

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 9, 2002

CMGI, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	000-23262	04-2921333
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 Brickstone Square
Andover, Massachusetts 01810
(Address of Principal Executive Offices) (Zip Code)

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

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

Introductory Note

On September 10, 2002, CMGI, Inc. ("CMGI") filed a Current Report on Form 8-K (the "Current Report") to report under Item 5 the divestiture by CMGI of all of its equity and debt ownership interests in Engage, Inc. ("Engage") (the "Disposition"). CMGI is filing this Amendment No. 1 to the Current Report to report the Disposition under Item 2. The Current Report is hereby amended in its entirety to read as follows:

Item 2. Acquisition or Disposition of Assets.

On September 9, 2002, CMGI divested all of its equity and debt ownership interests in Engage. Under the terms of the Transaction Agreement, dated as of September 9, 2002, by and among CMGI, CMGI (UK) Limited and Engage (the "Transaction Agreement"), CMGI transferred to Engage approximately 148.4 million shares of common stock of Engage held by CMGI, representing approximately 76% of the issued and outstanding shares of Engage, and cancelled approximately \$60 million of debt, including all convertible debt, owed to CMGI by Engage. In consideration of the equity transfer and debt cancellation, Engage, among other things, (i) paid to CMGI \$2.5 million in cash, (ii) agreed to pay to CMGI up to an additional \$6.0 million, comprised of a senior secured promissory note due in September 2006 and earnout payments commencing in fiscal year 2004, and (iii) issued to CMGI a warrant for the purchase of up to 9.9% of the issued and outstanding shares of Engage Common Stock, at an exercise price of \$.048 per share. The amount of consideration was determined as a result of arms'-length negotiations between the parties.

The foregoing description of the Transaction Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the Transaction Agreement which is filed as an exhibit to this Form 8-K and is incorporated by reference herein.

Item 7. Exhibits.

(b) Pro Forma Financial Information.

The required pro forma financial information is filed as an exhibit to this report and is incorporated by reference herein.

(c) Exhibits.

The exhibits listed in the Exhibit Index immediately preceding such exhibits are filed with this report.

SIGNATURE

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

CMGI, Inc.

By: /s/ Thomas Oberdorf

Date: October 2, 2002

Thomas Oberdorf
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
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10.1*	Transaction Agreement, dated as of September 9, 2002, by and among CMGI, Inc., CMGI (UK) Limited and Engage, Inc.
99.1*	Press Release, dated September 9, 2002.
99.2	Unaudited pro forma condensed financial information of CMGI, Inc.

*Previously filed.

UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma condensed financial statements give effect to CMGI's divestiture of all its equity and debt ownership interests in Engage on September 9, 2002. The unaudited pro forma condensed statements of operations for the nine months ended April 30, 2002 and the year ended July 31, 2001 give effect to the divestiture of the Engage business, as if it had occurred on August 1, 2000. The pro forma condensed statement of operations for the nine months ended April 30, 2002 is based on historical results of operations of CMGI for the nine months ended April 30, 2002 (which include the results of operations of the Engage business for the nine months ended April 30, 2002). The pro forma condensed statement of operations for the twelve months ended July 31, 2001 is based on historical results of operations of CMGI for the twelve months ended July 31, 2001 (which include the results of operations of the Engage business for the twelve months ended July 31, 2001). The following unaudited pro forma financial information, consisting of the pro forma condensed statements of operations and the pro forma condensed balance sheet and the accompanying notes, should be read in conjunction with and are qualified by the historical annual and quarterly financial statements and notes of CMGI.

The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the future results of operations of the company after the divestiture of the Engage business, or of the results of operations of the company that would have actually occurred had the divestiture of the Engage business been effected as of the dates described above.

Unaudited Pro Forma Condensed Balance Sheet
April 30, 2002
(In thousands)

	CMGI	Engage	Pro-Forma Adjustments		Pro-Forma As Adjusted
	-----	-----	-----		-----
Assets					
Cash and cash equivalents	\$ 328,903	\$ (20,421)	\$ 2,500 (A)		\$ 310,982
Trading securities	114,974				114,974
Other current assets	197,878	(7,299)	1,157 (B) 280 (C)		192,016
	-----	-----	-----		-----
Total current assets	641,755	(27,720)	3,937		617,972
Property and equipment, net	135,049	(4,518)			130,531
Goodwill and other intangible assets, net	271,718	(39,416)			232,302
Other non-current assets	109,593	56,551	(57,947) (D)		108,197
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Total assets	\$1,158,115	\$ (15,103)	\$(54,010)		\$1,089,002
	=====	=====	=====		=====
Liabilities and Stockholders' Equity					
Accrued expenses	\$ 149,996	\$ (12,237)			\$ 137,759
Notes payable	114,974				114,974
Other current liabilities	151,101	(7,684)	1,157 (B) 280 (C) (1,700) (E)		143,154
	-----	-----	-----		-----
Total current liabilities	416,071	(19,921)	(263)		395,887
Other long term liabilities	136,712	(539)			136,173
Stockholders' equity (deficit):	605,332	5,357	(57,947) (D) 2,500 (A) 1,700 (E)		556,942
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Total liabilities and stockholders' equity	\$1,158,115	\$ (15,103)	\$(54,010)		\$1,089,002
	=====	=====	=====		=====

CMGI, Inc.
Pro Forma Condensed Statement of Operations
For the nine months ended April 30, 2002

	CMGI -----	Engage (8/1 - 4/30) -----	Pro Forma Adjustments -----	Pro Forma as Adjusted -----
Net revenues	\$ 599,842	\$ (22,498)	\$ 963 (F) 3,827 (G)	\$ 582,134
Operating expenses:				
Cost of revenues	530,299	(13,061)	1,227 (H) 3,827 (I)	522,292
Research and development	46,483	(7,990)		38,493
Selling	113,978	(12,212)		101,766
General and administrative	122,395	(10,342)		112,053
Amortization of intangible assets and stock-based compensation	193,209	(24,253)		168,956
Impairment of Long-Lived Assets	47,353			47,353
Restructuring	13,951	(11,513)	882 (J) 2,757 (K)	6,077
Total operating expenses	1,067,668	(79,371)	8,693	996,990
Operating income (loss)	(467,826)	56,873	(3,903)	(414,856)
Other income (expense):				
Interest income (expense), net	9,444	(308)		9,136
Equity in losses of affiliates	(15,396)	-		(15,396)
Minority interest	37,594	(14,193)		23,401
Non-operating gains (losses), net	(34,125)	-		(34,125)
	(2,483)	(14,501)	-	(16,984)
Income (loss) from continuing operations before income taxes	(470,309)	42,372	(3,903)	(431,840)
Income tax expense (benefit)	(2,421)	-		(2,421)
Income (loss) from continuing operations (before extraordinary items)	(467,888)	42,372	(3,903)	(429,419)
Preferred stock accretion and amortization of discount	(2,301)			(2,301)
Income (loss) from continuing operations available to common stockholders	\$ (470,189)	\$ 42,372	\$ (3,903)	\$ (431,720)
Basic and diluted (loss) per share from continuing operations	\$ (1.25)			\$ (1.15)
Weighted average shares used in computing basic and diluted (loss) per share from continuing operations	375,603			375,603

CMGI, Inc.
Pro Forma Condensed Statement of Operations
For the Twelve Months ended July 31, 2001

	CMGI -----	Engage -----	Pro Forma Adjustments -----	Pro Forma as Adjusted -----
Net revenues	\$ 1,237,702	\$ (110,702)	\$ 942 (L) 6,302 (M)	\$ 1,134,244
Operating expenses:				
Cost of revenues	1,131,778	(80,484)	1,804 (N) 6,302 (O)	1,059,400
Research and development	158,960	(35,693)		123,267
In-process research and development	1,462	(700)		762
Selling	393,658	(85,640)		308,018
General and administrative	281,105	(42,954)		238,151
Amortization of intangible assets and stock-based compensation	1,558,164	(369,023)		1,189,141
Impairment of Long-Lived Assets	3,363,317	(925,252)		2,438,065
Restructuring	217,219	(30,894)	1,176 (P)	187,501
Total operating expenses	7,105,663	(1,570,640)	9,282	5,544,305
Operating income (loss)	(5,867,961)	1,459,938	(2,038)	(4,410,061)
Other income (expense):				
Interest income (expense), net	5,978	(3,892)		2,086
Equity in losses of affiliates	(45,661)	-		(45,661)
Minority interest	526,623	(286,428)		240,195
Non-operating gains (losses), net	(291,303)	(120,901)		(412,204)
	195,637	(411,221)	-	(215,584)
Income (loss) from continuing operations before income taxes	(5,672,324)	1,048,717	(2,038)	(4,625,645)
Income tax expense (benefit)	(184,404)	145,379		(39,025)
Income (loss) from continuing operations	(5,487,920)	903,338	(2,038)	(4,586,620)
Preferred stock accretion and amortization of discount	(7,499)	-		(7,499)
Income (loss) from continuing operations available to common stockholders	\$(5,495,419)	\$ 903,338	\$(2,038)	\$(4,594,119)
Basic and diluted (loss) per share from continuing operations	\$ (16.67)			\$ (13.94)
Weighted average shares used in computing basic and diluted (loss) per share from continuing operations	329,623			329,623

NOTES TO THE UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

Pro Forma Adjustments and Assumptions:

The pro forma information herein gives effect to the following divestiture:

On September 9, 2002, CMGI divested all of its equity and debt ownership interests in Engage. Under the terms of the Transaction Agreement, dated as of September 9, 2002, by and among CMGI, CMGI (UK) Limited and Engage (the "Transaction Agreement"), CMGI transferred to Engage approximately 148.4 million shares of common stock of Engage held by CMGI, representing approximately 76% of the issued and outstanding shares of Engage, and cancelled approximately \$60 million of debt, including all convertible debt, owed to CMGI by Engage. In consideration of the equity transfer and debt cancellation, Engage, among other things, (i) paid to CMGI \$2.5 million in cash, (ii) agreed to pay to CMGI up to an additional \$6.0 million, comprised of a senior secured promissory note due in September 2006 and earnout payments commencing in fiscal year 2004, and (iii) issued to CMGI a warrant for the purchase of up to 9.9% of the issued and outstanding shares of Engage Common Stock, at an exercise price of \$.048 per share. The amount of consideration was determined as a result of arms-length negotiations between the parties.

The unaudited pro forma condensed financial statements exclude the effects of the senior secured promissory note and earnout payments from Engage. The earnout payments are based on a percentage of Engage's earnings before interest, taxes, depreciation, and amortization (EBITDA) commencing in fiscal year 2004. At the time of the transaction the Engage business was not profitable. No assurances can be made that Engage will achieve sufficient profitability in the future in order for Engage to meet its obligations under the earnout provisions, or have the cash resources at the maturity date of the note to satisfy its obligations thereunder.

- (A) The pro forma adjustment represents the \$2.5 million in cash consideration paid by Engage to CMGI as part of the consideration for the equity transfer and debt cancellation.
- (B) The pro forma adjustment reflects amounts due to CMGI and its majority-owned companies from Engage as of April 30, 2002.
- (C) The pro forma adjustment represents security deposits paid to CMGI from Engage in connection with certain ongoing rent and employee benefits arrangements.
- (D) The pro forma adjustment represents CMGI's cancellation of a net amount of approximately \$55.4 million in debt (outstanding balance as of April 30, 2002), including all convertible debt, owed to CMGI by Engage. See Note A.
- (E) The pro forma adjustment reflects the elimination of the minority interest in Engage from CMGI's consolidated balance sheet.

- (F) The pro forma adjustment eliminates the effect of Engage revenues earned from transactions with CMGI and its majority-owned companies during the nine months ended April 30, 2002.
- (G) The pro forma adjustment reflects revenues earned by CMGI's majority-owned companies from transactions with Engage during the nine months ended April 30, 2002.
- (H) The pro forma adjustment reflects the cost of services received by CMGI and its majority-owned companies in connection with business transactions with Engage during the nine months ended April 30, 2002.
- (I) The pro forma adjustment reflects CMGI's majority-owned companies' cost of sales related to transactions with Engage during the nine months ended April 30, 2002.
- (J) The pro forma adjustment reflects incremental operating costs to CMGI as a direct result of the transaction with Engage. As part of the transaction, CMGI and Engage renegotiated the terms of their sublease arrangement, which resulted in a reduction in Engage's future sublease obligations to CMGI.
- (K) The pro forma adjustment eliminates the effect of a restructuring charge recorded by Engage during the nine months ended April 30, 2002. The restructuring charge relates to vacant space that Engage had subleased from CMGI. This restructuring charge is reflected in the standalone operating results of Engage, but has not been reflected in the CMGI consolidated results of operations as the charge was eliminated in consolidation.
- (L) The pro forma adjustment eliminates the effect of Engage revenues earned from transactions with CMGI and its majority-owned companies during the twelve months ended July 31, 2001.
- (M) The pro forma adjustment reflects revenues earned by CMGI's majority-owned companies from transactions with Engage during the twelve months ended July 31, 2001.
- (N) The pro forma adjustment reflects the cost of services received by CMGI and its majority-owned companies in connection with business transactions with Engage during the twelve months ended July 31, 2001.
- (O) The pro forma adjustment reflects CMGI's majority-owned companies' cost of sales related to transactions with Engage during the twelve months ended July 31, 2001.
- (P) The pro forma adjustment reflects incremental operating costs to CMGI as a direct result of the transaction with Engage. As part of the transaction, CMGI and Engage renegotiated the terms of their sublease arrangement, which resulted in a reduction in Engage's future sublease obligations to CMGI.