y) above, any amendment to this Section 10.03 shall require the approval of (i) the Managing Member and (ii) Associate Members holding not less than two-thirds of all Percentage Interests held by all Associate Members.

10.04 Partition. The Members hereby agree that no Member nor any successor-in-interest to any Member, shall have the right while this Agreement remains in effect to have the property of the LLC partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the LLC partitioned, and each Member, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intention of the Members that during the term of this Agreement, the rights of the Members and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Member or successor-in-interest to assign, transfer, sell or otherwise dispose of his interest in the LLC shall be subject to the limitations and restrictions of this Agreement.

10.05 No Waiver. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

10.06 Entire Agreement. This Agreement, together with the Retention Agreement signed by each Associate Member constitutes the full and complete agreement of the parties hereto with respect to the subject matter hereof.

10.07 Captions. Titles or captions of Articles or sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

10.08 Counterparts. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Members notwithstanding that all Members have not signed the same counterpart.

10.09 Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws.

10.10 Gender, Etc. In the case of all terms used in this Agreement, the singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, as the context requires.

10.11 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of any Member or of the LLC other than a Member who is such a creditor of the LLC. Notwithstanding the foregoing, any Indemnitee not a party hereto shall be entitled to rely on the provisions of Section 6.04 as if a party to this Agreement.

10.12 Power of Attorney. By signing this Agreement, each Associate Member hereby designates and appoints the Managing Member his true and lawful attorney, in his name, place, and stead to make, execute, sign, and file the Certificate and any amendment thereto and such other instruments, documents, or certificates that may from time to time be required of the LLC by the laws of the United States of America, the laws of the state of the LLC's formation, or any other state in which the LLC shall do business in order to qualify or otherwise enable the LLC to do business in such jurisdictions. Such attorney is hereby granted any authority on behalf of the Associate Members to execute (i) any amendment to this Agreement on behalf of the Associate Members if such amendment has been adopted pursuant to Section 10.03 or otherwise effectuated in accordance with this Agreement, (ii) any amendment to this Agreement reflecting a transfer of an interest or admission of a new Member in accordance with this Agreement and (iii) any amendment to this Agreement or instruments to effectuate the modification of the interests of the Members pursuant to Section 3.03. This power of attorney granted by each Associate Member shall expire as to such Associate Member immediately after the amendment of the LLC's records to reflect the complete withdrawal of such Associate Member as a Member

of the LLC. It is expressly intended by each Associate Member that the power of attorney granted hereby is coupled with an interest, shall be irrevocable, and shall survive and not be affected by the subsequent disability or incapacity of such Associate Member.

[Signature pages follow.]

IN WITNESS WHEREOF, the Members have signed and sworn to this Agreement under penalties of perjury as of the date first above written.

MANAGING MEMBER:

CMG @VENTURES CAPITAL CORP.

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf

Title: Chief Financial Officer and Treasurer

ASSOCIATE MEMBERS:

/s/ Peter H. Mills
Peter H. Mills

/s/ Marc D. Poirier
Marc D. Poirier

CMGI, Inc. (for the limited purpose of CMGI's obligations under Section 6.05(d))

By: /s/ Thomas Oberdorf

Name: Thomas Oberdorf

Title: Chief Financial Officer and Treasurer

@VENTURES V, LLC

SCHEDULE A

NAMES AND ADDRESSES OF THE MEMBERS, PERCENTAGE INTERESTS
AND VESTING COMMENCEMENT DATES

Managing Members	Percentage Interest	Vesting Commencement Date
CMG @Ventures Capital Corp. 425 Medford Street Charlestown, MA 02129	93.334%	NA

Associate Members	Percentage Interest	Vesting Commencement Date
Peter H. Mills 2 Sierra Lane Portola Valley, CA 94028	3.333%	01/01/04
Marc D. Poirier 160 Christian Way North Andover, MA 01845	3.333%	01/01/04

MODUSLINK SECURED GUARANTY

THIS MODUSLINK SECURED GUARANTY (this **"Guaranty"**) is made on August 17, 2004 by ModusLink Corporation, a Delaware corporation (the **"Guarantor"**), to and for the benefit of LaSalle Bank National Association as agent for the Lenders (as defined below) (herein, in such capacity, the **"Agent"**).

WHEREAS, pursuant to that certain Loan and Security Agreement dated as of July 31, 2004 (the **"Loan Agreement"** and, together with all other documents and instruments executed or created in connection therewith, the **"Loan Documents"**) among the Agent, the lenders party thereto (the **"Lenders"**), SalesLink Corporation, a Delaware corporation (**"SalesLink"**), InSolutions Incorporated, a Delaware corporation, On-Demand Solutions, Inc., a Massachusetts corporation, Pacific Direct Marketing Corp., a California corporation, SalesLink Mexico Holding Corp., a Delaware corporation and SL Supply Chain Services International Corp., a Delaware corporation (together with SalesLink, the **"Borrowers"**), the Lenders have agreed to make available to the Borrowers a revolving credit facility in the amount of $30,000,000 and make other financial accommodations subject to the terms and conditions set forth in the Loan Agreement;

WHEREAS, the Loans are evidenced by (i) that certain Revolving Credit Note executed by Borrowers in the principal amount of $20,000,000 dated as of the date hereof and made payable to Agent and (ii) that certain Revolving Credit Note executed by Borrowers in the principal amount of $10,000,000 dated as of the date hereof and made payable to Citizens Bank of Massachusetts (collectively, the **"Notes"**);

WHEREAS, pursuant to that certain Capital Contribution Agreement by and between CMGI, Inc., a Delaware corporation (**"CMGI"**) and Guarantor dated as of August 2, 2004, CMGI contributed all of the issued and outstanding shares of capital stock of SalesLink to Guarantor (the **"Contribution"**);

WHEREAS, as a result of the Contribution, Guarantor is the owner of 100% of SalesLink's issued and outstanding capital stock, and will therefore benefit from the Loans; and

WHEREAS, the Agent and Lenders are requiring Guarantor (i) to execute and deliver this Guaranty in order to secure the prompt and complete payment, observance and performance of all of the obligations of the Borrowers under the Loan Agreement (the **"Obligations"**) and (ii) to execute and deliver a Security Agreement, the form of which is attached hereto as Exhibit A (the **"Security Agreement"**) in order to secure its obligations hereunder.

NOW, THEREFORE, in consideration of the foregoing promises and for the purpose of inducing the Lenders to make the Loans, Guarantor hereby agrees as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

2. Guaranty of Payment and Performance. Guarantor unconditionally, absolutely and irrevocably guarantees, without limitation, for the benefit of the Lenders and each and every present and future holder or holders of the Notes, or assignee or assignees of the Loan Documents, the due, punctual and full payment of the Loans, the interest thereon and all other monies due or which may become due thereunder or under the Loan Documents, whether according to the present terms thereof or at any earlier or accelerated date or dates as provided therein, or pursuant to any extensions of time or to any change or changes in the terms, covenants or conditions thereof or at any time hereafter made or granted, and the complete performance in full of all Obligations of the Borrowers under the Loan Documents. The guaranty set forth in this Section 2 is a guaranty of payment and not of collection. Notwithstanding anything to the contrary herein, Guarantor shall be permitted to assert any defenses whatsoever that the Borrowers may or might have to the performance or observance of any of the covenants or conditions contained in the Notes or Loan Documents.

3. Security. To secure the obligations of Guarantor hereunder, Guarantor agrees to grant Agent a security interest in all of the Collateral (as such term is defined in the Security Agreement), which such security interest shall be governed by the terms and conditions of the Security Agreement.

4. Representations and Warranties. Guarantor represents and warrants to the Lenders as follows, and hereby acknowledges that the Lenders intend to make advances in accordance with the terms and conditions of the Loan Agreement in reliance thereon:

(a) Guarantor has the requisite power, authority, capacity and legal right to execute, deliver and perform this Guaranty and all other documents required to be executed and delivered hereunder. This Guaranty and all other documents required to be executed and delivered hereunder, when executed and delivered, will constitute legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with their terms;

(b) Guarantor is not in default, and no event has occurred which with the passage of time and/or the giving of notice will constitute a default, under any agreement to which Guarantor is a party, the effect of which will impair performance by Guarantor of its obligations pursuant to and as contemplated by the terms of this Guaranty, and neither the execution and delivery of this Guaranty nor compliance with the terms and provisions hereof will, violate any applicable law, rule, regulation, judgment, decree or order, or will materially conflict or will be materially inconsistent with, or will result in

any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind that creates, represents, evidences or provides for any lien, charge or encumbrance upon any of the property or assets of Guarantor, or any other indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind to which Guarantor is a party or by which Guarantor or the property of Guarantor may be subject, or in the event of any such conflict, the required consent or waiver of the other party or parties thereto has been validly granted, is in full force and effect, is valid and sufficient therefor and has been approved by the Agent;

(c) There is no litigation, arbitration, governmental or administrative proceedings, actions, examinations, claims or demands pending or threatened that will adversely and materially affect performance by Guarantor of its obligations pursuant to and as contemplated by the terms and provisions of this Guaranty;

(d) Guarantor has taken all necessary corporate action to ensure that the execution, delivery and performance of this Guaranty are duly authorized;

(e) The execution, delivery and performance of this Guaranty by Guarantor and compliance with the provisions hereof by Guarantor will not violate any provision of Guarantor's Certificate of Incorporation or By-laws; and

(f) Neither this Guaranty nor any statement or certification as to facts heretofore furnished or required herein to be furnished to the Agent by Guarantor contains any inaccuracy or untruth in any representation, covenant or warranty or omits to state a fact material to this Guaranty.

5. Covenants. In furtherance of the guarantees, representations and warranties described above in Sections 2 and 4, and not in any way in limitation thereof, Guarantor hereby acknowledges, covenants and agrees that:

(a) any indebtedness of the Borrowers now or hereafter owing, together with any interest thereon, to Guarantor, is hereby subordinated to the indebtedness of the Borrowers to the Lenders under the Loan Documents, and such indebtedness of the Borrowers to Guarantor in the event of a Default hereunder shall be collected, enforced and received by Guarantor in trust for the benefit of the Lenders, and shall be paid over to Agent for its benefit and for the ratable benefit of the Lenders on account of the indebtedness of the Borrowers to the Lenders, but without impairing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty;

(b) any lien, security interest or charge on the Collateral, all rights therein and thereto or on the revenue and income to be realized therefrom, which Guarantor may now have or hereinafter obtain as security for any loans, advances or costs shall be, and such

lien, security interest or charge hereby is, subordinated to all liens and security interests heretofore, now or hereafter granted by the Borrowers to the Lenders under the Loan Documents;

(c) until the Notes are repaid in full, no payment by Guarantor under any provision of this Guaranty shall entitle Guarantor, by subrogation to the rights of the Lenders or otherwise, to (i) any payment by the Borrowers or (ii) any payment from or rights in any commitments or indemnities or other security held by or for the benefit of the Lenders in connection with the Loan;

(d) the liability of Guarantor hereunder shall in no way be affected, diminished or released by any extension of time or forbearance that may be granted by the Agent to the Borrowers or to Guarantor or any waiver by the Agent under the Loan Documents or by reason of any change or modification in any of said instruments or by the acceptance by the Agent of additional security or any increase, substitution or changes therein, or by the release by the Agent of any security or any withdrawal thereof or decrease therein or by the failure or election not to pursue any remedies it may have against the Borrowers or Guarantor;

(e) Agent, in its sole discretion, may at any time enter into agreements with the Borrowers to amend and modify any one or more of the Loan Documents and may waive or release any provision or provisions of any one or more thereof and, with reference thereto, may make and enter into any such agreement or agreements with the Borrowers as Agent may deem proper or desirable, without any notice to or assent from Guarantor and without in any manner impairing or affecting this Guaranty or any of the Lenders' rights hereunder. Notwithstanding the foregoing or anything to the contrary herein, in no event, unless Lenders first obtain Guarantor's prior written consent (which may be withheld in Guarantor's reasonable discretion) shall Guarantor's liability under or pursuant to this Guaranty be increased, extended or expanded in any way, nor shall Guarantor be adversely affected in any way as a result of an amendment or modification to any one or more the Loan Documents that is made without the prior written consent of Guarantor;

(f) upon the occurrence of an Event of Default, Agent, for its benefit and for the ratable benefit of the Lenders, may enforce this Guaranty without the necessity at any time of first resorting to or exhausting any other remedy or any other security or collateral and without the necessity at any time of first having recourse to the Notes; provided that nothing herein contained shall prevent the Agent from suing on the Notes, or from exercising or enforcing its rights under the Loan Documents, and if such other remedy is availed of only the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature relating to collection of the indebtedness evidenced by the Notes, shall be applied in reduction of the amount due on the Notes and Loan Documents. The Agent shall not be required to institute or prosecute proceedings to recover any deficiency

as a condition of any payment hereunder or enforcement hereof. At any sale of the Collateral or other security for the indebtedness evidenced by the Notes, or any part thereof, whether by foreclosure or otherwise, Agent, for its benefit and for the ratable benefit of the Lenders, may at its sole discretion purchase all or any part of such Collateral offered for sale, for its own account, and may apply against the amount bid therefor the balance due it pursuant to the terms of the Notes and Loan Documents;

(g) this Guaranty shall remain and continue in full force and effect notwithstanding the institution by or against the Borrowers or Guarantor of bankruptcy, reorganization, readjustment, receivership or insolvency proceedings of any nature, or the rejection of the Loan Documents in any such proceedings, or otherwise. In the event any payment by or on behalf of the Borrowers to the Agent is held to constitute a preference under the bankruptcy laws, or if for any other reason the Agent is required to refund such payment or pay the amount thereof to any other party, such payment by or on behalf of the Borrowers to the Agent shall not constitute a release of Guarantor from any liability hereunder, but Guarantor agrees to pay such amount to the Agent upon demand; and

(h) this Guaranty shall be a continuing, absolute and unconditional Guaranty, and shall not be discharged, impaired or affected by the following, whether or not Guarantor has notice or knowledge of, or consents or agrees thereto: (i) the existence or continuance of any obligation on the part of the Borrowers on or with respect to the Notes or under Loan Documents; (ii) the release or agreement not to sue without reservation of rights of anyone liable in any way for repayment of the indebtedness evidenced by the Notes or any of the other covenants or conditions required to be performed under the Loan Documents for any reason whatsoever; (iii) the power or authority or lack of power or authority of the Borrowers to execute, acknowledge or deliver the Notes or Loan Documents; (iv) the validity or invalidity of the Notes and/or the Loan Documents; (v) [intentionally omitted]; (vi) [intentionally omitted]; (vii) the transfer by the Borrowers of all or any part of any interest in all or any part of any property or rights described in any of the other Loan Documents; (viii) the existence or non-existence of any Borrower as a legal entity; (ix) any sale, pledge, surrender, indulgence, alteration, substitution, exchange, modification, release or other disposition of any of the indebtedness hereby guaranteed or any security therefor, all of which the Agent is expressly authorized to make and do from time to time; (x) any right or claim whatsoever which Guarantor may have against the Borrowers; (xi) [intentionally omitted]; (xii) the acceptance by the Agent of any, all or part of the indebtedness evidenced by the Notes, or any failure, neglect or omission on the part of the Agent to realize on or protect any of the indebtedness evidenced by the Notes or any personal property or lien security given as security therefor, or to exercise any lien upon or right of appropriation of any monies, credits or property of any Borrower toward liquidation of the indebtedness hereby guaranteed; or (xiii) the failure by the Agent to perfect any lien or security interest upon any Collateral.

6. Waivers.

(a) Guarantor waives diligence, presentment, protest, notice of dishonor, demand for payment, extension of time of payments, notice of acceptance of this Guaranty, nonpayment at maturity and indulgences and notices of every kind with respect to the Notes and Loan Documents. Guarantor further consents to any and all forbearances and extensions of the time of payment of the Notes, including any extension of the maturity date of the Loan, to any and all changes in the terms, covenants and conditions of the Loan Documents, hereafter made or granted, and to any and all substitutions, exchanges or releases of all or any part of the collateral for the Notes, it being the intention hereof that Guarantor remain liable, until the unpaid principal amount of the Notes, together with interest thereon and all other sums due or to become due thereon or under the Loan Documents shall have been fully repaid to the Agent, notwithstanding any act, omission or thing which might otherwise operate as a legal or equitable discharge of Guarantor; and

(b) Until the Obligations have been paid in full and the Loan Agreement has been terminated, Guarantor hereby irrevocably and unconditionally waives and relinquishes all statutory, contractual, common law, equitable and other claims against the Borrowers, any Collateral or other assets of the Borrowers or any other obligor or guarantor, for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse with respect to sums paid or payable to the Lenders by Guarantor hereunder and Guarantor hereby further irrevocably and unconditionally waives and relinquishes any and all other benefits which Guarantor might otherwise directly receive or be entitled to receive by reason of any amounts paid by or collected or due from any Borrower or any other obligor or guarantor upon the indebtedness under the Notes or realized from their property.

7. Effect of Agent's Delay or Action. No delay on the part of the Agent in the exercise of any right or remedy hereunder or under the Loan Documents shall operate as a waiver thereof, and no single or partial exercise by the Agent of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of the Agent permitted hereunder shall in any way affect or impair the rights of the Lenders and the obligations of Guarantor.

8. Business Loan. Guarantor hereby represents and warrants to Lenders that the proceeds of the Loan will be used solely for the purposes specified in 815 ILCS 205/4 (2001), as amended, and the principal sum advanced is for a "business loan" which comes with the purview of such section.

9. Successors and Assigns. Guarantor agrees that this Guaranty shall inure to the benefit of and may be enforced by the Agent, and any subsequent holder of the Notes and their respective successors and assigns, and shall be binding upon and enforceable against Guarantor and its respective successors and assigns.

10. Modification; Amendment. This Guaranty may not be modified, amended, revised, revoked, terminated, changed or varied in any way whatsoever except by the express terms of a writing signed by the party or parties sought to be bound thereby.

11. Construction. When the context or construction of the terms of this Guaranty so require, all words used in the singular herein shall be deemed to have been used in the plural and the neuter shall include the masculine and feminine.

12. Notices. All notices or other communications required or permitted to be given pursuant to this Guaranty shall be in writing and shall be considered as properly given if sent by overnight messenger or first class United States mail, postage prepaid registered or certified with return receipt requested, or by delivering same to the address listed below by prepaid messenger as follows:

(a) If to Agent, at:

LaSalle Bank National Association
135 South LaSalle
Chicago, Illinois 60603
Attention: David Bacon
Fax: (312) 904-0409

With copies to:

Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago, Illinois 60602
Attention: Gary I. Levenstein
Fax No.: (312) 977-4405

(b) If to Guarantor, at:

ModusLink Corporation
1100 Winter Road, Suite 4600
Waltham, MA 02451
Attention: General Counsel
Fax No.: 781-663-5095

With copies to:

Browne Rosedale & Lanouette LLP
31 St. James Avenue
Boston, Massachusetts 02116
Attention: Kevin P. Lanouette
Fax: (617) 399-6930

or at such other place as any party hereto may by notice in writing designate as a place for service of notice hereunder. Notice so sent shall be effective upon delivery to such address, whether or not receipt thereof is acknowledged or is refused by the addressee or by any other person at such address.

13. Severability. Each provision of this Guaranty shall be interpreted in such manner as to be effective, valid and enforceable under applicable law, but if any provision of this Guaranty shall be prohibited by, or invalid under such law, such provision shall be deemed severable and ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

14. Governing Law. This Guaranty shall be construed in accordance with and governed by the internal laws of the State of Illinois.

15. Jurisdiction and Venue. Guarantor hereby expressly agrees that the Agent may institute a proceeding to enforce Guarantor's obligations hereunder in Cook County, Illinois and Guarantor hereby submits to personal jurisdiction and venue in Cook County, Illinois for the enforcement of Guarantor's obligations hereunder, and Guarantor waives any and all personal rights under the law of any state to object to jurisdiction or venue within Cook County, Illinois for the purposes of litigation to enforce Guarantor's obligations hereunder. In the event such litigation is commenced, Guarantor agrees that service of process may be made and jurisdiction over Guarantor obtained, by delivery of copies of the summons, complaint and other pleadings required to commence such litigation to the address listed above or such other address shown on the books and records of the Agent as the address of the Guarantor (or, if none, the address of any Borrower then last shown on such books and records). The aforesaid means of obtaining personal jurisdiction and perfecting service of process are not intended to be exclusive but are cumulative in addition to all other means thereof or hereafter provided by applicable law.

16. WAIVER OF JURY TRIAL. GUARANTOR HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING (I) TO ENFORCE OR DEFEND RIGHTS UNDER OR IN CONNECTION WITH THIS GUARANTY OR AN AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HEREWITH OR (II) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS GUARANTY, AND AGREES THAT

ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[signature page follows]

IN WITNESS WHEREOF, this Guaranty has been executed as of the date first above written.

GUARANTOR:

MODUSLINK CORPORATION
a Delaware corporation

By: /s/ Thomas Oberdorf
Name: Thomas Oberdorf
Title: CFO

Exhibit A

Form of Security Agreement

[see attached]

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this **"Agreement"**), dated as of August 17, 2004, is made by and between ModusLink Corporation, a Delaware corporation (**"Grantor"**) and LaSalle Bank National Association, as agent for the Lenders (herein, in such capacity, called the **"Agent"**).

WHEREAS, pursuant to that certain Loan and Security Agreement dated as of July 31, 2004 (the **"Loan Agreement"** and, together with all other documents and instruments executed or created in connection therewith, the **"Loan Documents"**) among the Agent, the lenders party thereto (the **"Lenders"**), SalesLink Corporation, a Delaware corporation, InSolutions Incorporated, a Delaware corporation, On-Demand Solutions, Inc., a Massachusetts corporation, Pacific Direct Marketing Corp., a California corporation, SalesLink Mexico Holding Corp., a Delaware corporation and SL Supply Chain Services International Corp., a Delaware corporation (each a Borrower and collectively, the **"Borrowers"**), the Lenders have agreed to make available to the Borrowers a revolving credit facility in the amount of $30,000,000 (the **"Loan"**) and make other financial accommodations subject to the terms and conditions set forth in the Loan Agreement;

WHEREAS, as a condition to making the Loan, the Agent and Lenders are requiring Grantor to execute that certain ModusLink Secured Guaranty in favor of Agent dated of even date herewith (the **"Guaranty"**) in order to secure the prompt and complete payment, observance and performance of all of the obligations of the Borrowers under the Loan Agreement (the **"Obligations"**); and

WHEREAS, to secure Grantor's obligations under the Guaranty, the Agent and Lenders are requiring Guarantor to execute and deliver this Agreement and grant the security interests contemplated hereby.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees as follows:

ARTICLE 1

DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

"Account Debtor" shall mean any Person who is or who may become obligated to Grantor and its Subsidiaries under, with respect to, or on account of an Account.

"Accounts" shall mean any account (including, without limitation, all right to payment for services rendered or goods sold or leased), payment obligation, contract right, lease, instrument, life insurance policy and note of Grantor and its Subsidiaries, whether now owned or hereafter acquired.

"Chattel Paper" shall mean any "chattel paper," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"Collateral" shall have the meaning ascribed to such term in Section 2.1 of this Agreement.

"Commercial Tort Claim" shall mean any "commercial tort claim," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including, without limitation, those set forth on Schedule 1.1 attached hereto.

"Copyright License" shall mean any written agreement or arrangement now or hereafter in existence granting to Grantor and their respective Subsidiaries any right to use any Copyright; provided that there shall be excluded from the Collateral any Copyright License to the extent, and only to the extent, that such Copyright License contains, as of the date of this Agreement, a legally enforceable provision under the UCC that would give any other party to such agreement or instrument the right to terminate its obligations or otherwise precludes such encumbrance thereunder based on the grant of the security interest created herein pursuant to the terms of this Agreement (except that if and when any prohibition on the assignment, pledge or grant of Lien on such Copyright License is removed or such assignment, pledge or grant is consented to, Agent will be deemed to have been granted a security interest in such Copyright License as of the date hereof or other earliest legally valid date, and the Collateral will be deemed to include such Copyright License). In any event, the foregoing limitation shall not affect, limit, restrict or impair the grant by Grantor and its Subsidiaries of a security interest pursuant to this Agreement in any Accounts or any Money or other amounts due or to become due under such agreement or instrument.

"Copyrights" shall mean all of the following: (a) all copyrights, works protectable by copyright, copyright registrations and copyright applications of Grantor and their respective Subsidiaries, (b) all renewals, extensions and modifications thereof; (c) all income, royalties, damages, profits and payments relating to or payable under any of the foregoing; (d) the right to sue for past, present or future infringements of any of the foregoing; (e) all other rights and benefits relating to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing; in each case, whether now owned or hereafter acquired by Grantors and its Subsidiaries.

"Deposit Accounts" shall mean any "deposit accounts," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including, without limitation, any and all deposit accounts (including cash collateral accounts), bank accounts or investment accounts of Grantor and its Subsidiaries, and any account which is a replacement or substitute for any of such accounts, together with all Money, Instruments, certificates, checks, drafts, wire transfer receipts and other Property deposited therein and all balances therein and all investments made with funds deposited therein or otherwise held in connection therewith, together with all earnings, profits or other Proceeds therefrom in the form of interest or otherwise, from time to time representing, evidencing, deposited into or held in such deposit accounts, bank accounts or investment accounts.

"Document" shall mean any "document," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including, without limitation, all documents of title and all receipts covering, evidencing or representing goods now owned or hereafter acquired by Grantor and its Subsidiaries.

"Electronic Chattel Paper" shall mean any "electronic chattel paper," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired Grantor and its Subsidiaries.

"Equipment" shall mean any "equipment," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including without limitation, furniture, machinery and vehicles, together with any and all accessories, parts, appurtenances, substitutions and replacements.

"Event of Default" shall have the meaning ascribed to such term in Article 6 hereof.

"Fixtures" shall mean any "fixtures," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including, without limitation, all plant fixtures, trade fixtures, business fixtures, other fixtures and storage facilities, wherever located, and all additions, accessions and replacements thereto.

"General Intangibles" shall mean all contract rights, choses in action, general intangibles, causes of action and all other intangible personal property of Grantor and their respective Subsidiaries of every kind and nature (other than Accounts) now owned or hereafter acquired by Grantor and its Subsidiaries. Without in any way limiting the generality of the foregoing, General Intangibles specifically includes, without limitation, all corporate or other business records, Deposit Accounts, inventions, designs, Patents, Trademarks, Copyrights, service marks, service mark applications, trade names, trade secrets, goodwill, registrations, licenses, leasehold interests, franchises and tax refund claims owned by Grantor or its Subsidiaries and all letters of credit, banker's acceptances, guarantee claims, security interests or other security held by or granted to Grantor or its Subsidiaries to secure payment by an Account Debtor and such other assets as Agent reasonably determines to be intangible.

"Governmental Authority" shall mean any nation or government, any state, provincial or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indebtedness" shall mean, without duplication, all of Grantor's and its respective Subsidiaries' liabilities, obligations and indebtedness to Agent or any Lender of any and every kind and nature, whether primary, secondary, direct, absolute, contingent, fixed or otherwise (including, without limitation, interest, charges, expenses, attorneys' fees and other sums chargeable to Grantor or its Subsidiaries by Agent or any Lender), whether arising under the Guaranty or acquired by Agent or any Lender from any other source, whether previously, now or to be owing, arising, due or payable from Grantor and its Subsidiaries to Agent or any Lender, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, operation of law or otherwise.

"Instruments" shall mean any "instrument," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries, including, but not limited to, all promissory notes, drafts, bills of exchange and trade acceptances of Grantor and its Subsidiaries.

"Insurance Proceeds" shall mean all proceeds of any and all insurance policies payable to Grantor or its Subsidiaries with respect to any Collateral, or on behalf of any Collateral, whether or not such policies are issued to or owned by Grantor or its Subsidiaries.

"Intellectual Property" shall mean all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses, inventions, ideas, URL domain names, discoveries, trade names, domain names, jingles, know-how, software, shop rights, licenses, developments, research data, designs, technology, trade secrets, test procedures, processes, route lists, customer lists and information, databases, internet rights, web sites and web pages and their respective contents, (such as text, graphics, photographs, video, audio and/or other data or information relating to any subject contained therein), e-commerce rights and license applications, computer programs, computer discs, computer tapes, literature, reports and other confidential information, intellectual and similar intangible property rights, whether or not patentable, trademarkable or copyrightable (or otherwise subject to legally enforceable restrictions or protections against unauthorized third party usage), and any and all applications for, registrations of and extensions, divisions, renewals and reissuance of, any of the foregoing, and rights therein, of Grantor and any of its Subsidiaries.

"Inventory" shall mean all goods, inventory, merchandise, finished goods, component goods, packaging materials and other personal property including, without limitation, goods in transit, wherever located and whether now owned or to be acquired by Grantor or any Subsidiary which is or may at any time be held for sale or lease, furnished under any contract of service or held as raw materials, work in process, supplies or materials used or consumed in Grantor's and its respective Subsidiaries' businesses, and all such property the sale or other disposition of

which has given rise to Accounts and which has been returned to or repossessed or stopped in transit by Grantor.

"Investment Property" shall mean any "investment property," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"Lenders" shall have the meaning set forth in the preamble hereto.

"Letter of Credit Rights" shall mean any "letter of credit rights," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries including, without limitation, rights to payment or performance under a letter of credit, whether or not Grantor or its Subsidiaries have demanded or is entitled to demand payment or performance.

"Lien" shall mean any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved in favor of or which secures any obligation to, any other Person.

"Money" shall mean any "money," as such term is defined in Article 1 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"Noncash Proceeds" shall mean any "noncash proceeds," as such term in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"Patent License" shall mean any written agreement or arrangement now or hereafter in existence granting to Grantor or its Subsidiaries any right to use any invention on which a Patent is in existence; provided that there shall be excluded from the Collateral any Patent License to the extent, and only to the extent, that such Patent License contains, as of the date of this Agreement a legally enforceable provision under the UCC that would give any other party to such agreement or instrument the right to terminate its obligations thereunder based on the grant of the security interest created herein pursuant to the terms of this Agreement (except that if and when any prohibition on the assignment, pledge or grant of Lien on such Patent License is removed or such assignment, pledge or grant is consented to, Agent will be deemed to have been granted a security interest in such Patent License as of the date hereof or other earliest legally valid date, and the Collateral will be deemed to include such Patent License). In any event, the foregoing limitation shall not affect, limit, restrict or impair the grant by Grantor and its Subsidiaries of a security interest pursuant to this Agreement in any accounts receivable or any money or other amounts due or to become due under such agreement or instrument.

"Patents" shall mean all of the following: (a) all patents, patent applications and patentable inventions of Grantor and its Subsidiaries, and all of the inventions and improvements described and claimed therein; (b) all continuations, re-examinations, divisions, renewals, extensions, modifications, substitutions, continuations-in-part or reissues of any of the foregoing; (c) all income, royalties, profits, damages, awards and payments relating to or payable under any

of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all other rights and benefits relating to any of the foregoing throughout the world; and (f) all goodwill associated with any of the foregoing; in each case, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"Payment Intangibles" shall mean any "payment intangibles," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and its Subsidiaries.

"**Person**" shall mean and include natural persons, corporations (business, municipal or not-for-profit), limited partnerships, general partnerships, limited liability companies, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts and other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Proceeds" shall mean any "proceeds," as such term is defined in Article 9 of the UCC, whether now owned or hereafter acquired by Grantor and any of its Subsidiaries, including, but not limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor or its Subsidiaries from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to Grantor or its Subsidiaries from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting, or purporting to act, for or on behalf of any Governmental Authority) and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral and all other Payment Intangibles relating thereto.

"Products" shall mean any goods now or hereafter manufactured, processed or assembled with any of the Collateral.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible (including cash) or intangible, and wherever situated and whether now owned or hereafter acquired.

"Subsidiary" shall mean any corporation, partnership, limited liability company or other legal entity of which Grantor owns directly or indirectly 50% or more of the outstanding voting stock or interests, or of which Grantor has effective control by contract or otherwise.

"Trademark License" shall mean any written agreement now or hereafter in existence granting to Grantor or its Subsidiaries any right to use any Trademark, provided however, that there shall be excluded from the Collateral any Trademark License to the extent, and only to the extent, that such Trademark License contains, as of the date of this Agreement a legally enforceable provision under the UCC that would give any other party to such agreement or instrument the right to terminate its obligations thereunder based on the grant of the security interest created herein pursuant to the terms of this Agreement (except that if and when any prohibition on the assignment, pledge or grant of Lien on such Trademark License is removed or

such assignment, pledge or grant is consented to, Agent will be deemed to have been granted a security interest in such Trademark License as of the date hereof or other earliest legally valid date, and the Collateral will be deemed to include such Trademark License). In any event, the foregoing limitation shall not affect, limit, restrict or impair the grant by Grantor and its Subsidiaries of a security interest pursuant to this Agreement in any accounts receivable or any money or other amounts due or to become due under such agreement or instrument.

"Trademarks" shall mean all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof; (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter relating to or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing; in each case, whether now owned or hereafter acquired by Grantor or its Subsidiaries.

"UCC" shall mean the Uniform Commercial Code of the State of Illinois in effect from time to time.

ARTICLE 2

SECURITY INTEREST

2.1 Security Interest. As security for the payment of all Indebtedness, Grantor hereby grants to Agent, for the benefit of Agent and the Lenders, a security interest in all of Grantor's assets, wherever located, whether now owned or existing or hereafter acquired, including, but not limited to, all of Grantor's right, title and interest in and to the following Property (collectively, the **"Collateral"**):

(a) All Accounts;

(b) All Chattel Paper;

(c) All Commercial Tort Claims;

(d) All Deposit Accounts;

(e) All Money;

(f) All Documents;

(g) All Equipment and Fixtures;

(h) All General Intangibles;

(i) All Instruments;

(j) All Inventory;

(k) All Investment Property;

(l) All Letter of Credit Rights;

(m) All Intellectual Property; and

(n) All Proceeds (whether Money or Noncash Proceeds, including Insurance Proceeds) and Products of all the foregoing.

2.2 Grantor Remains Liable. Notwithstanding anything contained to the contrary herein, Grantor shall remain liable under the contracts, agreements, documents and instruments included in the Collateral to the extent set forth therein and perform all of its duties and obligations thereunder and the exercise by Agent and the Lenders of any of their rights hereunder shall not release Grantor from any of its duties or obligations thereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF GRANTOR

Except as set forth on the disclosure schedules attached hereto, Grantor represents and warrants, with respect to the Collateral, that:

3.1 Title to Collateral. Grantor has good and marketable title to all of Grantor's Collateral.

3.2 Authorization. Grantor has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform this Agreement and has taken all necessary corporate action to effectuate such Agreement. The execution and delivery of this Agreement does not and will not: (a) require any consent of any Governmental Authority or (b) violate any provision of any indenture, contract, agreement or instrument to which Grantor is a party or subject or by which it is bound.

3.3 Accounts. All Collateral consisting of Accounts represents bona fide existing obligations of the Account Debtors evidencing unpaid amounts owed by such Account Debtors

in the ordinary course of business without defenses, offset or counterclaim, except those arising in the ordinary course of business that would not have a material adverse effect on Grantor in the aggregate or for which adequate reserve has been made.

3.4 Perfection. Upon filing of financing statements in the proper jurisdictions and the recordation of this Agreement with the proper Governmental Authority in favor of Lenders, the security interest created hereby will constitute a valid and perfected Lien upon and security interest in the Collateral to the extent that such filing or recordation is sufficient under applicable law to perfect such Lien with respect to the Collateral.

3.5 Intellectual Property. Grantor is the sole and exclusive owner of the entire right, title and interest in and to the Intellectual Property attributed to Grantor. All such Intellectual Property has been properly registered with the proper Governmental Authority, whether with the United States Patent and Trademark Office, United States Copyright Office or otherwise.

3.6 Assumed Names. Grantor has not used any other name or incorporated or organized elsewhere within the past five (5) years except for Modus Media International, Inc.

ARTICLE 4

COVENANTS OF GRANTOR

Grantor covenants as follows:

4.1 Maintenance of Tangible Collateral. Grantor will maintain Grantor's tangible Collateral in good condition and repair.

4.2 Disposition or Encumbrance of Collateral. Grantor will not encumber, sell or otherwise transfer or dispose of the Collateral without the prior written consent of Agent except as such encumbrance, sale, transfer or disposition occurs in the ordinary course of Grantor's business.

4.3 Notation on Chattel Paper. Upon Agent's request, Grantor will deliver to Agent the original of all of Grantor's Chattel Paper Collateral. Grantor will not execute any copies of such Chattel Paper constituting part of the Collateral other than those which are clearly marked as a copy. Agent may stamp any such Chattel Paper with a legend reflecting Agent's security interest therein. For purposes of the security interest granted pursuant to this Agreement, Agent has been granted a direct security interest in all such Chattel Paper constituting part of the Collateral and such Chattel Paper is not claimed merely as Proceeds of Inventory.

4.4 Instruments as Proceeds; Deposit Accounts. Grantor has granted to the Agent a direct security interest in all Deposit Accounts constituting part of the Collateral and such Deposit Accounts are not claimed merely as Proceeds of other Collateral.

4.5 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling and shipping of Grantor's Collateral, all costs of keeping such Collateral free and clear of any Liens prohibited by this Agreement and of removing the same if they should arise, and any and all excise, property, sales and use taxes imposed by any Governmental Authority on any of such Collateral or in respect of the sale thereof, shall be borne and paid by Grantor and if Grantor fails to promptly pay any thereof when due, Agent may, at its option, (but shall not be required to), pay the same whereupon the same shall constitute Indebtedness and shall be secured by the security interest granted hereunder.

4.6 Changes to Name of Grantor or State of Incorporation. Grantor's exact legal name, type of legal entity and state of incorporation is set forth in the preamble to this Agreement. Grantor will not change its legal name or its state or incorporation or organization unless (i) Grantor has given Agent thirty (30) days' prior written notice, (ii) Agent has given its written consent to such change and (iii) Grantor has delivered to Agent acknowledgment copies of financing statements filed where appropriate to continue the perfection of Agent's security interest in the Collateral.

4.7 Compliance with Laws. Grantor will not use all or any part of Grantor's Collateral, or knowingly permit such Collateral to be used, for any purpose in violation of any federal, state or municipal law.

4.8 Commercial Tort Claims. Grantor shall promptly notify Agent of any Commercial Tort Claim acquired by it not listed on Schedule 1.1 attached hereto and, unless otherwise consented to by the Agent, Grantor shall promptly enter into a supplement to this Agreement granting to the Lender a security interest in such Commercial Tort Claim.

4.9 Notice of Default. Immediately upon any officer of Grantor becoming aware of the existence of any Event of Default, Grantor will give notice to Agent that such Event of Default exists, stating the nature thereof, the period of existence thereof and what action Grantor proposes to take with respect thereto.

4.10 Books and Records; Access.

(a) Grantor will permit Agent and its representatives to examine Grantor's books and records with respect to its Collateral and make extracts therefrom and copies thereof at any time and from time to time, and Grantor will furnish such information and reports to Agent and its representatives regarding the Collateral as Agent and its representatives may from time to time request. Grantor will also permit Agent and its representatives to inspect its Collateral at any time and from time to time as Agent and its representatives may request.

(b) Agent shall have authority, at any time, to place, or require Grantor to place, upon Grantor's books and records relating to Accounts, Chattel Paper and other rights to payment covered by the security interest granted hereby a notation or legend

stating that such Accounts, Chattel Paper and other rights to payment are subject to Agent's security interest.

4.11 Additional Documentation; Further Acts. Grantor will execute from time to time, and authorizes Agent to execute and/or file from time to time as Grantor's attorney-in-fact, such financing statements, assignments, and other documents covering the Collateral, as Agent may request, make any proper filings and take any other actions as the Agent deems necessary in order to create, evidence, perfect, maintain or continue its security interest in such Collateral (including additional Collateral acquired by Grantor after the date hereof), including, without limitation, filing this Agreement and any amendments thereto with the United States Copyright Office and the United States Patent and Trademark Office. Grantor will pay the cost of filing the same in all public offices in which Agent may deem filing to be appropriate and will notify Agent promptly upon acquiring any additional Collateral that may require an additional filing. Upon request, Grantor will deliver to Agent all of Grantor's Documents, Chattel Paper and Instruments constituting part of the Collateral. If Grantor or its Subsidiaries shall obtain rights to or become entitled to the benefit of any Intellectual Property not identified herein, the provisions of this Agreement shall automatically apply thereto.

ARTICLE 5

RIGHTS OF AGENT

5.1 Power of Attorney. Upon the occurrence of an Event of Default and continuation thereof beyond any applicable cure period, Grantor appoints Agent, or any other person whom Agent may from time to time designate, as Grantor's attorney-in-fact with the power to, among other things: (a) endorse Grantor's name on any checks, notes, acceptances, drafts or other forms of payment or security evidencing or relating to any of the Collateral that may come into Agent's possession; (b) sign Agent's name on any invoice or bill of lading relating to any of the Collateral, on drafts against customers, on schedules and confirmatory assignments of Accounts, Chattel Paper, Documents or other such Collateral, on notices of assignment, financing statements under the UCC and other public records, on verifications of accounts and on notices to customers; (c) notify the post office authorities to change the address for delivery of Grantor's mail to an address designated by Agent; (d) receive and open all mail addressed to Grantor; (e) send requests for verification of Accounts, Chattel Paper, Instruments or other such Collateral to customers; and (f) do all things necessary to carry out this Agreement. Grantor ratifies and approves all acts of the attorney taken within the scope of the authority granted herein. Neither Agent nor the attorney will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable until the later of (i) the termination of the Loan Agreement or (ii) all of the Indebtedness is paid in full. Grantor waives presentment and protest of all instruments and notice thereof, notice of default and dishonor and all other notices to which Grantor may otherwise be entitled.

5.2 Control. Grantor will cooperate with Agent in obtaining control with respect to Grantor's Collateral consisting of Deposit Accounts, Investment Property, Letter of Credit Rights and Electronic Chattel Paper. Without limiting the foregoing, if Grantor becomes a beneficiary of a letter of credit, then Grantor shall promptly notify Agent thereof and use reasonable efforts to enter into a tri-party agreement with the Agent and the issuer with respect to such letter of credit assigning the Letter of Credit Rights to the Agent, all in form and substance reasonably satisfactory to the Agent.

5.3 Collections. Except as otherwise provided herein, Grantor shall continue to collect, at its own expense, all amounts due or to become due to Grantor under the Accounts constituting part of the Collateral and all other such Collateral. In connection with such collections, Grantor may take (and, at Agent's direction given after the occurrence and during the continuance of an Event of Default, shall take) such action as Grantor or Agent may deem necessary or advisable to enforce collection of such Accounts and such other Collateral; provided that Agent shall have the right upon an Event of Default and upon giving written notice to Grantor of Agent's intention to do so, to notify the Account Debtors under any such Accounts or obligors with respect to such other Collateral of the assignment of such Accounts and such other Collateral to Agent and to direct such Account Debtors or obligors to make payment of all amounts due or to become due to Grantor thereunder directly to Agent and, upon such notification and at the expense of Grantor, to enforce collection of any such Accounts or other Collateral, and to adjust, settle or compromise the amount or payment thereof in the same manner and to the same extent as Grantor might have done, but unless and until Agent does so or gives Grantor other instructions, Grantor shall make all collections for Agent.

ARTICLE 6

DEFAULT

The occurrence of any failure by Grantor to pay the Indebtedness when due pursuant to the Guaranty shall constitute an Event of Default hereunder (an **"Event of Default"**).

ARTICLE 7

RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default, and at any time thereafter until such Event of Default is cured to the satisfaction of Agent, and in addition to the rights granted to Agent under Article 5 hereof, Agent may exercise any one or more of the following rights and remedies for the benefit of Agent and Lenders:

7.1 Collateral. Without demand or notice to Grantor:

(a) collect, receive and give receipt for, compound, compromise, settle and give acquittance for and prosecute and discontinue any suits or proceedings in respect of any or all of the Collateral;

(b) Offset any deposits, including unmatured time deposits, then maintained by Grantor with Agent, whether or not then due, against any Indebtedness then owed by Grantor to Agent whether or not then due;

(c) Comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral;

(d) With the assistance of Grantor, enter upon and into and take possession of all or such part or parts of the Collateral, including lands, plants, buildings, machinery, equipment and other property as may be necessary or appropriate in the reasonable judgment of Agent, to permit or enable Agent to store, lease, sell or otherwise dispose of or collect all or any part of the Collateral, and use and operate said properties for such purposes and for such length of time as Agent may deem necessary or appropriate for said purposes without the payment of any compensation to Grantor therefor;

(e) Sell, lease or otherwise transfer all or any part of the Collateral without giving any warranties as to the Collateral which may have been considered to adversely affect the commercial reasonableness of any sale of the Collateral; and

(f) Take any other action which Agent may deem reasonably necessary or desirable in order to realize on the Collateral, including, without limitation, the power to perform any contract, to endorse in the name of Grantor any checks, drafts, notes, or other instruments or documents received in payment of or on account of the Collateral.

7.2 Other Rights. Exercise any and all other rights and remedies available to it by law or by agreement, including rights and remedies under the UCC as adopted in the relevant jurisdiction or any other applicable law, or under the Guaranty and, in connection therewith. Agent may require Grantor to assemble the Collateral and make it available to Agent at a place to be designated by Agent, and any notice of intended disposition of any of the Collateral required by law shall be deemed reasonable if such notice is mailed or delivered to Grantor at its address as set forth in Section 11 of the Guaranty at least ten (10) days before the date of such disposition.

7.3 Application of Proceeds. All proceeds of Collateral shall be applied to the Indebtedness in accordance with the UCC.

7.4 Intellectual Property. Upon the occurrence and during the continuance of an Event of Default:

(a) Agent may, at any time and from time to time, upon thirty (30) days' prior notice to Grantor, license or, to the extent permitted by an applicable license, sublicense,

whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Intellectual Property, throughout the world for such term or terms, on such conditions, and in such manner, as Agent shall in its sole discretion determine provided that any such license or sublicense shall preserve or reserve the right of Grantor to use such Intellectual Property, royalty-free, after such Event of Default is cured or waived, or is otherwise discontinued;

(b) Agent may (without assuming any obligations or liability thereunder), at any time exercise and enforce (and shall have the exclusive right to enforce) against any licensor, licensee or sublicensee all rights and remedies of Grantor in, to and under any one or more Patent License, Trademark License, Copyright License or other agreements with respect to any Patent, Trademark or Copyright and take or refrain from taking any action under any such Patent License, Trademark License, Copyright License or other agreement, and Grantor hereby releases Agent from, and agrees to hold Agent free and harmless from and against, any claims arising out of, any action taken or omitted to be taken with respect to any such license or agreement, except in cases of gross negligence or willful misconduct;

(c) Any and all payments received by Agent under or in respect of any Intellectual Property (whether from Grantor or otherwise), or received by Agent by virtue of agreement, shall be applied to the Indebtedness in accordance with Section 7.3 hereof;

(d) Agent may exercise in respect of the Intellectual Property, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC; and

(e) In order to implement the sale, lease, assignment, license, sublicense or other disposition of any of the Intellectual Property pursuant to this Section 7.4, Agent may, at any time, execute and deliver on behalf of Grantor one or more instruments of assignment of any Intellectual Property (or any application or registration thereof), in form suitable for filing, recording or registration in any country. Grantor agrees to pay when due all reasonable costs incurred in any such transfer of the Intellectual Property, including any taxes, fees and reasonable attorneys' fees.

ARTICLE 8

MISCELLANEOUS

8.1 No Liability on Collateral. It is understood that Agent does not in any way assume any of Grantor's obligations under any of the Collateral and Grantor hereby agrees to indemnify Agent against all liability resulting from Grantor's obligations with respect to the Collateral, except for any such liabilities arising on account of Agent's gross negligence or willful misconduct.

8.2 No Waiver. Agent shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Grantor unless such waiver is in writing and signed by Agent. No delay or omission on the part of Agent in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

8.3 Remedies Cumulative. All rights and remedies of Agent shall be cumulative and may be exercised singularly or concurrently, at Agent's option, and the exercise or enforcement of any one such right or remedy shall not bar or be a condition to the exercise or enforcement of any other.

8.4 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Illinois, except to the extent that the perfection of the security interest hereunder, or the enforcement of any remedies hereunder, with respect to any particular Collateral shall be governed by the laws of a jurisdiction other than the State of Illinois.

8.5 Expenses. Grantor agrees to pay the reasonable attorneys' fees and legal expenses incurred by Agent and the Lenders in the exercise of any right or remedy available to it under this Agreement, whether or not suit is commenced, including, without limitation, attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment.

8.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Grantor and Agent and the Lenders.

8.7 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.8 No Obligation to Pursue Others. Agent has no obligation to attempt to satisfy the Indebtedness by collecting payments or Property from any other Person liable for them and Agent may release, modify or waive any Collateral provided by any other Person to secure any of the Indebtedness, all without affecting Agent's rights against Grantor. Grantor waives any right they may have to require Agent to pursue any third person for any of the Indebtedness.

8.9 Termination and Release. Upon termination of the Loan Agreement and payment of all the Indebtedness in full this Agreement shall terminate, and the Agent, at the request and expense of Grantor, will (a) promptly execute and deliver to Grantor the proper instruments acknowledging the termination of this Agreement, (b) duly assign, transfer and deliver to Grantor (without recourse and without any representation or warranty of any kind) any Collateral in the possession of the Agent and (c) record such termination in the United States

Patent and Trademark Office, the United States Copyright Office, or any similar office or governmental agency, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement.

[signature page attached]

The parties hereto have executed this Agreement as of the day and year first set forth above.

MODUSLINK CORPORATION
a Delaware Corporation

By: /s/ Thomas Oberdorf
Name: Thomas Oberdorf
Title: CFO

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ David Bacon
Name: David Bacon
Title: Assistant Vice President

EXHIBIT 10.89

PARENT GUARANTY

THIS PARENT GUARANTY (this **"Guaranty")** is made on July 31, 2004 by CMGI, Inc., a Delaware corporation (the **"Guarantor"**), to and for the benefit of LaSalle Bank National Association as agent for the Lenders (as defined below) (herein, in such capacity, called the **"Agent"**).

WHEREAS, pursuant to that certain Loan and Security Agreement of even date herewith (the **"Loan Agreement"** and, together with all other documents and instruments executed or created in connection therewith, the **"Loan Documents"**) among the Agent, the lenders party thereto (the **"Lenders"**), SalesLink Corporation, a Delaware corporation (**"SalesLink"**), InSolutions Incorporated, a Delaware corporation, On-Demand Solutions, Inc., a Massachusetts corporation, Pacific Direct Marketing Corp., a California corporation, SalesLink Mexico Holding Corp., a Delaware corporation and SL Supply Chain Services International Corp., a Delaware corporation (together with SalesLink, the **"Borrowers"**), the Lenders have agreed to make available to the Borrowers a revolving credit facility in the amount of $30,000,000 (the **"Loan"**) and make other financial accommodations subject to the terms and conditions set forth in the Loan Agreement;

WHEREAS, the Loan is evidenced by (i) a certain Revolving Credit Note executed by Borrowers in the principal amount of $20,000,000 dated as of the date hereof and made payable to Agent and (ii) a certain Revolving Credit Note executed by Borrowers in the principal amount of $10,000,000 dated as of the date hereof and made payable to Citizens Bank of Massachusetts (collectively, the **"Notes"**). The Notes are dated as of the date hereof and are made by Borrowers payable to the order of the Lenders;

WHEREAS, Guarantor, is the owner of 100% of SalesLink's stock, and will therefor benefit from the Loan; and

WHEREAS, the Agent and Lenders are requiring Guarantor to execute and deliver this Guaranty (i) in order to secure the prompt and complete payment, observance and performance of all of the obligations of the Borrowers under the Loan Agreement (the **"Obligations"**) and (ii) as a condition precedent to the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing promises and for the purpose of inducing the Lenders to make the Loan, Guarantor hereby agrees as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Loan Agreement.

2. Guaranty of Payment and Performance. Guarantor unconditionally, absolutely and irrevocably guarantees, without limitation, for the benefit of the Lenders and each and every present and future holder or holders of the Notes, or assignee or assignees of the Loan Documents, the due, punctual and full payment of the Loan, the interest thereon and all other monies due or which may become due thereunder or under the Loan Documents, whether

according to the present terms thereof or at any earlier or accelerated date or dates as provided therein, or pursuant to any extensions of time or to any change or changes in the terms, covenants or conditions thereof or at any time hereafter made or granted, and the complete performance in full of all Obligations of the Borrowers under the Loan Documents. The guaranty set forth in this paragraph 2 is a guaranty of payment and not of collection. Notwithstanding anything to the contrary herein, Guarantor shall be permitted to assert any defenses whatsoever that the Borrowers may or might have to the performance or observance of any of the covenants or conditions contained in the Notes or Loan Documents.

3. Representations and Warranties. Guarantor represents and warrants to the Lenders as follows, and hereby acknowledges that the Lenders intend to make the Loan in reliance thereon:

(a) Guarantor has the requisite power, authority, capacity and legal right to execute, deliver and perform this Guaranty and all other documents required to be executed and delivered hereunder. This Guaranty and all other documents required to be executed and delivered hereunder, when executed and delivered, will constitute legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with their terms;

(b) Guarantor is not in default, and no event has occurred which with the passage of time and/or the giving of notice will constitute a default, under any agreement to which Guarantor is a party, the effect of which will impair performance by Guarantor of its obligations pursuant to and as contemplated by the terms of this Guaranty, and neither the execution and delivery of this Guaranty nor compliance with the terms and provisions hereof will, violate any applicable law, rule, regulation, judgment, decree or order, or will materially conflict or will be materially inconsistent with, or will result in any material breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind that creates, represents, evidences or provides for any lien, charge or encumbrance upon any of the property or assets of Guarantor, or any other indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind to which Guarantor is a party or by which Guarantor or the property of Guarantor may be subject, or in the event of any such conflict, the required consent or waiver of the other party or parties thereto has been validly granted, is in full force and effect, is valid and sufficient therefor and has been approved by the Agent;

(c) There is not any litigation, arbitration, governmental or administrative proceedings, actions, examinations, claims or demands pending or threatened that will adversely and materially affect performance by Guarantor of its obligations pursuant to and as contemplated by the terms and provisions of this Guaranty;

(d) Guarantor has taken all necessary corporate action to ensure that the execution, delivery and performance of this Guaranty are duly authorized;

(e) The execution, delivery and performance of this Guaranty by Guarantor and compliance with the provisions hereof by Guarantor will not violate any provision of Guarantor's Certificate of Incorporation or By-laws; and

(f) Neither this Guaranty nor any statement or certification as to facts heretofore furnished or required herein to be furnished to the Agent by Guarantor contains any inaccuracy or untruth in any representation, covenant or warranty or omits to state a fact material to this Guaranty.

4. Covenants. In furtherance of the guarantees, representations and warranties described above in paragraphs 2 and 3, and not in any way in limitation thereof, Guarantor hereby acknowledges, covenants and agrees that:

(a) any indebtedness of the Borrowers now or hereafter owing, together with any interest thereon, to Guarantor, is hereby subordinated to the indebtedness of the Borrowers to the Lenders under the Loan Documents, and such indebtedness of the Borrowers to Guarantor in the event of a Default hereunder shall be collected, enforced and received by Guarantor in trust for the benefit of the Lenders, and shall be paid over to Agent for its benefit and for the ratable benefit of the Lenders on account of the indebtedness of the Borrowers to the Lenders, but without impairing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty;

(b) any lien, security interest or charge on the Collateral, all rights therein and thereto or on the revenue and income to be realized therefrom, which Guarantor may now have or hereinafter obtain as security for any loans, advances or costs shall be, and such lien, security interest or charge hereby is, subordinated to all liens and security interests heretofore, now or hereafter granted by the Borrowers to the Lenders under the Loan Documents;

(c) until the Notes are repaid in full, no payment by Guarantor under any provision of this Guaranty shall entitle Guarantor, by subrogation to the rights of the Lenders or otherwise, to (i) any payment by the Borrowers or (ii) any payment from or rights in any commitments or indemnities or other security held by or for the benefit of the Lenders in connection with the Loan;

(d) the liability of Guarantor hereunder shall in no way be affected, diminished or released by any extension of time or forbearance that may be granted by the Agent to the Borrowers or to Guarantor or any waiver by the Agent under the Loan Documents or by reason of any change or modification in any of said instruments or by the acceptance by the Agent of additional security or any increase, substitution or changes therein, or by the release by the Agent of any security or any withdrawal thereof or decrease therein or by the failure or election not to pursue any remedies it may have against the Borrowers or Guarantor;

(e) Agent, in its sole discretion, may at any time enter into agreements with the Borrowers to amend and modify any one or more of the Loan Documents and may waive or release any provision or provisions of any one or more thereof and, with reference thereto, may make and enter into any such agreement or agreements with the Borrowers as Agent may deem proper or desirable, without any notice to or assent from Guarantor and without in any manner impairing or affecting this Guaranty or any of the Lenders' rights hereunder. Notwithstanding the foregoing or anything to the contrary herein, in no event, unless Lenders first obtain Guarantor's prior written consent (which may be withheld in Guarantor's reasonable discretion) shall Guarantor's liability under or pursuant to this Guaranty be increased, extended or expanded in any way, nor shall Guarantor be adversely affected in any way as a result of an amendment or modification to any one or more of the Loan Documents that is made without the prior written consent of Guarantor;

(f) upon the occurrence of an Event of Default, Agent, for its benefit and for the ratable benefit of the Lenders, may enforce this Guaranty without the necessity at any time of first resorting to or exhausting any other remedy or any other security or collateral and without the necessity at any time of first having recourse to the Notes; provided that nothing herein contained shall prevent the Agent from suing on the Notes, or from exercising or enforcing its rights under the Loan Documents, and if such other remedy is availed of only the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature relating to collection of the indebtedness evidenced by the Notes, shall be applied in reduction of the amount due on the Notes and Loan Documents. The Agent shall not be required to institute or prosecute proceedings to recover any deficiency as a condition of any payment hereunder or enforcement hereof. At any sale of the Collateral or other security for the indebtedness evidenced by the Notes, or any part thereof, whether by foreclosure or otherwise, Agent, for its benefit and for the ratable benefit of the Lenders, may at its sole discretion purchase all or any part of such Collateral offered for sale, for its own account, and may apply against the amount bid therefor the balance due it pursuant to the terms of the Notes and Loan Documents;

(g) this Guaranty shall remain and continue in full force and effect notwithstanding the institution by or against the Borrowers or Guarantor of bankruptcy, reorganization, readjustment, receivership or insolvency proceedings of any nature, or the rejection of the Loan Documents in any such proceedings, or otherwise. In the event any payment by or on behalf of the Borrowers to the Agent is held to constitute a preference under the bankruptcy laws, or if for any other reason the Agent is required to refund such payment or pay the amount thereof to any other party, such payment by or on behalf of the Borrowers to the Agent shall not constitute a release of Guarantor from any liability hereunder, but Guarantor agrees to pay such amount to the Agent upon demand;

(h) this Guaranty shall be a continuing, absolute and unconditional Guaranty, and shall not be discharged, impaired or affected by the following, whether or not Guarantor has notice or knowledge of, or consents or agrees thereto: (i) the existence or continuance of any obligation on the part of the Borrowers on or with respect to the Notes

or under Loan Documents; (ii) the release or agreement not to sue without reservation of rights of anyone liable in any way for repayment of the indebtedness evidenced by the Notes or any of the other covenants or conditions required to be performed under the Loan Documents for any reason whatsoever; (iii) the power or authority or lack of power or authority of the Borrowers to execute, acknowledge or deliver the Notes or Loan Documents; (iv) the validity or invalidity of the Notes and/or the Loan Documents; (v) [intentionally omitted]; (vi) [intentionally omitted]; (vii) the transfer by the Borrowers of all or any part of any interest in all or any part of any property or rights described in any of the other Loan Documents; (viii) the existence or non-existence of any Borrower as a legal entity; (ix) any sale, pledge, surrender, indulgence, alteration, substitution, exchange, modification, release or other disposition of any of the indebtedness hereby guaranteed or any security therefor, all of which the Agent is expressly authorized to make and do from time to time; (x) any right or claim whatsoever which Guarantor may have against the Borrowers; (xi) [intentionally omitted]; (xii) the acceptance by the Agent of any, all or part of the indebtedness evidenced by the Notes, or any failure, neglect or omission on the part of the Agent to realize on or protect any of the indebtedness evidenced by the Notes or any personal property or lien security given as security therefor, or to exercise any lien upon or right of appropriation of any monies, credits or property of any Borrower toward liquidation of the indebtedness hereby guaranteed; or (xiii) the failure by the Agent to perfect any lien or security interest upon any Collateral; and

(i) Guarantor shall maintain a balance of Cash and Cash Equivalents of not less than $80,000,000 (on a consolidated basis) in excess of the CMGI Indebtedness (excluding Indebtedness under the Loan Agreement) outstanding at any time through and including the date of termination of this Agreement.

5. Waivers.

(a) Guarantor waives diligence, presentment, protest, notice of dishonor, demand for payment, extension of time of payments, notice of acceptance of this Guaranty, nonpayment at maturity and indulgences and notices of every kind with respect to the Notes and Loan Documents. Guarantor further consents to any and all forbearances and extensions of the time of payment of the Notes, including any extension of the maturity date of the Loan, to any and all changes in the terms, covenants and conditions of the Loan Documents, hereafter made or granted, and to any and all substitutions, exchanges or releases of all or any part of the collateral for the Notes, it being the intention hereof that Guarantor remain liable, until the unpaid principal amount of the Notes, together with interest thereon and all other sums due or to become due thereon or under the Loan Documents shall have been fully repaid to the Agent, notwithstanding any act, omission or thing which might otherwise operate as a legal or equitable discharge of Guarantor.

(b) Until the Obligations have been paid in full and the Loan Agreement has been terminated, Guarantor hereby irrevocably and unconditionally waives and

relinquishes all statutory, contractual, common law, equitable and other claims against the Borrowers, any Collateral or other assets of the Borrowers or any other obligor or guarantor, for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse with respect to sums paid or payable to the Lenders by Guarantor hereunder and Guarantor hereby further irrevocably and unconditionally waives and relinquishes any and all other benefits which Guarantor might otherwise directly receive or be entitled to receive by reason of any amounts paid by or collected or due from any Borrower or any other obligor or guarantor upon the indebtedness under the Notes or realized from their property.

6. Effect of Agent's Delay or Action. No delay on the part of the Agent in the exercise of any right or remedy hereunder or under the Loan Documents shall operate as a waiver thereof, and no single or partial exercise by the Agent of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of the Agent permitted hereunder shall in any way affect or impair the rights of the Lenders and the obligations of Guarantor.

7. Business Loan. Guarantor hereby represents and warrants to Lenders that the proceeds of the Loan will be used solely for the purposes specified in 815 ILCS 205/4 (2001), as amended, and the principal sum advanced is for a "business loan" which comes with the purview of such section.

8. Successors and Assigns. Guarantor agrees that this Guaranty shall inure to the benefit of and may be enforced by the Agent, and any subsequent holder of the Notes and their respective successors and assigns, and shall be binding upon and enforceable against Guarantor and its respective successors and assigns.

9. Modification; Amendment. This Guaranty may not be modified, amended, revised, revoked, terminated, changed or varied in any way whatsoever except by the express terms of a writing signed by the party or parties sought to be bound thereby.

10. Construction. When the context or construction of the terms of this Guaranty so require, all words used in the singular herein shall be deemed to have been used in the plural and the neuter shall include the masculine and feminine.

11. Notices. All notices or other communications required or permitted to be given pursuant to this Guaranty shall be in writing and shall be considered as properly given if sent by overnight messenger or first class United States mail, postage prepaid registered or certified with return receipt requested, or by delivering same to the address listed below by prepaid messenger as follows:

(a) If to Agent, at:

LaSalle Bank National Association
135 South LaSalle
Chicago, Illinois 60603
Attention: David Bacon
Fax: (312) 904-0409

With copies to:

Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago, Illinois 60602
Attention: Gary I. Levenstein
Fax No.: (312) 977-4405

(b) If to Guarantor, at:

CMGI, Inc.
425 Medford Street
Charlestown, Massachusetts 02129
Attention: General Counsel
Fax No.: (617) 886-4582

With copies to:

Browne Rosedale & Lanouette LLP
31 St. James Avenue
Boston, Massachusetts 02116
Attention: Kevin P. Lanouette
Fax: (617) 399-6930

or at such other place as any party hereto may by notice in writing designate as a place for service of notice hereunder. Notice so sent shall be effective upon delivery to such address, whether or not receipt thereof is acknowledged or is refused by the addressee or by any other person at such address.

12. Severability. Each provision of this Guaranty shall be interpreted in such manner as to be effective, valid and enforceable under applicable law, but if any provision of this Guaranty shall be prohibited by, or invalid under such law, such provision shall be deemed severable and ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

13. Governing Law. This Guaranty shall be construed in accordance with and governed by the internal laws of the State of Illinois.

14. Jurisdiction and Venue. Guarantor hereby expressly agrees that the Agent may institute a proceeding to enforce Guarantor's obligations hereunder in Cook County, Illinois and Guarantor hereby submits to personal jurisdiction and venue in Cook County, Illinois for the enforcement of Guarantor's obligations hereunder, and Guarantor waives any and all personal rights under the law of any state to object to jurisdiction or venue within Cook County, Illinois for the purposes of litigation to enforce Guarantor's obligations hereunder. In the event such litigation is commenced, Guarantor agrees that service of process may be made and jurisdiction over Guarantor obtained, by delivery of copies of the summons, complaint and other pleadings required to commence such litigation to the address listed above or such other address shown on the books and records of the Agent as the address of the Guarantor (or, if none, the address of any Borrower then last shown on such books and records). The aforesaid means of obtaining personal jurisdiction and perfecting service of process are not intended to be exclusive but are cumulative in addition to all other means thereof or hereafter provided by applicable law.

15. WAIVER OF JURY TRIAL. GUARANTOR HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING (I) TO ENFORCE OR DEFEND RIGHTS UNDER OR IN CONNECTION WITH THIS GUARANTY OR AN AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HEREWITH OR (II) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS GUARANTY, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[signature page follows]

IN WITNESS WHEREOF, this Guaranty has been executed as of the date first above written.

GUARANTOR:

CMGI, INC.
a Delaware corporation

By: /s/ Thomas Oberdorf
Name: Thomas Oberdorf
Title: CFO

EXHIBIT 21

SUBSIDIARIES OF CMGI, INC.
As of October 8, 2004

Name	Jurisdiction of Organization
Maktar Limited	Ireland
CMGI Asia Limited	Hong Kong
Lippri Limited	Ireland
CMG Securities Corporation	Massachusetts
CMG @ Ventures Capital Corp.	Delaware
CMG @ Ventures Securities Corp.	Delaware
CMG @ Ventures, Inc.	Delaware
CMG @ Ventures I, LLC	Delaware
CMG @ Ventures II LLC	Delaware
CMG @ Ventures III, LLC	Delaware
CMGI @ Ventures IV, LLC	Delaware
CMG @ Ventures Expansion, LLC	Delaware
@Ventures V, LLC	Delaware
Modus Media, Inc.	Delaware
ModusLink Corporation	Delaware
SalesLink Corporation	Delaware
Pacific Direct Marketing Corp.	California
SalesLink Mexico Holding Corp.	Delaware
SalesLink de Mexico S De RL De CV	Mexico
SalesLink Servicios S De RL De CV	Mexico
InSolutions Incorporated	Delaware
On-Demand Solutions, Inc.	Massachusetts
SL Supply Chain Services International Corp.	Delaware
CMGI France S.A.S.	France
SalesLink Electronics Supplies and Services (Suzhou) Co., Ltd.	China
SalesLink Hungary KFT	Hungary
SalesLink International B.V.	Netherlands
SalesLink International UK LTD.	Scotland
Logistix Holdings Europe Limited	Ireland
SalesLink Solutions International Ireland Ltd.	Ireland
SalesLink International (Singapore) Pte. Ltd.	Singapore
SalesLink International (Malaysia) Sdn. Bhd.	Malaysia
Modus Media International France S.A.S.	France
Modus Media International Angers S.A.S.	France
Modus Media International Packaging Limited Liability Company	Hungary
Modus Media International (Ireland) Limited	Delaware
Modus Media International Ireland (Holdings)	Ireland
Modus Media International Dublin	Ireland
Modus Media International Kildare	Ireland
Modus Media International Fulfillment Services Europe	Ireland
Modus Media International Financial Services Limited	Ireland
Lieboch Limited	Ireland
Modus Media International Documentation Services (Ireland) Ltd.	Delaware
Modus Media International B.V.	Netherlands
Modus Media International Limited	UK
Modus Media International Leinster Unlimited	BVI
Modus Media International Pte. Ltd.	Singapore
Modus Media International Taiwan CD Services Limited	Taiwan
Modus Media International (Hong Kong) Pte. Ltd.	Hong Kong

Name	Jurisdiction of Organization
Modus Media International (M) Sdn. Bhd.	Malaysia
Modus Media International Software (Shenzhen) Co. Ltd.	China
Modus Media International (Shanghai) Co. Ltd.	China
Modus Media International Electronic Technology (Shenzhen) Company Limited	China
Modus Media International Electronic Technology (Shanghai) Co. Ltd.	China
Modus Media International Software (Kunshan) Co. Ltd.	China
Modus Korea LLC	Korea
Modus Media International Digital Integrated Supply Chain Services Pte. Ltd.	Singapore
Modus Media Japan KK	Japan
Modus Media International S.A. de C.V.	Mexico
Sol Holdings, Inc.	Delaware
Sol Services S.A. de C.V.	Mexico
Modus Media International Limitada	Brazil

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CMGI, Inc.:

We consent to the incorporation by reference in the registration statements No. 333-71863, No. 333-90587, No. 333-93005 and 333-116417 on Form S-3 and No. 33-86742, No. 333-91117, No. 333-93189, No. 333-94479, No. 333-94645, No. 333-95977, No. 333-33864, No. 333-52636, No. 333-75598, No. 333-84648, No. 333-90608, No. 333-117878 and No. 333-118596 on Form S-8 of CMGI, Inc. of our report dated September 30, 2004, with respect to the consolidated balance sheets of CMGI, Inc. as of July 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended July 31, 2004, which report appears in the July 31, 2004 annual report on Form 10-K of CMGI, Inc.

/s/ KPMG LLP

Boston, Massachusetts
October 14, 2004

EXHIBIT 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph C. Lawler, President and Chief Executive Officer of CMGI, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CMGI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 14, 2004

By: /s/ Joseph C. Lawler

Joseph C. Lawler
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas Oberdorf, Chief Financial Officer and Treasurer of CMGI, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CMGI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 14, 2004

By: /s/ Thomas Oberdorf

Thomas Oberdorf
Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of CMGI, Inc. (the "Company") for the fiscal year ended July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Joseph C. Lawler, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 14, 2004

By: /s/ Joseph C. Lawler

Joseph C. Lawler
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of CMGI, Inc. (the "Company") for the fiscal year ended July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Thomas Oberdorf, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 14, 2004

By: /s/ Thomas Oberdorf

Thomas Oberdorf
Chief Financial Officer and Treasurer