SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended January 31, 2001

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

Commission File Number 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.)

100 Brickstone Square Andover, Massachusetts	01810
(Address of principal executive offices)	(Zip Code)

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

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 X No ____

Number of shares outstanding of the issuer's common stock, as of March 15, 2001:

Class	Number of shares outstanding
Common Stock, par value $.01 per share	345,001,833

CMGI, INC.
FORM 10-Q

INDEX

	Page Number
Part I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets January 31, 2001 (unaudited) and July 31, 2000	3
Consolidated Statements of Operations Three and six months ended January 31, 2001 and 2000 (unaudited)	4
Consolidated Statements of Cash Flows Six months ended January 31, 2001 and 2000 (unaudited)	5
Notes to Interim Unaudited Consolidated Financial Statements	6-16
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17-41
Item 3. Quantitative and Qualitative Disclosures About Market Risk	42
Part II. OTHER INFORMATION	
Item 2. Changes in Securities and Use of Proceeds	43
Item 4. Submission of Matters to a Vote of Security Holders	44
Item 6. Exhibits and Reports on Form 8-K	44
SIGNATURE	45
EXHIBIT INDEX	46

CMGI, Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	January 31, 2001	July 31, 2000
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 964,813	$ 639,666
Available-for-sale securities	263,537	1,595,011
Accounts receivable, trade, net of allowance for doubtful accounts	193,872	232,104
Prepaid expenses and other current assets	145,470	105,094
Total current assets	1,567,692	2,571,875
Property and equipment, net	258,949	259,270
Investments in affiliates	584,917	583,648
Goodwill and other intangible assets, net of accumulated amortization	2,151,457	4,955,076
Other assets	206,585	187,238
	$4,769,600	$8,557,107
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 40,222	$ 523,022
Current installments of long-term debt	7,529	6,649
Accounts payable	116,085	128,627
Accrued income taxes	65,437	36,318
Accrued expenses	283,193	246,289
Deferred income taxes	51,571	392,340
Deferred revenues	27,553	27,898
Other current liabilities	29,027	100,627
Total current liabilities	620,617	1,461,770
Long-term debt, less current installments	224,958	228,023
Deferred income taxes	67,287	61,365
Other long-term liabilities	24,553	50,945
Minority interest	415,163	586,062
Commitments and contingencies		
Preferred stock, $0.01 par value per share. Authorized 5,000,000 shares; issued 375,000 Series C convertible, redeemable preferred stock at January 31, 2001 and July 31, 2000, dividend at 2% per annum; carried at liquidation value	386,921	383,140
Stockholders' equity:		
Common stock, $0.01 par value per share. Authorized 1,400,000,000 shares; issued and outstanding 342,636,463 shares at January 31, 2001 and 296,487,502 shares at July 31, 2000	3,426	2,965
Additional paid-in capital	7,137,766	6,190,182
Deferred compensation	(10,565)	(45,202)
Accumulated deficit	(4,059,691)	(857,814)
	3,070,936	5,290,131
Accumulated other comprehensive income (loss)	(40,835)	495,671
Total stockholders' equity	3,030,101	5,785,802
	$4,769,600	$8,557,107

see accompanying notes to interim unaudited consolidated financial statements

CMGI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three months ended January 31,		Six months ended January 31,	
	2001	2000	2001	2000
Net revenue	$ 342,712	$ 158,540	$ 708,855	$ 287,658
Operating expenses:				
Cost of revenue	318,268	128,520	651,448	242,980
Research and development	46,093	31,424	97,762	51,612
In-process research and development	-	4,717	1,462	4,717
Selling	119,321	111,037	250,643	182,638
General and administrative	75,242	43,564	159,492	73,617
Amortization of intangible assets and stock-based compensation	549,484	253,831	1,132,017	423,870
Impairment of intangible assets	2,022,825	-	2,092,431	-
Restructuring charges	100,031	-	108,872	-
Total operating expenses	3,231,264	573,093	4,494,127	979,434
Operating loss	(2,888,552)	(414,553)	(3,785,272)	(691,776)
Other income (expenses):				
Interest income	19,796	10,649	31,915	16,520
Interest expense	(10,409)	(7,830)	(32,997)	(13,530)
Other gains (losses), net	(76,912)	166,149	120,426	214,498
Gains (losses) on issuance of stock by subsidiaries and affiliates, net	(3,719)	5,571	122,870	51,939
Equity in losses of affiliates	(13,556)	(3,633)	(29,428)	(5,429)
Minority interest	250,907	31,576	339,759	54,864
	166,107	202,482	552,545	318,862
Loss before income taxes	(2,722,445)	(212,071)	(3,232,727)	(372,914)
Income tax expense (benefit)	(160,912)	(26,496)	(34,630)	(69,927)
Net loss	(2,561,533)	(185,575)	(3,198,097)	(302,987)
Preferred stock accretion and amortization of discount	(1,890)	(2,228)	(3,780)	(7,163)
Net loss available to common stockholders	$(2,563,423)	$(187,803)	$(3,201,877)	$(310,150)
Basic and diluted loss per share	$ (7.86)	$ (0.74)	$ (10.12)	$ (1.31)
Shares used in computing basic and diluted loss per share	326,082	252,515	316,403	237,519

see accompanying notes to interim unaudited consolidated financial statements

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

	Six months ended January 31,	
	2001	2000
Cash flows from operating activities:,		
Net loss	$(3,198,097)	$(302,987)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation, amortization and impairment charges	3,310,225	447,205
Deferred income taxes	(72,499)	(233,073)
Non-operating gains, net	(243,296)	(266,437)
Equity in losses of affiliates	29,428	5,429
Minority interest	(339,759)	(54,864)
In-process research and development	1,462	4,717
Changes in operating assets and liabilities, excluding effects from acquired and divested companies:		
Trade accounts receivable	41,454	(48,241)
Prepaid expenses and other current assets	(34,533)	(32,286)
Accounts payable and accrued expenses	52,418	24,351
Deferred revenues	(4,890)	9,270
Refundable and accrued income taxes, net	19,842	28,197
Tax benefit from exercise of stock options	--	132,639
Other assets and liabilities	206	(6,276)
Net cash used for operating activities	(438,039)	(292,356)
Cash flows from investing activities:		
Additions to property and equipment	(89,848)	(75,989)
Net proceeds from maturities of (purchases of) available-for-sale securities	(44,987)	(51,178)
Proceeds from liquidation of stock investments	944,319	686,002
Proceeds from sale of property and equipment	35,779	--
Investments in affiliates	(61,818)	(60,587)
Cash paid for acquisitions of subsidiaries, net of cash acquired	(4,706)	105,842
Other	(228)	(56)
Net cash provided by investing activities	778,511	604,034
Cash flows from financing activities:		
Net proceeds from (repayments of) obligations under capital leases	(29,608)	6,880
Net proceeds from (repayments of) notes payable	1,668	(20,000)
Repayments of long-term debt	(2,185)	(3,373)
Net proceeds from issuance of common stock	13,455	22,020
Net proceeds from issuance of stock by subsidiaries	5,942	87,901
Other	(4,597)	6,677
Net cash provided by (used for) financing activities	(15,325)	100,105
Net increase in cash and cash equivalents	325,147	411,783
Cash and cash equivalents at beginning of period	639,666	468,912
Cash and cash equivalents at end of period	$ 964,813	$ 880,695

see accompanying notes to interim unaudited consolidated financial statements

A. Basis of Presentation

The accompanying consolidated financial statements have been prepared by CMGI, Inc. (CMGI or the Company) in accordance with generally accepted accounting principles. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary for a fair presentation of the Company's financial position, results of operations and cash flows at the dates and for the periods indicated. While the Company believes that the disclosures presented are adequate to make the information not misleading, these consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended July 31, 2000 which are contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on October 30, 2000 (as amended on December 8, 2000). The results for the three and six-month periods ended January 31, 2001 are not necessarily indicative of the results to be expected for the full fiscal year. Certain prior period amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to conform with current year presentation.

B. New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133 (SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities, which was later amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 and by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities -an Amendment of FASB Statement No. 133 (as amended, SFAS No. 133). SFAS No. 133 establishes new 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. The Company currently holds derivative instruments and engages in certain hedging activities, which have been accounted for as described in Note N. The Company adopted SFAS No. 133 on August 1, 2000 and recorded a transition gain, net of tax, of approximately $3.2 million during the first quarter of fiscal year 2001.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 expresses the views of the SEC staff in applying generally accepted accounting principles to certain revenue recognition issues. The Company is continuing to evaluate SAB 101 and does not anticipate it having a material impact on its financial position or its results of operations.

C. Other Gains (Losses), Net

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

(in thousands)	Three Months Ended January 31, 2001	Three Months Ended January 31, 2000	Six Months Ended January 31, 2001	Six Months Ended January 31, 2000
Gain on sale of Terra Networks S.A. stock	$ 64,217	$ --	$ 64,217	$ --
Gain on sale of Lycos common stock	--	--	357,356	--
Gain on sale of Open Market common stock	--	5,832	--	5,832
Gain on sale of Kana Communications common stock	--	--	135,289	
Gain (loss) on sale of Yahoo! common stock	(3,245)	159,717	(3,245)	208,066
Gain on derivative and sale of hedged Yahoo! common stock	2,070	--	89,902	--
Gain on sale of Critical Path common stock	--	--	70,900	--
Gain on sale of real estate	19,801	--	19,801	--
Loss on sale of PCCW stock	--	--	(358,855)	--
Loss on impairment of available-for-sale securities	(58,603)	--	(148,786)	--
Loss on sale of Raging Bull	(95,896)	--	(95,896)	--
Other	(5,256)	600	(10,257)	600
	$(76,912)	$166,149	$ 120,426	$214,498

During the six months ended January 31, 2001, the Company sold marketable securities for total proceeds of approximately $941.0 million and recorded a net pre-tax gain of approximately $347.0 million on these sales. These sales primarily consisted of approximately 8.4 million shares of Lycos, Inc. common stock for proceeds of approximately $394.7 million, approximately 241.0 million shares of Pacific Century CyberWorks Limited (PCCW) stock for proceeds of approximately $190.2 million, approximately 3.7 million shares of Kana Communications, Inc. common stock for proceeds of approximately $137.6 million, approximately 6.8 million shares of Terra Networks, S.A. (Terra Networks) stock for proceeds of approximately $78.3 million and approximately 1.3 million shares of Critical Path, Inc. common stock for proceeds of approximately $72.8 million.

During the six months ended January 31, 2001, the Company recorded impairment charges related to its available-for-sale securities under the provisions of FASB No. 115, Accounting for Certain Investments in Debt and Equity Securities. These charges primarily consisted of approximately $49.3 million, $38.7 million, $29.3 million and $25.4 million of impairment charges related to the Company's holdings of Hollywood Entertainment, Inc., Marketing Services Group, Inc., Netcentives, Inc., and divine interVentures, inc, respectively.

In January 2001, AltaVista, a majority-owned subsidiary of the Company, sold its subsidiary, Raging Bull, and recorded a net pre-tax loss of approximately $95.9 million. Also in December 2000, AltaVista recorded a pre-tax gain of approximately $19.8 million on the sale of a real estate holding.

During the six months ended January 31, 2000, the Company sold approximately 3.2 million shares of Yahoo!, Inc. (Yahoo!) common stock and 260,000 shares of Open Market, Inc. common stock for proceeds totaling approximately $684.2 million. The Company recorded pre-tax gains of approximately $208.1 million and $5.8 million on the sales of the Yahoo! common stock and Open Market common stock, respectively.

D. Gains (Losses) on Issuance of Stock by Subsidiaries and Affiliates

During the six months ended January 31, 2001, the Company recognized gains on issuance of stock by subsidiaries and affiliates primarily related to the issuance of approximately 14.9 million shares of common stock by Engage, Inc. (Engage), a majority-owned subsidiary of the Company, valued at approximately $225.7 million in its acquisitions of Space Media Holdings Limited (Space) and MediaBridge Technologies, Inc. (MediaBridge). The Company's ownership interest in Engage decreased from approximately 86% to approximately 77% primarily as a result of these stock issuances. The Company provided for deferred income taxes resulting from the gains on issuance of stock by Engage.

During the six months ended January 31, 2000, the Company recognized a $51.9 million pre-tax gain on issuance of stock by a subsidiary related to NaviSite, Inc.'s (NaviSite) issuance of approximately 11.0 million shares of its common stock at a price of $7 per share in connection with its initial public offering. The Company's ownership interst in NaviSite decreased from approximately 90% to approximately 69% primarily as a result of these stock issuances.

E. Business Combinations

On August 31, 2000, Engage completed its acquisition of Space. The total purchase price for Space was valued at approximately $35.9 million consisting of approximately 3.2 million shares of Engage common stock valued at approximately $35.5 million, and direct acquisition costs of approximately $425,000. Engage also recorded approximately $18.9 million in deferred compensation related to approximately 1.5 million shares of Engage common stock issuable to certain employee shareholders of Space contingent upon continued employment for a one year period following the date of acquisition. Lastly, contingent consideration, comprised of approximately 1.4 million shares of Engage common stock, has been placed in escrow to satisfy certain performance objectives by Space. At January 31, 2001, the probability that the performance goals will be attained is remote, and therefore it is unlikely that additional purchase price will be recorded.

On September 11, 2000, Engage completed its acquisition of MediaBridge. The total purchase price for MediaBridge was valued at approximately $221.7 million consisting of approximately 11.7 million shares of Engage common stock valued at approximately $190.2 million, options to purchase Engage common stock valued at approximately $31.1 million, and direct acquisition costs of approximately $482,000. Of the purchase price, $700,000 was allocated to in-process research and development, which was charged to operations during the first quarter of fiscal 2001. Engage also recorded approximately $7.0 million in deferred compensation related to stock options issued to certain MediaBridge employees. Approximately twelve percent of the shares issued are subject to an escrow period of one year to secure certain indemnification obligations of the former stockholders of MediaBridge.

The acquisitions completed during the first six months of fiscal 2001 have been accounted for using the purchase method, and, accordingly, the purchase prices have been allocated to the assets purchased and liabilities assumed based upon their fair values at the dates of acquisition. Goodwill and other identifiable intangible assets totaling approximately $478.2 million were recorded related to the acquisitions during the first six months of fiscal 2001, and are being amortized on a straight-line basis over three years. The acquired companies are included in the Company's consolidated financial statements from the respective dates of acquisition.

The purchase prices for these acquisitions were allocated as follows:

(in thousands)	Space	MediaBridge	Total
Working capital, including cash (cash overdraft) acquired	$ (972)	$ (4,621)	$ (5,593)
Property and equipment	434	2,034	2,468
Other liabilities, net	--	(404)	(404)
Deferred tax liability	--	(217,764)	(217,764)
Goodwill	36,416	417,456	453,872
Developed technology	--	17,500	17,500
Other identifiable intangible assets	--	6,800	6,800
In-process research and development	--	700	700
Purchase price	$35,878	$ 221,701	$ 257,579

In December 1999, Engage completed its acquisition of Adknowledge. In December 2000, Engage recorded additional purchase price consideration in the AdKnowledge acquisition of approximately $3.0 million resulting from contingent consideration due based on certain performance goals being met in accordance with the terms and conditions of the acquisition agreement. This additional consideration was paid directly by CMGI based on the provisions of the AdKnowledge acquisition agreement.

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

	Three months ended January 31,		Six months ended January 31,	
(in thousands)	2001	2000	2001	2000
Amortization of intangible assets	$522,253	$248,593	$1,091,566	$417,109
Amortization of stock-based compensation	27,231	5,238	40,451	6,761
	$549,484	$253,831	$1,132,017	$423,870

The amortization of stock-based compensation for the three and six months ended January 31, 2001 and 2000 would have been primarily allocated to general and administrative expense had the Company recorded the expense within the functional department of the employee or director.

F. Impairment of Intangible Assets

The Company's management performs on-going business reviews and, based on quantitative and qualitative measures, assesses the need to record impairment losses on long-lived assets used in operations when impairment indicators are present. Where impairment indicators were identified, management determined the amount of the impairment charge by comparing the carrying value of goodwill and certain other intangible assets to their fair value. Management determines fair value based on a combination of the discounted cash flow methodology, which is based upon converting expected future cash flows to present value, and the market approach, which includes analysis of market price multiples of companies engaged in lines of business similar to the company being evaluated. The market price multiples are selected and applied to the company based on the relative performance, future prospects and risk profile of the company in comparison to the guideline companies. Management predominately utilizes third-party valuation reports in its determination of fair value. As a result, during management's quarterly review of the value and periods of amortization of both goodwill and other intangible assets, it was determined that the carrying value of goodwill and certain other intangible assets were not fully recoverable.

During the first quarter of fiscal 2001, the Company recorded an impairment charge of approximately $69.6 million. Subsequent to October 31, 2000, CMGI announced its decisions to exit the businesses conducted by its subsidiaries iCAST and 1stUp.com. In connection with these decisions, management determined that the carrying value of certain intangible assets, principally goodwill, were permanently impaired and recorded impairment charges of approximately $3.6 million and $23.3 million related to iCAST and 1stUp.com, respectively. The Company also recorded other impairment charges during the first quarter of fiscal 2001 totaling approximately $42.7 million, consisting primarily of $16.8 million related to intangible assets of Engage, $8.9 million related to intangible assets of MyWay, and $10.1 million related to intangible assets of CMGion.

During the second quarter of fiscal 2001, the Company recorded impairment charges totaling approximately $2.023 billion. Each of the companies for which impairment charges were recorded in the second quarter have experienced declines in operating and financial metrics over the past several quarters in comparison to the metrics forecasted at the time of their respective acquisitions. The impairment analysis considered that these companies were recently acquired during the time period from August 1999 to March 2000 and that the intangible assets are recorded upon acquisition of these companies was generally being amortized over a three-year useful life. However, sufficient monitoring was performed over the course of the past several quarters and the companies have each completed an operating cycle since acquisition. This monitoring process culminated with impairment charges for these companies in the second quarter. The amount of the impairment charge was determined by comparing the carrying value of goodwill and certain other intangible assets to fair value at January 31, 2001. The discount rates used as of January 31, 2001 ranged from 20% to 25%. These discount rates were determined by an analysis of the risks associated with certain goodwill and other intangible assets. The resulting net cash flows to which the discount

rates were applied were based on management's estimates of revenues, operating expenses and income taxes from the assets with identified impairment indicators.

As a result of sequential declines in operating results, primarily due to the continued weak overall demand for on-line advertising and marketing services, and changes in business strategies, management determined that the carrying value of goodwill and certain other intangible assets of Engage, yesmail, CMGion's subsidiary, AdForce, and AltaVista should be adjusted. Accordingly, the Company has recorded an impairment charge of approximately $2.003 billion during the second quarter of fiscal 2001 to adjust the carrying value of these intangible assets.

Also during the second quarter of fiscal 2001, CMGI announced its decision to shutdown the operations of ExchangePath. In connection with this decision, management determined that the carrying value of certain intangible assets of ExchangePath, principally goodwill, were permanently impaired and recorded impairment charges in the quarter ended January 31, 2001 of approximately $5.7 million. The Company also recorded other impairment charges during the second quarter of fiscal 2001 totaling approximately $13.8 million primarily related to certain intangible assets of Tallan.

The impairment factors evaluated by management may change in subsequent periods, given that the Company operates in a volatile business environment. This could result in additional material impairment charges in future periods.

G. Restructuring Charges

During the six months ended January 31, 2001, the Company recorded restructuring charges of approximately $108.9 million in accordance with EITF 94-3, SFAS No. 121 and SAB 100. The Company's recent restructuring initiatives involved strategic decisions to exit certain businesses or to re-evaluate the current state of on-going businesses. The restructuring charges recorded during the first and second quarters of fiscal 2001 (Q1 Restructuring and Q2 Restructuring, respectively) primarily relate to contract terminations, severance charges and equipment charges resulting from the Company's decision to shut down the operations of iCAST, 1stUp.com and ExchangePath and to streamline its remaining operations in connection with cost reduction initiatives. Severance charges include employee termination costs as a result of headcount reductions and salary expense for certain employees involved in the shutdown efforts. The majority of these severance charges were incurred by Engage and AltaVista, who eliminated approximately 540 and 410 positions, respectively. Employees affected by the restructuring were notified both through direct personal contact or by written notification. The contract terminations primarily consisted of costs to exit facility and equipment leases and to terminate bandwidth and other vendor contracts. The majority of the contract terminations were incurred by Engage in connection with the closing of several office locations, by CMGion's subsidiary, AdForce, and by NaviPath in connection with the termination of bandwith agreements, by MyWay due to the termination of a contract with a significant customer and by AltaVista in connection with the termination of a contract with a significant customer as well as other contracts due to the change in its business strategy. The equipment charges primarily consist of future lease commitments principally for servers, desktop computers and other telecommunications equipment of Engage and MyWay and the write-off of fixed assets by Engage, 1stUp.com and ExchangePath.

The following tables summarizes the restructuring activity for the charges recorded in the first and second quarters of fiscal 2001 from the dates of the approvals of the restructuring plans to January 31, 2001:

(in thousands)	Employee Related Expenses	Contractual Obligations	Asset Impairments	Total
Q1 Restructuring	$ 4,667	$ 3,678	$ 496	$ 8,841
Q2 Restructuring	13,282	67,121	19,628	100,031
Cash charges	(12,675)	(10,182)	-	(22,857)
Non-cash charges	-	(3,606)	(19,685)	(23,291)
Reserve balance at January 31, 2001	$ 5,274	$57,011	$ 439	$ 62,724

We anticipate that the remaining unpaid restructuring charges will be paid through April 2002.

The restructuring charges for the three and six months ended January 31, 2001 would have been allocated as follows had the Company recorded the expense within the functional department of the restructured activities:

(in thousands)	Three Months Ended January 31, 2001	Six Months Ended January, 31, 2001
Cost of revenue	$ 39,670	$ 40,168
Research and development	11,356	12,958
Selling	14,976	20,920
General and administrative	34,029	34,826
	$100,031	$108,872

H. 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's operations have been classified in five operating segments that are strategic business units offering distinctive products and services that are marketed through different channels.

The five operating segments are: (i) Interactive Marketing, (ii) eBusiness and Fulfillment, (iii) Search and Portals, (iv) Infrastructure and Enabling Technologies and (v) Internet Professional Services. Management evaluates segment performance based on segment operating income or loss excluding in-process research and development expenses, amortization, intangible asset impairment and restructuring charges.

On October 11, 2000, CMGion acquired AdForce from the Company. On November 13, 2000, the Company announced its decision to cease funding the operations of iCAST in the second quarter of fiscal 2001, but to continue to operate Signatures Network, a business previously included in the operations of iCAST, as an independent CMGI majority-owned subsidiary. As a result of these transactions, the results of AdForce, which were previously included in the Interactive Marketing segment, are included in the Infrastructure and Enabling Technologies segment and the results of Signatures Network, which were previously included in the Search and Portals segment, are included in the eBusiness and Fulfillment segment. For comparative purposes, all prior period segment results and certain other amounts for prior periods have been reclassified to reflect these transactions and conform to current period presentation. On February 13, 2001, the Company announced the sale of a majority interest in the parent of Signatures Network (see Note O).

Summarized financial information of the Company's results by operating segment is as follows:

(in thousands)	Three Months Ended January 31, 2001	Three Months Ended January 31, 2000	Six Months Ended January 31, 2001	Six Months Ended January 31, 2000
Net revenue:				
Interactive Marketing	$ 34,564	$ 31,391	$ 83,249	$ 50,019
eBusiness and Fulfillment	189,545	55,999	378,170	112,227
Search and Portals	55,174	56,481	115,613	105,912
Infrastructure and Enabling Technologies	35,962	12,325	71,015	16,942
Internet Professional Services	27,467	2,344	60,808	2,558
	$ 342,712	$ 158,540	$ 708,855	$ 287,658
Operating loss:				
Interactive Marketing	$(1,119,105)	$ (54,515)	$(1,360,024)	$ (73,048)
eBusiness and Fulfillment	(39,003)	(7,094)	(79,597)	(8,599)
Search and Portals	(1,223,070)	(274,695)	(1,576,726)	(494,719)
Infrastructure and Enabling Technologies	(426,192)	(60,501)	(619,917)	(85,199)
Internet Professional Services	(57,414)	(7,523)	(103,145)	(12,261)
Other	(23,768)	(10,225)	(45,863)	(17,950)
	$(2,888,552)	$(414,553)	$(3,785,272)	$(691,776)
Operating income (loss), excluding in-process research and development expenses, amortization, intangible asset impairment and restructuring charges:				
Interactive Marketing	$ (49,755)	$ (24,905)	$ (108,206)	$ (39,316)
eBusiness and Fulfillment	(5,729)	(5,204)	(9,268)	(3,840)
Search and Portals	(41,438)	(73,066)	(101,707)	(131,770)
Infrastructure and Enabling Technologies	(97,957)	(37,605)	(190,251)	(61,721)
Internet Professional Services	2,382	(5,055)	3,934	(8,703)
Other	(23,715)	(10,170)	(44,992)	(17,839)
	$ (216,212)	$(156,005)	$ (450,490)	$(263,189)

I. Borrowing Arrangements

As consideration for its acquisition of Tallan, the Company issued three short-term promissory notes totaling approximately $376.9 million. Interest on each note was payable at a rate of 6.5% per annum. Principal and interest payments due on the notes were payable in September 2000 and December 2000. The value of the promissory notes included in the purchase price was recorded net of a discount of $8.2 million to reflect the difference between the actual interest rates of the promissory notes and the Company's current incremental borrowing rates for similar types of borrowing transactions. On September 30, 2000, the Company issued approximately 7.3 million shares of its common stock as payment of approximately

$241.8 million in principal. On January 2, 2001, the Company issued approximately 22.9 million shares of its common stock as payment of approximately $135.1 representing the remaining principal balance on the three notes.

In June 2000, NaviSite sold certain of its equipment and leasehold improvements in its two new data centers in a sale-leaseback transaction to a bank for approximately $30.0 million. NaviSite entered into a capital lease (the "Capital Lease") upon the leaseback of those assets. The Capital Lease bears interest at a nominal rate of 9.15% and an effective interest rate of 12.49%, is payable in monthly installments ending June 2004 and contains certain financial covenants as defined. As of October 31, 2000, NaviSite was not in compliance with the market capitalization covenant. In January 2001, NaviSite paid approximately $27.0 million to settle the Capital Lease obligation.

J. Earnings 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 10.5 million and 13.4 million weighted average common stock equivalents and approximately 9.6 million and 12.2 million shares representing the weighted average effect of assumed conversion of convertible stock were excluded from the denominator in the diluted loss per share calculation for the three months ended January 31, 2001 and 2000, respectively. Approximately 10.4 million and 12.2 million weighted average common stock equivalents and approximately 9.6 million and 12.2 million shares representing the weighted average effect of assumed conversion of convertible stock were excluded from the denominator in the diluted loss per share calculation for the six months ended January 31, 2001 and 2000, respectively.

If a subsidiary has dilutive stock options or warrants outstanding, diluted earnings per share is computed by first deducting from net 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 stock equivalents was immaterial for the three and six months ended January 31, 2001 and 2000.

K. Comprehensive Income

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

(in thousands)	Three months ended January 31,		Six months ended January 31,	
	2001	2000	2001	2000
Net loss	$(2,561,533)	$(185,575)	$(3,198,097)	$(302,987)
Net unrealized holding gain (loss) arising during period	(94,075)	518,157	(547,193)	800,470
Less: reclassification adjustment for loss (gain) realized in net loss	18,259	(97,737)	10,687	(126,178)
Comprehensive income (loss)	$(2,637,349)	$ 234,845	$(3,734,603)	$ 371,305

L. Consolidated Statements of Cash Flows Supplemental Information

(in thousands)	Six months ended January 31,	
	2001	2000
Cash paid during the period for:		
Interest	$ 4,260	$2,664
Income taxes	$15,866	$7,667

During the six months ended January 31, 2001, significant non-cash investing activities included the following transactions:

On August 1, 2000, the Company settled the first tranche of an agreement (see Note N) that hedged a portion of the Company's investment in common stock of Yahoo! through the delivery of 581,499 shares of Yahoo! common stock to an investment bank.

On August 18, 2000, the Company issued approximately 313,000 shares of its common stock to Compaq Computer Corporation as a semi-annual interest payment valued at approximately $11.5 million related to notes payable issued in the acquisition of AltaVista.

On August 25, 2000, the Company and Cable and Wireless plc completed their previously agreed to exchange of stock. CMGI received approximately 241.0 million shares of PCCW stock in exchange for approximately 13.4 million shares of the Company's common stock.

On August 31, 2000, Yahoo! acquired eGroups, a CMGI@Ventures investee company. In connection with the merger, CMG@Ventures III, LLC received approximately 91,000 shares of Yahoo! common stock.

On August 31, 2000 and September 12, 2000, respectively, Engage completed the acquisitions of Space and MediaBridge in exchange for its own common stock (see Note E).

On September 30, 2000, the Company issued approximately 7.3 million shares of its common stock as payment of principal and interest totaling approximately $249.8 million related to a note payable that had been issued in the Company's acquisition of Tallan.

On December 31, 2000, the Company issued approximately 22.9 million shares of its common stock as payment of principal and interest totaling approximately $141.8 million related to notes payable that had been issued in the Company's acquisition of Tallan.

M. Available-for-Sale Securities

At January 31, 2001, available-for-sale securities primarily consisted of common stock investments. Available-for-sale securities are carried at fair value based on quoted market prices, net of a market value discount to reflect any remaining restrictions on transferability. Available-for-sale securities at January 31, 2001 included approximately 8.0 million shares of Primedia, Inc. valued at approximately $93.5 million, approximately 640,000 shares of Yahoo! valued at approximately $23.8 million, approximately 4.6 million shares of Vicinity Corporation valued at approximately $13.3 million and approximately 282,000 shares of eBay, Inc. valued at approximately $13.1 million. Shares of publicly traded companies held by CMG@Ventures I and II, which have been allocated but not distributed to CMG@Ventures I's and II's profit members, have been classified in other non-current assets in the accompanying Consolidated Balance Sheets and valued at carrying value as of the date of allocation. Certain shares included in available-for-sale securities at January 31, 2001 may be required to be allocated to CMG@Ventures I's and II's profit members in the future. A net unrealized holding loss of approximately $40.8 million, net of deferred income taxes of approximately $51.8 million, has been reflected in other comprehensive income in the equity section of the consolidated balance sheet at January 31, 2001 based on the change in market value of the available-for-sale securities from dates of acquisition to January 31, 2001.

N. Derivative Financial Instruments

In April 2000, the Company entered into an agreement with an investment bank that hedged a portion of the Company's investment in common stock of Yahoo! using equity collar arrangements. 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 in cash. 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 subsequently settled the second tranche for cash totaling approximately $33.6 million in October 2000. 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 new agreement. Under the terms of the new contract, the Company agreed to deliver, at its discretion, either cash or shares of Yahoo! common stock on August 1, 2001. The Company settled the third tranche through the delivery of 47,684 shares of Yahoo! common stock in February 2001.

The equity collars are considered derivative financial instruments that have been designated as fair value hedging instruments under the guidance outlined in SFAS No. 133. The Company's objective relative to the use of these hedging instruments is to limit the Company's exposure to and benefits from price fluctuations in the underlying equity securities, which are classified as available-for-sale securities in the consolidated balance sheets. The Company accounts for the collar arrangements as hedges and has determined that the hedges are highly effective. Changes in the value of the hedge instrument are substantially offset by changes in the value of the underlying investment securities. The hedging of the Yahoo! common stock is part of the Company's overall risk management strategy, which includes the preservation of cash and the value of available-for-sale securities used to fund ongoing operations and future investment opportunities. The Company does not hold or issue any derivative financial instruments for trading purposes.

Including the effects of the transition accounting prescribed by SFAS No. 133 and settlement of the first and second tranches under the Yahoo! forward sale agreement, the net gain recognized in the consolidated statement of operations during the six months ended January 31, 2001 was approximately $89.9 million, which primarily related to the settlement of the first tranche through the delivery of 581,499 shares of Yahoo! common stock in August 2000. The net gain is included in "Other gains (losses), net", in the consolidated statements of operations.

O. Subsequent Events

On February 13, 2001, the Company announced the sale of a majority interest in Signatures SNI, Inc, (Signatures) parent of Signatures Network, a majority-owned subsidiary of CMGI. Under the terms of the transaction, CMGI retained a minority interest as well as a position on the Signature's Board of Directors. As a result of this transaction, beginning in the third quarter of fiscal 2001, the Company will account for its remaining investment in Signatures Network under the equity method of accounting, rather than the consolidation method.

On February 18, 2001, the Company issued approximately 2.0 million shares of its common stock to Compaq Computer Corporation as a semi-annual interest payment of approximately $11.5 million related to notes payable issued in the acquisition of AltaVista.

On March 13, 2001, the Company announced that it is currently exploring strategic alternatives for Activate and AdForce. These strategic alternatives could include sales of these subsidiaries or other forms of divestiture. No assurances can be given that any such transaction will occur.

On March 14, 2001, NaviSite announced that it had engaged Goldman, Sachs & Co. to assist it in exploring acquisition and other strategic alternatives. NaviSite reported that it has been approached by companies interested in strategic investments or acquisition. No assurances can be given that any such transaction will occur.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The matters discussed in this report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, that involve risks and uncertainties. All statements other than statements of historical information provided herein may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects" and similar expressions are intended to identify forward-looking statements. Factors that could cause 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.

Basis of Presentation

The Company reports five operating segments: i) Interactive Marketing, ii) eBusiness and Fulfillment, iii) Search and Portals, iv) Infrastructure and Enabling Technologies, and v) Internet Professional Services. CMGI also invests in companies involved in various aspects of the Internet through its affiliated venture capital arm, CMGI@Ventures. In accordance with generally accepted accounting principles, all significant intercompany transactions and balances have been eliminated in consolidation. Accordingly, segment results reported by CMGI exclude the effect of transactions between CMGI's subsidiaries.

On October 11, 2000, CMGion acquired AdForce from the Company. On November 13, 2000, the Company announced its decision to cease funding the operations of its wholly-owned subsidiary, iCAST, in the second quarter of fiscal 2001 and to continue to operate Signatures Network, a business previously included in the operations of iCAST, as an independent CMGI majority-owned subsidiary. As a result of these transactions, the results of AdForce, which were previously included in the Interactive Marketing segment, are included in the Infrastructure and Enabling Technologies segment and the results of Signatures Network, which were previously included in the Search and Portals segment, are included in the eBusiness and Fulfillment segment. For comparative purposes, all prior period segment results and certain other amounts for prior periods have been reclassified to reflect these transactions and conform to current period presentations. On February 13, 2001 the Company announced the sale of a majority interest in the parent of Signatures Network.

Three months ended January 31, 2001 compared to three months ended January 31, 2000

NET REVENUE:

(in thousands)	Three Months Ended January 31, 2001	As a % of Total Net Revenue	Three Months Ended January 31, 2000	As a % of Total Net Revenue	$ Change	% Change
Interactive Marketing	$ 34,564	10%	$ 31,391	20%	$ 3,173	10%
eBusiness and Fulfillment	189,545	55%	55,999	35%	133,546	239%
Search and Portals	55,174	16%	56,481	36%	(1,307)	(2)%
Infrastructure and Enabling Technologies	35,962	11%	12,325	8%	23,637	192%
Internet Professional Services	27,467	8%	2,344	1%	25,123	1072%
Total	$342,712	100%	$158,540	100%	$184,172	116%

Net revenue increased $184.2 million, or 116%, to $342.7 million for the three months ended January 31, 2001 from $158.5 million for the same period ended in fiscal year 2000. The increase was largely a result of the effects of fiscal 2000 acquisitions and increased net revenue growth at existing companies during the second quarter of fiscal year 2001. The increase in net revenue within the Interactive Marketing segment was primarily the result of the effects of the fiscal year 2000 acquisition of yesmail.com, inc. (yesmail.com), the impact of a full quarter's net revenue from Flycast Communications

Corporation (Flycast), which was acquired on January 20, 2000, and the acquisition of MediaBridge Technologies, Inc. (MediaBridge), which occurred on September 11, 2000, partially offset by the decrease in net revenue due to the softness in the on-line advertising market. The increase in net revenue within the eBusiness and Fulfillment segment was substantially the result of the acquisition of uBid during fiscal year 2000 and, to a lesser extent, increased net revenue at SalesLink, offset slightly by a decrease in net revenue from Signatures Network. The decrease in net revenue within the Search and Portals segment was primarily the result of a decrease in net revenue at AltaVista due to the renegotiation of certain strategic deals, the softness in the online advertising market and certain changes in AltaVista's business strategy, as well as, the deconsolidation of Blaxxun in March 2000, partially offset by an increase in net revenue at MyWay. The increase in net revenue within the Infrastructure and Enabling Technologies segment was primarily the result of increased net revenue at NaviSite and NaviPath and the impact of a full quarter's net revenue from Activate, AdForce, and 1stUp.com which were acquired during the second quarter of fiscal 2000. The increase in net revenue for NaviSite was primarily due to the growth in its customer base. The increase in net revenue for NaviPath primarily related to the growth in usage hours on NaviPath's network. The increase in net revenue within the Internet Professional Services segment was substantially the result of the acquisition of Tallan during the third quarter of fiscal year 2000.

COST OF REVENUE:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 27,934	81%	$ 27,906	89%	$ 28	0%
eBusiness and Fulfillment	169,954	90%	46,321	83%	123,633	267%
Search and Portals	26,706	48%	24,033	43%	2,673	11%
Infrastructure and Enabling Technologies	73,064	203%	27,802	226%	45,262	163%
Internet Professional Services	20,610	75%	2,458	105%	18,152	739%
Total	$318,268	93%	$128,520	81%	$189,748	148%

Cost of revenue increased $189.8 million, or 148%, to $318.3 million for the three months ended January 31, 2001 from $128.5 million for same period ended in fiscal year 2000. Cost of revenue consisted primarily of expenses related to the content, connectivity and production associated with delivering the Company's products and services. The increase was largely attributable to the increased net revenue due to fiscal year 2000 acquisitions and increased net revenue growth at existing companies. Cost of revenue as a percentage of net revenue increased for the second quarter of fiscal 2001 primarily due to the Company's acquisition of uBid at the end of the third quarter of fiscal 2000.

RESEARCH AND DEVELOPMENT EXPENSES:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 12,759	37%	$ 5,124	16%	$ 7,635	149%
eBusiness and Fulfillment	180	0%	597	1%	(417)	(70)%
Search and Portals	18,068	33%	22,028	39%	(3,960)	(18)%
Infrastructure and Enabling Technologies	15,086	42%	2,537	21%	12,549	495%
Internet Professional Services	-	-	976	42%	(976)	(100)%
Other	-	-	162	0%	(162)	(100)%
Total	$46,093	14%	$ 31,424	20%	$ 14,669	47%

Research and development expenses increased $14.7 million, or 47%, to $46.1 million for the three months ended January 31, 2001 from $31.4 million for the same period in fiscal year 2000. Research and development expenses consisted primarily of personnel and related costs to design, develop, enhance, test and deploy the Company's product and service

efforts either prior to the development effort reaching technological feasibility or once the product had reached the maintenance phase of its life cycle. Research and development expenses increased during the second quarter of fiscal 2001 due to the effects of fiscal 2000 acquisitions and increased development efforts at existing companies. The increase in the Interactive Marketing segment was primarily related to the fiscal year 2000 acquisition of yesmail.com, the result of the full quarter's impact of the Flycast acquisition, the acquisition of MediaBridge and increased product development efforts at Engage. The decrease within the Search and Portals segment was primarily due to decreased spending at iCAST due to the shut down of its operations and at MyWay as a result of its transition to a licensing based revenue model, offset by the increase at AltaVista related to further development of its search software. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the full quarter's impact of the fiscal 2000 acquisitions of Activate, AdForce, Equilibrium, 1stUp.com and Tribal Voice and increased development efforts at NaviSite and NaviPath.

IN-PROCESS RESEARCH AND DEVELOPMENT EXPENSES:

	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ -	-	$2,317	7%	$ (2,317)	(100)%
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	-	-	-	-	-	N/A
Infrastructure and Enabling Technologies	-	-	2,400	19%	(2,400)	(100)%
Internet Professional Services	-	-	-	-	-	N/A
Other	-	-	-	-	-	N/A
Total	$ -	-	$4,717	3%	$ (4,717)	(100)%

There were no in-process research and development expenses for the three months ended January 31, 2001 as compared with $4.7 million for the same period in fiscal year 2000.

SELLING EXPENSES:

	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 30,509	88%	$ 18,320	58%	$ 12,189	67 %
eBusiness and Fulfillment	14,614	8%	6,229	11%	8,385	135 %
Search and Portals	41,943	76%	71,483	127%	(29,540)	(41)%
Infrastructure and Enabling Technologies	28,150	78%	12,128	98%	16,022	132 %
Internet Professional Services	1,351	5%	1,509	64%	(158)	(11)%
Other	2,754	-	1,368	-	1,386	101 %
Total	$119,321	35%	$111,037	70%	$ 8,284	8 %

Selling expenses increased $8.3 million, or 8%, to $119.3 million for the three months ended January 31, 2001 from $111.0 million for the same period in fiscal year 2000. Selling expenses consisted primarily of advertising and other general marketing related expenses, compensation and employee-related expenses, sales commissions, facilities costs, trade show expenses and travel costs. Selling expenses increased during the second quarter of fiscal year 2001 primarily due to the effects of fiscal year 2000 acquisitions and the continued growth of the sales and marketing efforts related to product launches and infrastructure at existing companies. Selling expenses as a percentage of net revenue decreased for the second quarter of fiscal 2001 primarily due to increased net revenue. The increase within the Interactive Marketing segment was primarily the result of the fiscal 2000 acquisition of yesmail.com, the result of the full quarter's impact of the Flycast acquisition, the acquisition of MediaBridge and increased international sales and marketing efforts at Engage. The increase in the eBusiness and Fulfillment segment was substantially the result of the acquisition of uBid during fiscal year 2000 partially offset by severance expense of

approximately $2.7 million taken in the second quarter of fiscal year 2000 related to an executive at Signatures Network and by an overall decrease in the sales and marketing efforts at Signatures Network during the quarter ended January 31, 2001. The decrease in the Search and Portals segment during the quarter ended January 31, 2001 was primarily the result the end of a print and electronic media marketing campaign at AltaVista that had been initiated in the second quarter of fiscal year 2000 and the shut down of the operations at iCAST, as well as, certain operations at MyWay. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the full quarter's impact of the fiscal 2000 acquisitions of Activate, AdForce, Equilibrium, ExchangePath, 1stUp.com and Tribal Voice and increased sales and marketing efforts at NaviSite related to the opening of two new sales offices

GENERAL AND ADMINISTRATIVE EXPENSES:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$13,117	38%	$ 4,946	16%	$ 8,171	165 %
eBusiness and Fulfillment	10,526	6%	8,056	14%	2,470	31 %
Search and Portals	9,895	18%	12,003	21%	(2,108)	(18)%
Infrastructure and Enabling Technologies	17,619	49%	7,463	61%	10,156	136 %
Internet Professional Services	3,124	11%	2,456	105%	668	27 %
Other	20,961	-	8,640	-	12,321	143 %
Total	$75,242	22%	$43,564	27%	$31,678	73 %

General and administrative expenses increased $31.7 million, or 73%, to $75.2 million for the three months ended January 31, 2001 from $43.6 million for the same period in fiscal year 2000. General and administrative expenses consist primarily of compensation, facilities costs and fees for professional services. General and administrative expenses increased during the second quarter of fiscal year 2001 primarily due to the effect of the fiscal year 2000 acquisitions and the building of management infrastructure at both the corporate level and at several of the Company's existing subsidiaries. The increase in the Interactive Marketing segment was primarily the result of the fiscal 2000 acquisition of yesmail.com, the result of the full quarter's impact of the Flycast acquisition, the acquisition of MediaBridge and incremental bad debt expense resulting from the Company's exposure to dot.com companies with increasingly strained financial resources. The increase in the eBusiness and Fulfillment segment was substantially the result of the acquisitions of uBid during fiscal year 2000 and is partially offset by severance expense of approximately $2.7 million taken in the second quarter of fiscal year 2000 related to an executive at Signatures Network. The decrease in the Search and Portals segment was primarily the result of cost savings recognized by the decrease in compensation expense related to headcount reductions at AltaVista and as a result of the consolidation of MyWay's technology platforms and related operations and the deconsolidation of Blaxxun. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the full quarter's impact of the fiscal 2000 acquisitions of Activate, AdForce, Equilibrium, ExchangePath, 1stUp.com and Tribal Voice and the building of management infrastructure at NaviSite and NaviPath and incremental bad debt expense at NaviSite. The increase in the Other expenses, which includes certain administrative functions such as legal, finance and business development which are not fully allocated to CMGI's subsidiary companies, was primarily the result of the growth of CMGI's corporate infrastructure including higher personnel costs due to increased headcount, increased professional fees and facilities costs.

AMORTIZATION OF INTANGIBLE ASSETS AND STOCK-BASED COMPENSATION:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 177,682	514%	$ 27,293	87%	$ 150,389	551 %
eBusiness and Fulfillment	33,274	18%	1,890	3%	31,384	1,661 %
Search and Portals	235,385	427%	201,629	357%	33,756	17 %
Infrastructure and Enabling Technologies	57,045	159%	20,496	166%	36,549	178 %
Internet Professional Services	46,045	168%	2,468	105%	43,577	1,766 %
Other	53	-	55	-	(2)	(4)%
Total	$ 549,484	160%	$ 253,831	160%	$ 295,653	117%

Amortization of intangible assets and stock-based compensation increased $295.7 million, or 117%, to $549.5 million for the three months ended January 31, 2001 from $253.8 million for the same period in fiscal year 2000. Amortization of intangible assets and stock-based compensation consisted primarily of goodwill amortization expense related to acquisitions made during fiscal year 2000. The intangible assets recorded as a result of acquisitions are primarily being amortized over periods ranging from two to five years. Included within amortization of intangible assets and stock-based compensation expenses was approximately $27.2 million and $5.2 million of stock-based compensation for the three months ended January 31, 2001 and 2000, respectively. Included in the stock-based compensation expense for the period was approximately $8.7 million related to the acceleration of stock-based compensation related to the shutdown of operations at iCAST. The increase in amortization in the Interactive Marketing segment was primarily the result of the fiscal 2000 acquisition of yesmail.com, the result of the full quarter's impact of the Flycast acquisition and of the acquisition of MediaBridge. The increase in the eBusiness and Fulfillment segment was primarily the result of the acquisition of uBid during fiscal year 2000. The increase in the Search and Portals segment amortization was primarily the result of AltaVista's acquisition of Raging Bull. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the full quarter's effect of the acquisitions of Activate, AdForce, Equilibrium, ExchangePath, 1stUp.com and Tribal Voice during fiscal year 2000. The increase in the Internet Professional Services segment was due to the acquisition of Tallan during fiscal year 2000.

IMPAIRMENT OF INTANGIBLE ASSETS:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 874,658	2,531%	-	-	$ 874,658	N/A
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	886,442	1,607%	-	-	886,442	N/A
Infrastructure and Enabling Technologies	247,974	690%	-	-	247,974	N/A
Internet Professional Services	13,751	50%	-	-	13,751	N/A
Other	-	-	-	-	-	N/A
Total	$ 2,022,825	590%	$ -	-	$ 2,022,825	N/A

During the three months ended January 31, 2001, the Company recorded impairment charges of approximately $2.023 billion as a result of management's ongoing business review and impairment analysis performed under its existing policy regarding impairment of long-lived assets. Where impairment indicators were identified, management determined the amount of the impairment charge by comparing the carrying value of goodwill and certain other intangible assets to their fair

value. Management determines fair value based on a combination of the discounted cash flow methodology, which is based upon converting expected future cash flows to present value, and the market approach, which includes analysis of market price multiples of companies engaged in lines of business similar to the company being evaluated. The market price multiples are selected and applied to the company based on the relative performance, future prospects and risk profile of the company in comparison to the guideline companies. Management predominately utilizes third-party valuation reports in its determination of fair value. As a result, during management's quarterly review of the value and periods of amortization of both goodwill and other intangible assets, it was determined that the carrying value of goodwill and certain other intangible assets were not fully recoverable. Each of the companies for which impairment charges were recorded in the second quarter have experienced declines in operating and financial metrics over the past several quarters in comparison to the metrics forecasted at the time of their respective acquisitions. The impairment analysis considered that these companies were recently acquired during the period from August 1999 to March 2000 and that the intangible assets recorded upon acquisition of these companies was generally being amortized over a three year useful life. However, sufficient monitoring was performed over the course of the past several quarters and the companies have each completed an operating cycle since acquisition. This monitoring process culminated with impairment charges for these companies in the second quarter. The Interactive Marketing segment recorded impairment charges of approximately $524.1 million related to the write-down of intangible assets at Engage related to goodwill and certain other intangible assets of its media business and approximately $350.6 million of goodwill and certain other intangible assets at yesmail.com. The impairment charges incurred in the Search and Portals segment related to the write-down of approximately $886.4 million of goodwill and certain other intangible assets related to AltaVista. The impairment charges in the Infrastructure and Enabling Technologies segment primarily related to the write-down of approximately $771,000 of other intangible assets at Activate, approximately $241.8 million of goodwill and other intangible assets at CMGion related to its subsidiary, AdForce, and approximately $5.6 million of goodwill at ExchangePath. The other intangible assets of Activate and AdForce that were determined to be impaired primarily related to a significant reduction in the acquired customer bases and turnover of workforce which was in place at the time of the acquisitions of the companies. The impairment charges incurred in the Internet Professional Services segment related to the write-down of approximately $13.8 million of other intangible assets at Tallan, primarily related to a significant reduction in the acquired customer base and turnover of workforce which was in place at the time of the acquisition. The impairment factors evaluated by management may change in subsequent periods, given that the Company operates in a volatile business environment. This could result in material impairment charges in future periods.

RESTRUCTURING CHARGES:

(in thousands)	Three Months Ended January 31, 2001	As a % of Segment Net Revenue	Three Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 17,010	49%	$ -	-	$ 17,010	N/A
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	59,805	108%	-	-	59,805	N/A
Infrastructure and Enabling Technologies	23,216	65%	-	-	23,216	N/A
Internet Professional Services	-	-	-	-	-	N/A
Other	-	-	-	-	-	N/A
Total	$ 100,031	29%	$ -	-	$ 100,031	N/A

Restructuring charges of approximately $100.0 million recorded during the three months ended January 31, 2001 consisted primarily of contract terminations, severance charges and equipment charges incurred as a result of strategic decisions made by the Company to shut down the operations of certain subsidiaries and to increase operational efficiencies, improve margins and further reduce expenses at the remaining subsidiaries. The restructuring charges incurred in the Interactive Marketing segment primarily related to workforce reductions of approximately 540 positions and the closing of several office locations at Engage, future lease commitments of Engage for servers, desktop computers and other telecommunications equipment and the write-off of fixed assets by Engage. The restructuring charges incurred in the Search and Portals segment primarily consisted of workforce reductions of approximately 410 positions at AltaVista, the termination of a contract with a significant customer and the termination of other contracts by AltaVista in connection with the change in its business strategy, the termination of a contract with a significant customer by MyWay, the future lease commitments of

MyWay for servers, desktop computers and other telecommunications equipment and severance and other shutdown costs at iCAST. The restructuring charges incurred in the Infrastructure and Enabling Technologies segment primarily related to the termination of bandwidth agreements by NaviPath and CMGion's subsidiary, AdForce, severance cost at 1stUp.com and the write-off of fixed assets by 1stUp.com and ExchangePath.

OTHER INCOME/EXPENSES:

Gains (losses) on issuance of stock by subsidiaries and affiliates decreased $9.3 million, or 167%, to ($3.7) million for the three months ended January 31, 2001 from $5.6 million for the same period in fiscal year 2000. Loss on the issuance of stock in the three months ended January 31, 2001 primarily related to a pre-tax loss of approximately $3.9 million on the issuance of stock by Engage to employees as a result of stock option exercises. Gains on issuance of stock in the three months ended January 31, 2000 primarily reflects the pre-tax gain of $5.5 million on the issuance of common stock by NaviSite as a result of the exercise of the underwriters' overallotment option in its initial public offering.

Other gains (losses), net decreased $243.1 million, or 146%, to ($76.9) million for the quarter ended January 31, 2001 from $166.2 million for the same period in fiscal 2000. Other losses, net for the quarter ended January 31, 2001 primarily consisted of a pre-tax loss of $95.9 million on the sale of AltaVista's subsidiary, Raging Bull, and a pre-tax loss of approximately $58.6 million related to impairment charges taken on certain available-for-sale securities held by the Company. These losses were partially offset by a pre-tax gain of approximately $64.2 million on the sale of Terra Networks stock and a pre-tax gain of approximately $19.8 million on the sale of a real estate holding. Other gains, net for the quarter ended January 31, 2000 consisted primarily of pre-tax gains of approximately $159.7 million on the sale of Yahoo! common stock.

Interest income increased $9.1 million to $19.8 million for the three months ended January 31, 2001 from $10.7 million for the same period in fiscal 2000, reflecting increased interest income associated with higher average corporate cash and cash equivalent balances. Interest expense increased $2.6 million to $10.4 million for the second quarter of fiscal 2001 from $7.8 million for the second quarter of fiscal 2000, primarily due to the notes issued in conjunction with the acquisitions of AltaVista and Tallan.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method of accounting. Under the equity method, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates increased $10.0 million to $13.6 million for the three months ended January 31, 2001, from $3.6 million for the same period in fiscal 2000, primarily reflecting an increased number of investments accounted for under the equity method compared to last year's second fiscal quarter. Equity in losses of affiliates for the second quarter of fiscal 2001 included the results from the Company's minority ownership in AnswerLogic, Inc., CarParts.com, Inc., Corrigo, Inc., Domania.com, Inc., Ensera, Inc., FoodBuy.com, Inc., GXMedia, Inc., Idapta, Inc., Industria Solutions, Inc. KnowledgeFirst, Inc., MyFamily.com, Inc., NameTree, Inc., NextMonet.com, Inc., NextOffice.com, Inc., OneCore Financial Network, Inc., Radiate, Inc., Undoo.com and Virtual Ink Corporation. Equity in losses of affiliates for the second quarter of fiscal 2000 included the results from the Company's minority ownership in Engage Technologies Japan, Inc., Foodbuy.com, Inc., GX Media, Inc., Half.com, Inc.,ThingWorld.com, LLC and WebCT, Inc. The Company expects its affiliate companies to continue to invest in development of their products and services and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Minority interest increased to $250.9 million for the three months ended January 31, 2001 from $31.6 million for the same period of fiscal 2000, primarily reflecting minority interest in net losses of seven subsidiaries during the second quarter of fiscal 2001, including AltaVista, Engage, MyWay, NaviSite, CMGion and NaviPath. The increase is primarily related to an increase in the net losses reported by Engage and AltaVista due to substantial amortization expense and impairment and restructuring charges recorded during the second fiscal quarter of 2001.

Income tax benefit recorded in the second quarter of fiscal 2001 was approximately $160.9 million. Exclusive of taxes provided for significant, unusual or extraordinary items that will be reported separately, the Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings. In determining the Company's effective rate for the second quarter of fiscal 2001, gains (losses) on issuances of stock by subsidiaries and

affiliates, other gains (losses), net, and impairment charges taken on intangible assets were excluded. Income tax expense in the second quarter of fiscal 2001 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 non-deductible goodwill amortization and impairment charges, state taxes and valuation allowances recognized on deferred tax assets. During the second quarter of fiscal 2001, the Company recorded valuation allowance against its net deferred tax assets not expected to be utilized in fiscal 2001, since it is more likely than not that these assets will not be realized in future years. Prior to the second quarter of fiscal 2001, the Company has recorded valuation allowance against net deferred tax assets only with respect to majority owned subsidiaries not included in the Company's federal consolidated group. The increase in valuation allowance resulted in additional tax expense of approximately $96.7 million for the second fiscal quarter of 2001.

Six months ended January 31, 2001 compared to six months ended January 31, 2000

NET REVENUE:

	Six Months Ended January 31, 2001	As a % of Total Net Revenue	Six Months Ended January 31, 2000	As a % of Total Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 83,249	12%	$ 50,019	17%	$ 33,230	67%
eBusiness and Fulfillment	378,170	53%	112,227	39%	265,943	237%
Search and Portals	115,613	16%	105,912	37%	9,701	9%
Infrastructure and Enabling Technologies	71,015	10%	16,942	6%	54,073	319%
Internet Professional Services	60,808	9%	2,558	1%	58,250	2,277%
Total	$708,855	100%	$287,658	100%	$421,197	147%

Net revenue increased $421.2 million, or 147%, to $708.9 million for the six months ended January 31, 2001 from $287.7 million for the same period ended in fiscal year 2000. The increase was largely a result of the effects of fiscal year 2000 acquisitions and increased net revenue growth at existing companies during the six months ended January 31, 2001. The increase in net revenue within the Interactive Marketing segment was primarily the result of the effects of the fiscal year 2000 acquisitions of AdKnowledge, Inc., Flycast, and yesmail.com and the acquisition of MediaBridge in September 2000. The increase in net revenue within the eBusiness and Fulfillment segment was substantially the result of the acquisition of uBid, the impact of a full six months of net revenue from Signatures Network, which was acquired in September 1999, and increased volume of business at SalesLink. The increase in net revenue within the Search and Portals segment was primarily the result of the impact of a full six months of net revenue form AltaVista and increased revenue from MyWay, offset slightly by a decrease in net revenue due to the deconsolidation of Blaxxun in March 2000. The increase in net revenue within the Infrastructure and Enabling Technologies segment was primarily the result of increased net revenue at NaviSite and NaviPath and the impact of a full six months of net revenue from Activate and AdForce and revenue growth at 1stUp.com during fiscal year 2001. The increase in net revenue for NaviSite was primarily due to the growth in its customer base facilitated by the build-out of its data center facilities. The increase in net revenue for NaviPath primarily related to the growth in usage hours on NaviPath's network. The increase in net revenue within the Internet Professional Services segment was substantially the result of the acquisition of Tallan during fiscal year 2000.

COST OF REVENUE:

	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 63,118	76%	$ 42,653	85%	$ 20,465	48%
eBusiness and Fulfillment	336,809	89%	91,918	82%	244,891	266%
Search and Portals	61,792	53%	60,642	57%	1,150	2%
Infrastructure and Enabling Technologies	146,562	206%	44,308	262%	102,254	231%
Internet Professional Services	43,167	71%	3,459	135%	39,708	1,148%
Total	$651,448	92%	$242,980	84%	$408,468	168%

Cost of revenue increased $408.5 million, or 168%, to $651.5 million for the six months ended January 31, 2001 from $243.0 million for the same period ended in fiscal year 2000. The increase was largely attributable to the increased net revenue due to fiscal year 2000 acquisitions and increased net revenue growth at existing companies. Cost of revenue as a percentage of net revenue increased for the six-month period ended January 31, 2001 primarily due to the Company's acquisition of uBid at the end of the third quarter of fiscal year 2000.

RESEARCH AND DEVELOPMENT EXPENSES:

(in thousands)	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$27,727	33%	$ 8,417	17%	$19,310	229%
eBusiness and Fulfillment	703	0%	1,291	1%	(588)	(46%)
Search and Portals	42,171	36%	34,611	33%	7,560	22%
Infrastructure and Enabling Technologies	27,161	38%	5,259	31%	21,902	416%
Internet Professional Services	-	-	1,872	73%	(1,872)	(100%)
Other	-	-	162	0%	(162)	(100%)
Total	$97,762	14%	$51,612	18%	$46,150	89%

Research and development expenses increased $46.2 million, or 89%, to $97.8 million for the six months ended January 31, 2001 from $51.6 million for the same period in fiscal year 2000. Research and development expenses increased during the six month period ended January 31, 2001 primarily due to the effects of fiscal year 2000 acquisitions and increased development efforts at existing companies. The increase within the Interactive Marketing segment was primarily the result of the fiscal year 2000 acquisitions of AdKnowledge, Flycast and yesmail.com, the acquisition of MediaBridge and increased development efforts at Engage. The increase within the Search and Portals segment was primarily the result of increased efforts at AltaVista related to further development of its search software, offset by the decreases in research and development expenses resulting from the shutdown of the operations of iCAST and the deconsolidation of Blaxxun. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the impact of a full six months of expenses from Activate and AdForce during fiscal year 2001 and increased development efforts at NaviSite.

IN-PROCESS RESEARCH AND DEVELOPMENT EXPENSES:

(in thousands)	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 700	1%	$2,317	5%	$(1,617)	(70%)
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	-	-	-	-	-	N/A
Infrastructure and Enabling Technologies	-	-	2,400	14%	(2,400)	(100%)
Internet Professional Services	-	-	-	-	-	N/A
Other	762	-	-	-	762	N/A
Total	$1,462	0%	$4,717	2%	$(3,255)	(69%)

In-process research and development expenses decreased to $1.5 million for the six months ended January 31, 2001 from $4.7 million for the same period in fiscal year 2000.

SELLING EXPENSES:

	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 68,044	82%	$ 30,262	61%	$ 37,782	125%
eBusiness and Fulfillment	29,274	8%	9,479	8%	19,795	209%
Search and Portals	92,131	80%	120,255	114%	(28,124)	(23%)
Infrastructure and Enabling Technologies	51,870	73%	18,248	108%	33,622	184%
Internet Professional Services	3,285	5%	2,524	99%	761	30%
Other	6,039	-	1,870	-	4,169	223%
Total	$250,643	35%	$182,638	63%	$ 68,005	37%

Selling expenses increased $68.0 million, or 37%, to $250.6 million for the six months ended January 31, 2001 from $182.6 million for the same period in fiscal year 2000. Selling expenses increased during the six-month period ended January 31, 2001 primarily due to the effects of fiscal year 2000 acquisitions and the continued growth of the sales and marketing efforts related to product launches and infrastructure at existing companies. Selling expenses as a percentage of net revenue decreased for the six months ended January 31, 2001 primarily due to an increase in net revenue for the six months ended January 31, 2001 as compared to the same period in fiscal year 2000. The increase in the Interactive Marketing segment was primarily the result of the acquisitions of AdKnowledge, Flycast and yesmail.com during fiscal year 2000, the acquisition of MediaBridge and increased international sales and marketing efforts at Engage. The increase in the eBusiness and Fulfillment segment was substantially the result of the acquisition of uBid during fiscal year 2000, partially offset by severance expense of approximately $2.7 million taken in the second quarter of fiscal year 2000 related to an executive at Signatures Network and by an overall decrease in the sales and marketing efforts at Signatures Network during the quarter ended January 31, 2001. The decrease in the Search and Portals segment was primarily the result of the end of a print and electronic media marketing campaign at AltaVista that had been initiated in the second quarter of fiscal year 2000, the shut down of the operations of iCAST and the consolidation of technology platforms at MyWay. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the acquisitions of Activate, AdForce, Equilibrium, ExchangePath and Tribal Voice during fiscal year 2000 and increased sales and marketing efforts at NaviSite. The increase within the Internet Professional Services segment was substantially the result of the acquisition of Tallan during fiscal year 2000.

GENERAL AND ADMINISTRATIVE EXPENSES:

	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 32,566	39%	$ 8,003	16%	$24,563	307%
eBusiness and Fulfillment	20,652	5%	13,379	12%	7,273	54%
Search and Portals	21,226	18%	22,174	21%	(948)	(4%)
Infrastructure and Enabling Technologies	35,673	50%	10,848	64%	24,825	229%
Internet Professional Services	10,422	17%	3,406	133%	7,016	206%
Other	38,953	-	15,807	-	23,146	146%
Total	$159,492	22%	$73,617	26%	$85,875	117%

General and administrative expenses increased $85.9 million, or 117%, to $159.5 million for the six months ended January 31, 2001 from $73.6 million for the same period in fiscal year 2000. General and administrative expenses increased during the six months ended January 31, 2001 primarily due to the effect of the fiscal year 2000 acquisitions and the building of management infrastructure at the corporate level and at several of the Company's existing subsidiaries. The increase in the Interactive Marketing segment was primarily the result of additional bad debt expense recorded by Engage, the acquisitions of

AdKnowledge, Flycast, and yesmail.com during fiscal year 2000 and the acquisition of MediaBridge. The increase in the eBusiness and Fulfillment segment was substantially the result of the acquisition of uBid during fiscal year 2000 partially offset by severance expense of approximately $2.7 million taken in the second quarter of fiscal year 2000 related to an executive at Signatures Network and by an overall decrease in general and administrative expenses incurred by Signatures Network. The decrease in the Search and Portals segment was primarily due to the deconsolidation of Blaxxun and a decrease in the headcount at AltaVista. The increase in the Infrastructure and Enabling Technologies segment was primarily due to the acquisitions of Activate, AdForce, Equilibrium, ExchangePath, 1stUp.com and Tribal Voice during fiscal year 2000 and the building of management infrastructure at NaviSite and NaviPath. The increase in the Internet Professional Services segment was substantially the result of the acquisition of Tallan. The increase in the Other expenses, which includes certain administrative functions such as legal, finance and business development which are not fully allocated to CMGI's subsidiary companies, was primarily the result of the growth of CMGI's corporate infrastructure including higher personnel costs due to increased headcount, increased professional fees and facilities costs.

AMORTIZATION OF INTANGIBLE ASSETS AND STOCK-BASED COMPENSATION:

	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 338,541	407%	$ 31,415	63%	$307,126	978%
eBusiness and Fulfillment	66,829	18%	4,759	4%	62,070	1,304%
Search and Portals	511,625	443%	362,949	343%	148,676	41%
Infrastructure and Enabling Technologies	121,585	171%	21,078	124%	100,507	477%
Internet Professional Services	93,328	153%	3,558	139%	89,770	2,523%
Other	109	-	111	-	(2)	(2%)
Total	$1,132,017	160%	$423,870	147%	$708,147	167%

Amortization of intangible assets and stock-based compensation increased $708.1 million, or 167%, to $1.132 billion for the six months ended January 31, 2001 from $423.9 million for the same period in fiscal year 2000. Amortization of intangible assets and stock-based compensation consisted primarily of goodwill amortization expense related to acquisitions during fiscal year 2000. The intangible assets recorded as a result of acquisitions are being amortized over periods ranging from two to five years. Included within amortization of intangible assets and stock-based compensation expenses was approximately $40.5 million and $6.8 million of stock-based compensation for the six months ended January 31, 2001 and 2000, respectively. The increase in amortization in the Interactive Marketing segment was primarily the result of the fiscal 2000 acquisitions of AdKnowledge, Flycast and yesmail.com and the acquisition of MediaBridge in September 2000. The increase in the eBusiness and Fulfillment segment was primarily the result of the acquisition of uBid during fiscal year 2000. The increase in the Search and Portals segment was primarily the result of the acquisition of AltaVista during fiscal year 2000 and of AltaVista's acquisition of Raging Bull in fiscal 2000. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the acquisitions of Activate, AdForce, Equilibrium, ExchangePath and Tribal Voice during fiscal year 2000. The increase in the Internet Professional Services segment was due to the acquisition of Tallan during fiscal year 2000.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(continued)

IMPAIRMENT OF INTANGIBLE ASSETS:

	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
(in thousands)						
Interactive Marketing	$ 891,437	1,071%	$ -	N/A	$ 891,437	N/A
eBusiness and Fulfillment	3,500	1%	-	N/A	3,500	N/A
Search and Portals	898,878	777%	-	N/A	898,878	N/A
Infrastructure and Enabling Technologies	284,865	401%	-	N/A	284,865	N/A
Internet Professional Services	13,751	23%	-	N/A	13,751	N/A
Other	-	-	-	N/A	-	N/A
Total	$ 2,092,431	295%	$ -	N/A	$ 2,092,431	N/A

During the six months ended January 31, 2001, the Company recorded impairment charges of approximately $2.092 billion as a result of management's ongoing business review and impairment analysis performed under its existing policy regarding impairment of long-lived assets. Where impairment indicators were identified, management determined the amount of the impairment charge by comparing the carrying value of goodwill and certain other intangible assets to their fair value. Management determines fair value based on a combination of the discounted cash flow methodology, which is based upon converting expected future cash flows to present value, and the market approach, which includes analysis of market price multiples of companies engaged in lines of business similar to the company. The market price multiples are selected and applied to the company based on the relative performance, future prospects and risk profile of the company in comparison to the guideline companies. Management predominately utilizes third-party valuation reports in its determination of fair value. As a result, during management's quarterly review of the value and periods of amortization of both goodwill and other intangible assets, it was determined that the carrying value of goodwill and certain other intangible assets were not fully recoverable. The Interactive Marketing segment recorded impairment charges of approximately $540.8 million related to the write-down of intangible assets at Engage related to goodwill and certain other intangible assets of its media business and approximately $350.6 million of goodwill and certain other intangible assets at yesmail.com. The impairment charges incurred in the Search and Portals segment primarily related to the write-down of approximately $886.4 million of goodwill and other intangible assets related to AltaVista. The impairment charges in the Infrastructure and Enabling Technologies segment primarily related to approximately $771,000 of other intangible assets at Activate, approximately $241.8 million of goodwill and other intangible assets at CMGion related to AdForce and approximately $5.6 million of goodwill at ExchangePath. The other intangible assets of Activate and AdForce that were determined to be impaired primarily related to a significant reduction in the acquired customer bases and turnover of workforce which was in place at the time of the acquisitions of the companies. The impairment charges incurred in the Internet Professional Services segment related to the write-down of approximately $13.8 million of other intangible assets at Tallan, primarily related to a significant reduction in the acquired customer base and turnover of workforce which was in place at the time of the acquisition. The impairment factors evaluated by management may change in subsequent periods, given that the Company operates in a volatile business environment. This could result in material impairment charges in future periods.

RESTRUCTURING CHARGES:

(in thousands)	Six Months Ended January 31, 2001	As a % of Segment Net Revenue	Six Months Ended January 31, 2000	As a % of Segment Net Revenue	$ Change	% Change
Interactive Marketing	$ 21,140	25%	$ -	-	$ 21,140	N/A
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	64,516	56%	-	-	64,516	N/A
Infrastructure and Enabling Technologies	23,216	33%	-	-	23,216	N/A
Internet Professional Services	-	-	-	-	-	N/A
Other	-	-	-	-	-	N/A
Total	$108,872	15%	$ -	-	$108,872	N/A

Restructuring charges of approximately $108.9 million consisted primarily of contract terminations, severance charges and equipment charges incurred as a result of strategic decisions made by the Company to shut down the operations of certain subsidiaries and to increase operational efficiencies, improve margins and further reduce expenses at the remaining subsidiaries. The restructuring charges incurred in the Interactive Marketing segment primarily related to workforce reductions of approximately 540 positions and the closing of several office locations at Engage, future lease commitments of Engage for servers, desktop computers and other telecommunications equipment and the write-off of fixed assets by Engage. The restructuring charges incurred in the Search and Portals segment primarily consisted of workforce reductions of approximately 410 positions at AltaVista, the termination of a contract with a significant customer and the termination of other contracts by AltaVista in connection with the change in its business strategy, the termination of a contract with a significant customer by MyWay, the future lease commitments of MyWay for servers, desktop computers and other telecommunications equipment and severance and other shutdown costs at iCAST. The restructuring charges incurred in the Infrastructure and Enabling Technologies segment primarily related to the termination of bandwidth agreements by NaviPath and CMGion's subsidiary, AdForce, severance cost at 1stUp.com and the write-off of fixed assets by 1stUp.com and ExchangePath.

OTHER INCOME/EXPENSES:

Gains (losses) on issuance of stock by subsidiaries and affiliates increased $70.9 million, or 137%, to $122.9 million for the six months ended January 31, 2001 from $51.9 million for the same period in fiscal year 2000. Gains (losses) on the issuance of stock for the six months ended January 31, 2001 primarily relates to a pre-tax gain of approximately $125.9 million on the issuance of stock by Engage in its acquisitions of MediaBridge and Space Media Holdings Limited partially offset by a pre-tax loss of approximately $3.9 million on the issuance of stock by Engage to employees as a result stock option exercises. Gains (losses) on issuance of stock for the six months ended January 31, 2000 primarily reflects the pre-tax gain of $51.9 million on the issuance of common stock by NaviSite in connection with its initial public offering.

Other gains (losses), net decreased $94.1 million, or 44%, to $120.4 million for the six months ended January 31, 2001 from $214.5 million for the same period in fiscal 2000. Other gains (losses), net for the six months ended January 31, 2001 primarily consisted of a pre-tax gain of approximately $357.4 million on the sale of Lycos, Inc common stock, a pre-tax gain of approximately $135.3 million on the sale of Kana Communications, Inc. common stock, a pre-tax gain of approximately $89.9 million on the hedging agreement with respect to the Company's investment in Yahoo! common stock, a pre-tax gain of approximately $64.2 million on the sale of Terra Networks stock, a pre-tax gain of approximately $70.9 million on the sale of Critical Path, Inc. common stock and a pre-tax gain of approximately $19.8 million on the sale of a real estate holding by AltaVista, partially offset by a pre-tax loss of approximately $358.9 million on the sale of Pacific Century CyberWorks Limited stock, a pre-tax loss of approximately $95.9 million on the sale of AltaVista's wholly-owned subsidiary, Raging Bull and by a pre-tax loss of approximately $148.8 million related to impairment charges taken on certain available-for-sale securities held by the Company. Other gains, net for the six months ended January 31, 2000 primarily consisted of pre-tax gains of approximately $208.1 million on the sale of Yahoo! common stock.

Interest income increased $15.4 million to $31.9 million for the six months ended January 31, 2001 from $16.5 million for the same period in fiscal 2000, reflecting increased interest income associated with higher average corporate cash and cash equivalent balances. Interest expense increased $19.5 million to $33.0 million for the six months ended January 31, 2001 from $13.5 million for the same period in fiscal 2000, primarily due to the notes issued in connection with the acquisitions of AltaVista and Tallan.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates increased $24.0 million to $29.4 million for six months ended January 31, 2001, from $5.4 million for the same period in fiscal 2000, primarily reflecting an increased number of investments accounted for under the equity method compared to the same period last year. Equity in losses of affiliates for the six months ended January 31, 2001 included the results from the Company's minority ownership in AnswerLogic, Inc., BizBuyer.com, Inc., CarParts.com, Inc., Corrigo, Inc., Domania.com, Inc., eCircles Corporation, Ensera, Inc., FindLaw, Inc., FoodBuy.com, Inc., GXMedia, Inc., HotLinks Network, Inc., Idapta, Inc., Industria Solutions, Inc. KnowledgeFirst, Inc., MyFamily.com, Inc., NameTree, Inc., NextMonet.com, Inc., NextOffice.com, Inc., OneCore Financial Network, Inc., Radiate, Inc., ThingWorld.com, LLC, Undoo.com, Vicinity, and Virtual Ink Corporation. Equity in losses of affiliates for the second quarter of fiscal 2000 included the results from the Company's minority ownership in Engage Technologies Japan, Inc., FoodBuy.com, GX Media, Inc., Half.com, and ThingWorld.com, LLC. The Company expects its affiliate companies to continue to invest in development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Minority interest increased to $339.8 million for the six months ended January 31, 2001 from $54.9 million for the same period of fiscal 2000, primarily reflecting minority interest in net losses of seven subsidiaries during the first six months of fiscal 2001, including AltaVista, Engage, MyWay, NaviSite, CMGion and NaviPath. The increase is primarily related to an increase in the net losses reported by Engage and AltaVista due to substantial amortization expense and impairment and restructuring charges recorded during the second fiscal quarter.

Income tax benefit recorded for the six months ended January 31, 2001 was approximately $34.6 million. Exclusive of taxes provided for significant, unusual or extraordinary items that will be reported separately, the Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings. In determining the Company's effective rate for the six months ended January 31, 2001, gains (losses) on issuances of stock by subsidiaries and affiliates, other gains (losses), net, and impairment charges taken on intangible assets were excluded. Income tax expense in the six months ended January 31, 2001 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 non-deductible goodwill amortization and impairment charges, state taxes and valuation allowances recognized on deferred tax assets. During the six months ended January 31, 2001, the Company recorded valuation allowance against its net deferred tax assets not expected to be utilized in fiscal 2001, since it is more likely than not that these assets will not be realized in future years. Prior to the second quarter of fiscal 2001, the Company has recorded valuation allowance against net deferred tax assets only with respect to majority owned subsidiaries not included in the Company's federal consolidated group. The increase in valuation allowance resulted in additional tax expense of approximately $96.7 million for the six months ended January 31, 2001.

Liquidity and Capital Resources

Working capital at January 31, 2001 decreased to $947.1 million compared to $1.11 billion at July 31, 2000. The net decrease in working capital is primarily attributable to a $1.33 billion decrease in available-for-sale securities, partially offset by a $482.8 million decrease in notes payable, a $340.8 million decrease in current deferred tax liabilities and a $325.1 million increase in cash and cash equivalents. The Company's principal sources of capital during the six months ended January 31, 2001 were from the sales of approximately 8.4 million shares of Lycos, Inc. common stock for proceeds of approximately $394.7 million, approximately 241.0 million shares of Pacific Century CyberWorks Limited stock for proceeds of $190.2 million, approximately 3.7 million shares of Kana Communications, Inc. common stock for proceeds of $137.6 million, approximately 6.8 million shares of Terra Networks, S.A. (Terra Networks) stock for proceeds of approximately $78.3 million, approximately 1.3 million shares of Critical Path, Inc. common stock for proceeds of $72.8 million and approximately 1.0 million shares of eBay, Inc. common stock for proceeds of $48.0 million. The Company's principal uses of capital during the six months ended January 31, 2001 were $438.0 million for funding operations, $89.8 million for purchases of property and equipment and $61.8 million for investments in affiliates, primarily through the Company's CMGI@Ventures venture capital funds.

Under the terms of an agreement with an investment bank entered into during fiscal 2000, 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 subsequently settled the second tranche for cash totaling approximately $33.6 million in October 2000. 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 in connection with this agreement. Under the terms of the new contract, the Company agreed to deliver, at its discretion, either cash or shares of Yahoo! common stock on August 1, 2001. The Company settled the third tranche through the delivery of 47,684 shares of Yahoo! common stock in February 2001.

During the six months ended January 31, 2001, the Company, through its limited liability company subsidiaries CMG@Ventures II, LLC, CMG@Ventures III, LLC, CMGI@Ventures IV, LLC and CMG@Ventures Expansion, LLC acquired initial or follow-on minority ownership interests in fifteen Internet and technology companies for an aggregate total of approximately $48.5 million.

On August 18, 2000 and February 18, 2001, the Company issued approximately 313,000 and 2.0 million shares, respectively, of its common stock to Compaq Computer Corporation, each as a semi-annual interest payment of approximately $11.5 million related to notes payable issued in the acquisition of AltaVista. During the six months ended January 31, 2001, the Company issued approximately 30.2 million shares of its common stock as payment of principal and interest totaling approximately $391.6 million related to notes payable that had been issued in the Company's acquisition of Tallan.

On August 23, 2000, the Company announced it has acquired the exclusive naming and sponsorship rights to the New England Patriots' new stadium, to be known as "CMGI Field," for a period of fifteen years. In return for the naming and sponsorship rights, CMGI will pay $7.6 million per year for the first ten years, with consumer price index adjustments for years eleven through fifteen. CMGI will not make its first semi-annual payment under this agreement until January 2002.

On August 25, 2000, the Company and Cable and Wireless plc, completed their previously agreed to exchange of stock. CMGI received approximately 241.0 million shares of PCCW stock from Cable and Wireless in exchange for approximately 13.4 million shares of the Company's common stock.

During the first six months of fiscal 2001, the Company's subsidiary, Engage, completed two acquisitions for combined consideration of approximately $257.6 million consisting of approximately 14.9 million shares of Engage common stock valued at approximately $225.7 million, options to purchase Engage common stock at approximately $31.1 million and direct acquisition costs of approximately $907,000.

On December 15, 2000 and January 24, 2001, the Company funded $50.0 million and $30.0 million, respectively, to its subsidiary, NaviSite, under a note and warrant purchase agreement. The annual interest rate on the note is 7.5% payable quarterly in, at NaviSite's discretion, either in cash or NaviSite common stock. The principal amount is due in full by December 12, 2003.

On December 29, 2000, the Company's subsidiary, AltaVista, sold a real estate holding and received proceeds of approximately $35.8 million.

The Company currently projects funding in the foreseeable future for CMGI@Ventures to be approximately $15 million per quarter for both new and follow-on investments. The Company currently expects to exit its fiscal fourth quarter with a recurring cash requirement rate in the range of $75 to $85 million for the quarter, excluding the cash requirements of Engage and NaviSite and excluding the funding of CMGI@Ventures. The Company has undertaken several initiatives which are intended to reduce its operating cash requirements in the future. There can be no assurance, however, that the effect of these initiatives will reduce its cash requirements.

The Company intends to continue to fund existing and future Internet efforts, acquire additional companies for cash, stock, or other consideration and to actively seek new CMGI@Ventures investment opportunities. Similar to CMGI's current subsidiaries, future Internet company acquisitions will likely be in early stages of business development and therefore are expected to require additional cash funding by the Company to fund their operations. The Company believes that existing working capital and the availability of marketable securities which could be sold or posted as collateral for additional loans, will be sufficient to fund its operations, investments and capital expenditures for the foreseeable future. Should additional capital be needed to fund future investment and acquisition activity, the Company may seek to raise additional capital through the sale of certain subsidiaries, through public or private offerings of the Company's or its subsidiaries' stock, or through debt financing. There can be no assurance, however, that the Company will be able to raise additional capital on terms that are favorable to the Company.

Factors That May Affect Future Results

The Company operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. Forward-looking statements in this document and those made from time to time by the Company through its 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, product development, product release or product shipment, 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.

Factors that could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to, the following:

CMGI may not have operating income or net income in the future.

During the fiscal year ended July 31, 2000 and for the six months ended January 31, 2001, CMGI had operating losses of approximately $2.19 billion and $3.79 billion, respectively, and net losses of approximately $1.38 billion and $3.20 billion, respectively. CMGI anticipates continuing to incur significant operating expenses in the future, including significant costs of revenue and selling, general and administrative and amortization expenses. As a result, CMGI expects to continue to incur operating losses and may not have enough money to grow its business in the future. CMGI can give no assurance that it will achieve profitability or be capable of sustaining profitable operations.

CMGI may have problems raising money it needs in the future.

In recent years, CMGI has financed its operating losses in part with profits from selling some of the stock of companies in which CMGI had invested directly or through the @Ventures funds. This funding source may not be sufficient in the future, and CMGI may need to obtain funding from outside sources. However, CMGI may not be able to obtain funding from outside sources. In addition, even if CMGI finds outside funding sources, CMGI may be required to issue to such outside sources securities with greater rights than those currently possessed by holders of CMGI's currently outstanding securities. CMGI may also be required to take other actions, which may lessen the value of its common stock, including borrowing money on terms that are not favorable to CMGI.

CMGI may incur significant costs to avoid investment company status and may suffer adverse consequences if deemed to be an investment company.

CMGI may incur significant costs to avoid investment company status and may suffer other adverse consequences if deemed to be an investment company under the Investment Company Act of 1940. Some of CMGI's equity investments in other businesses and its venture subsidiaries may constitute investment securities under the Investment Company Act. A company may be deemed to be an investment company if it owns investment securities with a value exceeding 40% of its total assets, subject to certain exclusions. Investment companies are subject to registration under, and compliance with, the Investment Company Act unless a particular exclusion or safe harbor provision applies. If CMGI were to be deemed an investment company, CMGI would become subject to the requirements of the Investment Company Act. As a consequence, CMGI would be prohibited from engaging in business or issuing securities as it has in the past and might be subject to civil and criminal penalties for noncompliance. In addition, certain of CMGI contracts might be voidable, and a court-appointed receiver could take control of CMGI and liquidate its business.

Although CMGI's investment securities currently comprise less than 40% of its total assets, fluctuations in the value of these securities or of CMGI's other assets may cause this limit to be exceeded. Unless an exclusion or safe harbor was available to CMGI, CMGI would have to attempt to reduce its investment securities as a percentage of its total assets. This reduction can be attempted in a number of ways, including the disposition of investment securities and the acquisition of non-investment security assets. If CMGI were required to sell investment securities, CMGI may sell them sooner than it otherwise would. These sales may be at depressed prices and CMGI may never realize anticipated benefits from, or may incur losses on, these investments. CMGI may be unable to sell some investments due to contractual or legal restrictions or the inability to locate a suitable buyer. Moreover, CMGI may incur tax liabilities when selling assets. CMGI may also be unable to purchase additional investment securities that may be important to its operating strategy. If CMGI decides to acquire non-investment security assets, CMGI may not be able to identify and acquire suitable assets and businesses or the terms on which CMGI is able to acquire such assets may be unfavorable.

If CMGI fails to successfully execute on its segmentation strategy, its revenue, earnings prospects and business may be materially and adversely affected.

On September 7, 2000, CMGI announced that it had formally organized its majority-owned operating companies and venture capital affiliates into six segments. These six segments include five operational disciplines - Interactive Marketing; eBusiness and Fulfillment; Search and Portals; Infrastructure and Enabling Technologies; and Internet Professional Services - as well as CMGI's affiliated venture capital arm, CMGI@Ventures. To successfully implement its segmentation strategy, CMGI must achieve each of the following:

- overcome the difficulties of integrating its operating companies;
- decrease its cash burn rate;
- attain an optimal number of operating companies through acquisitions, consolidations and divestitures; and
- improve its cash position and revenue run rate.

If CMGI fails to address each of these factors, its business prospects for achieving and sustaining profitability, and the market value of its securities may be materially and adversely affected. Even if its implementation of this segmentation strategy is successful, the revised structure and reporting procedures of the new segmentation strategy may not lead to increased market clarity or stockholder value. In addition, the execution of the segmentation strategy, including planned reductions in the number of operating companies, could result in restructuring charges being recorded by CMGI in future periods.

CMGI depends on certain important employees, and the loss of any of those employees may harm CMGI's business.

CMGI's performance is substantially dependent on the performance of its executive officers and other key employees, in particular, David S. Wetherell, CMGI's chairman, president and chief executive officer, Andrew J. Hajducky III, CMGI's executive vice president, chief financial officer and treasurer, and David Andonian, CMGI's president, corporate development. The familiarity of these individuals with the Internet industry makes them especially critical to CMGI's success. In addition, CMGI's success is dependent on its ability to attract, train, retain and motivate high quality personnel, especially for its management team. The loss of the services of any of CMGI's executive officers or key employees may harm its business. CMGI's success also depends on its continuing ability to attract, train, retain and motivate other highly qualified technical and managerial personnel. Competition for such personnel is intense.

There may be conflicts of interest among CMGI's network companies, CMGI's officers, directors and stockholders and CMGI.

Some of CMGI's officers and directors also serve as officers or directors of one or more of CMGI's network companies. As a result CMGI, CMGI's officers and directors, and CMGI's network companies may face potential conflicts of interest with each other and with its stockholders. Specifically, CMGI's officers and directors may be presented with situations in their capacity as officers or directors of one of CMGI's network companies that conflict with their fiduciary obligations as officers or directors of CMGI or of another network company.

In fiscal 2000 and the first six months of fiscal 2001, CMGI derived a significant portion of its revenue from a small number of customers and the loss of any of those customers could significantly damage CMGI's business.

During the fiscal year ended July 31, 2000, sales to Cisco accounted for 11% of CMGI's consolidated net revenue and 36% of CMGI's net revenue from its eBusiness and Fulfillment segment. During the six months ended January 31, 2001, sales to Cisco accounted for 6% of CMGI's consolidated net revenue and 13% of CMGI's net revenue from its eBusiness and Fulfillment segment. CMGI currently does not have any agreements with Cisco which obligate this customer to buy a minimum amount of products from CMGI or to designate CMGI as its sole supplier of any particular products or services. During the fiscal year ended July 31, 2000, approximately 12% of CMGI's consolidated net revenue and 35% of net revenue from CMGI's Search and Portals segment was derived from customer advertising contracts serviced by DoubleClick, Inc. During the six months ended January 31, 2001, approximately 3% of CMGI's consolidated net revenue and 20% of net revenue from CMGI's Search and Portals segment was derived from customer advertising contracts serviced by DoubleClick, Inc. CMGI believes that it will continue to derive a significant portion of its operating revenue from sales to a small number of customers.

CMGI's strategy of selling assets of or investments in the companies that it has acquired and developed presents risks.

One element of CMGI's business plan involves raising cash for working capital for its business by selling, in public or private offerings, some of the companies, or portions of the companies, that it has acquired and developed or in which it has invested. Market and other conditions largely beyond CMGI's control affect:

- its ability to engage in such sales;
- the timing of such sales; and

- the amount of proceeds from such sales.

As a result, CMGI may not be able to sell some of these assets. In addition, even if CMGI is able to sell, CMGI may not be able to sell at favorable prices. If CMGI is unable to sell these assets at favorable prices, its business will be harmed.

CMGI's stock price may fluctuate because the value of some of its companies fluctuates.

A portion of CMGI's assets include the equity securities of both publicly traded and non-publicly traded companies. For example, as of March 13, 2001, CMGI directly or through its @Ventures funds owned shares of common stock of divine Interventures, inc., Engage, Inc., Kana Communications, Inc., Marketing Services Group, Inc., NaviSite, Inc., Netcentives, Inc., Pacific Century CyberWorks Limited, Primedia, Inc., Ventro Corporation and Vicinity Corporation, which are publicly traded companies. The market price and valuations of the securities that CMGI holds in these and other companies may fluctuate due to market conditions and other conditions over which CMGI has no control. Fluctuations in the market price and valuations of the securities that CMGI holds in other companies may result in fluctuations of the market price of CMGI's common stock and may reduce the amount of working capital available to CMGI.

CMGI's strategy of expanding its business through acquisitions of other businesses and technologies presents special risks.

CMGI intends to continue to expand through the acquisition of businesses, technologies, products and services from other businesses. Acquisitions involve a number of special problems, including:

- 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;
- exposure to unforeseen liabilities of acquired companies;
- potential issuance of securities in connection with an acquisition with rights that are superior to the rights of holders of CMGI's currently outstanding securities;
- the need to incur additional debt; and
- the requirement to record potentially significant additional future operating costs for the amortization of goodwill and other intangible assets.

CMGI may not be able to successfully address these problems. Moreover, CMGI's future operating results will depend to a significant degree on its ability to successfully manage growth and integrate acquisitions. In addition, many of CMGI's investments are in early-stage companies with limited operating histories and limited or no revenues. CMGI may not be able to successfully develop these young companies.

CMGI faces competition from other acquirors of and investors in Internet-related ventures which may prevent CMGI from realizing strategic opportunities.

Although CMGI creates many of its network companies, it also acquires or invests in existing companies that it believes are complementary to its network and further its vision of the Internet. In pursuing these opportunities, CMGI faces competition from other capital providers and operators of Internet-related companies, including publicly-traded Internet

companies, venture capital companies and large corporations. Some of these competitors have greater financial resources than CMGI does. This competition may limit CMGI's opportunity to acquire interests in companies that could advance its vision of the Internet and increase its value.

CMGI's growth places strain on its managerial, operational and financial resources.

CMGI's rapid growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. Further, as the number of CMGI's users, advertisers and other business partners grows, CMGI will be required to manage multiple relationships with various customers, strategic partners and other third parties. CMGI's further growth or an increase in the number of its strategic relationships will increase this strain on its managerial, operational and financial resources, inhibiting its ability to achieve the rapid execution necessary to successfully implement its business plan.

CMGI must develop and maintain positive brand name awareness.

CMGI believes that establishing and maintaining its brand names is essential to expanding its business and attracting new customers. CMGI also believes that the importance of brand name recognition will increase in the future because of the growing number of Internet companies that will need to differentiate themselves. Promotion and enhancement of CMGI's brand names will depend largely on its ability to provide consistently high-quality products and services. If CMGI is unable to provide high-quality products and services, the value of its brand names may suffer.

CMGI's quarterly results may fluctuate widely.

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

- demand for its products and services;
- payment of costs associated with its acquisitions, sales of assets and investments;
- timing of sales of assets;
- market acceptance of new products and services;
- charges for impairment of long-lived assets in future periods;
- potential restructuring charges in connection with CMGI's segmentation strategy;
- specific economic conditions in the industries in which CMGI competes; and
- general economic conditions.

The emerging nature of the commercial uses of the Internet makes predictions concerning CMGI's future revenues difficult. CMGI believes that period-to-period comparisons of its results of operations will not necessarily be meaningful and should not be relied upon as indicative of its future performance. It is also possible that in some fiscal quarters, CMGI's operating results will be below the expectations of securities analysts and investors. In such circumstances, the price of CMGI's common stock may decline.

The price of CMGI's common stock has been volatile.

The market price of CMGI's common stock has been, and is likely to continue to be, volatile, experiencing wide fluctuations. 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 Internet-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 CMGI's common stock.

CMGI's common stockholders may suffer dilution in the future upon the conversion and repayment of outstanding securities.

CMGI has outstanding securities that have conversion or repayment provisions that may result in dilution to CMGI's common stockholders. CMGI currently has 375,000 shares of Series C Convertible Preferred Stock issued and outstanding. The Series C Convertible Preferred Stock is separated into three tranches of 125,000 shares each with separate conversion prices: tranche 1 shares have a current conversion price of $45.72 per share; tranche 2 shares have a current conversion price of $37.58 per share; and tranche 3 shares have a current conversion price of $37.66 per share. The Series C Convertible Preferred Stock may be converted into common stock by the holders at these fixed prices at any time prior to June 30, 2002. On June 30, 2002, any outstanding shares of Series C Convertible Preferred Stock automatically convert into common stock at a conversion price equal to the average of the closing bid prices of the common stock on the ten consecutive trading days ending on the trading day prior to June 30, 2002. Subject to certain limitations, when converted, the shares of Series C Convertible Preferred Stock convert into the number of shares of common stock determined by taking the $1,000 per share initial stated value, adding to such initial stated value per share any completed or accrued dividend adjustments, and dividing such sum by the applicable conversion price. Upon conversion of the Series C Convertible Preferred Stock into shares of CMGI's common stock, the common stockholders will be diluted.

In connection with CMGI's acquisition of AltaVista, CMGI issued to Compaq, among other things, promissory notes in the aggregate principal amount of $220 million. The promissory notes are due on August 18, 2002. Interest on the notes, accruing at a rate of 10.5% per annum, is due and payable semiannually on each February 18 and August 18 until the notes are paid in full. Any principal and interest on the notes is payable, at CMGI's option, in cash, marketable securities or shares of CMGI common stock based on the average of the closing prices of the common stock during the 15-day period ending on the trading day immediately preceding the applicable payment date. If CMGI determines to repay the principal and interest with shares of CMGI's common stock, the common stockholders will be diluted.

CMGI relies on NaviSite for Web site hosting.

CMGI and many of its operating companies rely on NaviSite for network connectivity and hosting of servers. If NaviSite fails to perform such services, CMGI's internal business operations may be interrupted, and the ability of CMGI's operating companies to provide services to customers may also be interrupted. Such interruptions may have an adverse impact on CMGI's business and revenues and its operating companies.

The success of CMGI's network companies depends greatly on increased use of the Internet by business and individuals.

The success of CMGI's network companies depends greatly on increased use of the Internet for advertising, marketing, providing services and conducting business. Commercial use of the Internet is currently at an early stage of development and the future of the Internet is not clear. In addition, it is not clear how effective advertising on the Internet is in generating business as compared to more traditional types of advertising such as print, television and radio. The businesses of CMGI's network companies will suffer if commercial use of the Internet fails to grow in the future.

CMGI network companies are subject to intense competition.

The market for Internet products and services is highly competitive. Moreover, the market for Internet products and services lacks significant barriers to entry, enabling new businesses to enter this market relatively easily. Competition in the market for Internet products and services may intensify in the future. Numerous well-established companies and smaller entrepreneurial companies are focusing significant resources on developing and marketing products and services that will compete with the products and services of CMGI network companies. In addition, many of the current and potential competitors of CMGI network companies have greater financial, technical, operational and marketing resources than those of CMGI network companies. CMGI network companies may not be able to compete successfully against these competitors. Competitive pressures may also force prices for Internet goods and services down and such price reductions may reduce the revenues of CMGI network companies.

Growing concerns about the use of "cookies" may limit Engage's ability to develop user profiles.

Web sites typically place small files of information commonly known as "cookies" on a user's hard drive. Cookie information is passed to the Web site through the Internet user's browser software. Engage's technology currently uses cookies to collect information about an Internet user's movement through the Engage Media Network. Most of the currently available Internet browsers allow users to modify their browser settings to prevent cookies from being stored on their hard drive, and a small minority of users currently choose to do so. Users can also delete cookies from their hard drive at any time. Some Internet commentators and privacy advocates have suggested limiting or eliminating the use of cookies, and the Federal Trade Commission has recently concluded an informal inquiry into the data collection practices of DoubleClick, Inc., but reserved the right to take additional action. The effectiveness of Engage's technology could be limited by any reduction or limitation in the use of cookies. If the use or effectiveness of cookies is limited, Engage would likely have to switch to other technology that would allow it to gather demographic and behavioral information. This could require significant reengineering time and resources, might not be completed in time to avoid negative consequences to CMGI's business, financial condition or results of operations, and might not be possible at all.

If the United States or other governments regulate the Internet more closely, the businesses of CMGI network companies may be harmed.

Because of the Internet's popularity and increasing use, new laws and regulations may be adopted. These laws and regulations may cover issues such as privacy, pricing, taxation and content. The enactment of any additional laws or regulations may impede the growth of the Internet and the Internet-related business of CMGI network companies and could place additional financial burdens on their businesses.

To succeed, CMGI network companies must respond to the rapid changes in technology and distribution channels related to the Internet.

The markets for the Internet products and services of our network companies are characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent new product and service introductions;
- shifting distribution channels; and
- changing customer demands.

The success of CMGI network companies will depend on their ability to adapt to this rapidly evolving marketplace. They may not be able to adequately adapt their products and services or to acquire new products and services that can compete successfully. In addition, CMGI network companies may not be able to establish and maintain effective distribution channels.

CMGI network companies face security risks.

Consumer concerns about the security of transmissions of confidential information over public telecommunications facilities is a significant barrier to electronic commerce and communications on the Internet. Many factors may cause compromises or breaches of the security systems CMGI network companies or other Internet sites use to protect proprietary information, including advances in computer and software functionality or new discoveries in the field of cryptography. A compromise of security on the Internet would have a negative effect on the use of the Internet for commerce and communications and negatively impact CMGI network companies' businesses. Security breaches of their activities or the activities of their customers and sponsors involving the storage and transmission of proprietary information, such as credit card numbers, may expose CMGI network companies to a risk of loss or litigation and possible liability. CMGI cannot assure that the security measures of CMGI network companies will prevent security breaches.

The success of the global operations of CMGI network companies is subject to special risks and costs.

CMGI network companies have begun, and intend to continue, to expand their operations outside of the United States. This international expansion will require significant management attention and financial resources. The ability of CMGI network companies to expand their offerings of CMGI's products and services internationally will be limited by the general acceptance of the Internet and intranets in other countries. In addition, CMGI and its network companies have limited experience in such international activities. Accordingly, CMGI and its network companies expect to commit substantial time and development resources to customizing the products and services of its network companies for selected international markets and to developing international sales and support channels.

CMGI expects that the export sales of its network companies will be denominated predominantly in United States dollars. As a result, an increase in the value of the United States dollar relative to other currencies may make the products and services of its network companies more expensive and, therefore, potentially less competitive in international markets. As CMGI network companies increase their international sales, their total revenues may also be affected to a greater extent by seasonal fluctuations resulting from lower sales that typically occur during the summer months in Europe and other parts of the world.

CMGI network companies could be subject to infringement claims.

From time to time, CMGI network companies have been, and expect to 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 the businesses of CMGI network companies by:

- subjecting them to significant liability for damages;
- resulting in invalidation of their proprietary rights;
- being time-consuming and expensive to defend even if such claims are not meritorious; and
- resulting in the diversion of management time and attention.

CMGI network companies may have liability for information retrieved from the Internet.

Because materials may be downloaded from the Internet and subsequently distributed to others, CMGI network companies may be subject to claims for defamation, negligence, copyright or trademark infringement, personal injury or other theories based on the nature, content, publication and distribution of such materials.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to equity price risks on the marketable portion of its equity securities. The Company's available-for-sale securities at January 31, 2001 include strategic equity positions in the Internet industry sector, many of which have experienced significant historical volatility in their stock prices. The Company typically does not attempt to reduce or eliminate its market exposure on these securities, with the exception of the Yahoo! common stock as discussed below. 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 January 31, 2001, would result in an approximate $37.1 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 uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates on its borrowing arrangements and during the third and fourth quarters of fiscal 2000 the Company entered into an agreement with an investment bank that hedges a portion of its Yahoo! common stock using equity collars- See note N to the Interim Unaudited Consolidated Financial Statements. 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 January 31, 2001, the Company was primarily exposed to the London Interbank Offered Rate (LIBOR) interest rate on its outstanding borrowing arrangements.

The Company has historically had very low exposure to changes in foreign currency exchange rates, and as such, has not used derivative financial instruments to manage foreign currency fluctuation risk. The Company may consider utilizing derivative instruments to mitigate the risk of foreign currency exchange rate fluctuations in the future.

Item 2. Changes in Securities and Use of Proceeds

On June 23, 2000, the Company issued 3,069 shares of the Company's Common Stock pursuant to the exercise of a stock option. The exercise price of the stock option was $.0977 per share. The shares of Common Stock were issued and sold in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On July 11, 2000, the Company issued 408 shares of the Company's Common Stock pursuant to the exercise of a stock option. The exercise price of the stock option was $.4886 per share. The shares of Common Stock were issued and sold in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On November 20, 2000, the Company acquired additional ownership interests in Freeup LLC ("Freeup"). Pursuant to the terms of the acquisition agreement, on such date the Company, among other things, issued and sold 70,383 shares of its Common Stock to Compaq Computer Corporation (Compaq), for an aggregate purchase price of $5,000,000. The shares of Common Stock were issued and sold to Compaq in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On January 18, 2000, the Company acquired all of the outstanding membership interests of Green Witch, LLC, a California limited liability company ("Green Witch"). Pursuant to the terms of the acquisition agreement, the Company, among other things, agreed to issue up to an aggregate of 233,009 shares of Common Stock to the members of Green Witch in exchange for such membership interests. On December 18, 2000, the Company, iCast Corporation, a wholly owned subsidiary of the Company ("iCast"), and those persons entitled to receive shares pursuant to the acquisition agreement entered into a settlement agreement. Pursuant to the terms of the settlement agreement, the Company issued an aggregate of 144,577 shares of Common Stock to those persons entitled to receive shares pursuant to the acquisition agreement. Such persons, among other things, forfeited their rights to receive approximately 36,864 shares of Common Stock and agreed to a general waiver and release with respect to any claims, demands or causes of action against the Company or iCast. The Company issued such shares in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of the shares of Common Stock.

On January 1, 2001, pursuant to the terms of promissory notes issued by the Company on June 15, 2000 to certain of the former members of Shortbuzz.com LLC ("Shortbuzz") in connection with the Company's acquisition of Shortbuzz, the Company issued an aggregate of 3,592 shares of Common Stock to the noteholders upon conversion of such notes. The shares of Common Stock were issued in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended, as a security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On January 2, 2001, pursuant to the terms of promissory notes issued by the Company on March 31, 2000 to certain of the former stockholders of Tallan, Inc. ("Tallan") in connection with the Company's acquisition of Tallan, the Company issued an aggregate of 22,895,394 shares of Common Stock to the noteholders upon conversion of such notes. The shares of Common Stock were issued in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended, as a security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On January 20, 2001, pursuant to the terms of promissory notes issued by the Company on January 20, 2000 to certain of the former members of NetWright, L.L.C. ("NetWright") in connection with the Company's acquisition of the remaining shares of NetWright not held by the Company, the Company issued an aggregate of 23,092 shares of Common Stock to the noteholders upon conversion of such notes. The shares of Common Stock were issued in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended, as a security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. No underwriters were involved with the issuance and sale of the shares of Common Stock.

Item 4. Submission of Matters to a Vote of Security Holders

At the 2000 Annual Meeting of Stockholders of the Company (the "Annual Meeting") on December 20, 2000, the following matters were acted upon by the stockholders of the Company:

1. The election of one Class I Director for the ensuing three years;
2. The approval of the Company's 2000 Stock Incentive Plan; and
3. Ratification of the appointment of KPMG LLP as independent auditors of the Company for the current year.

The number of shares of Common Stock issued, outstanding and eligible to vote as of the record date of November 3, 2000 was 319,002,257. The other directors of the Company, whose terms of office as directors continued after the Annual Meeting, are David S. Wetherell, Robert J. Ranalli, William H. Berkman and Avram Miller. The results of the voting on each of the matters presented to stockholders at the Annual Meeting are set forth below:

		VOTES FOR	VOTES WITHHELD	VOTES AGAINST	ABSTENTIONS	BROKER NON-VOTES
1.	Election of one Class I Director: Harold Enright, Jr.	224,289,128	2,031,616	N.A.	N.A.	N.A.
2.	Approval of the Company's 2000 Stock Incentive Plan	217,029,105	N.A.	7,728,239	1,563,400	N.A.
3.	Ratification of Independent Auditors	224,723,461	N.A.	816,714	780,569	N.A.

On February 15, 2001, Mr. Enright, Vice President of Business Development of Compaq and who served on the Board of Directors of the Company as the designee of Compaq, resigned from the Board as a result of Compaq adopting a policy not to designate employees to serve on the boards of publicly held companies in which Compaq holds a minority interest.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

(b) Reports on Form 8-K

On November 17, 2000, the Company filed a Current Report on Form 8-K dated November 17, 2000 reporting information under Item 9 (Regulation FD Disclosure). No financial statements were filed with such report.

On January 16, 2001, the Company filed a Current Report on Form 8-K dated January 16, 2001 reporting information under Item 5 (Other Events). No financial statements were filed with such 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 thereunto duly authorized.

CMGI, Inc.

By: /s/ Andrew J. Hajducky III

Date: March 19, 2001

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

EXHIBIT INDEX

Item	Description
10.1	Note and Warrant Purchase Agreement, dated as of December 12, 2000, by and between the Registrant and NaviSite, Inc. is incorporated herein by reference to Exhibit 10.3 to NaviSite's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2000 (File No. 000-27597).
10.2	Amended and Restated 1995 Employee Stock Purchase Plan, as amended.
10.3	FY 2001 CMGI Executive Bonus Plan.
10.4	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).
10.5	CMGI @ Ventures IV, LLC Limited Liability Company Agreement, dated as of June 1, 2000, as amended.

EXHIBIT 10.2

CMGI, INC.

AMENDED AND RESTATED 1995 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. This 1995 Employee Stock Purchase Plan (as amended and restated, the "Plan") is intended to encourage and assist employees of CMGI, Inc. (the "Corporation") and the employees of any present or future designated subsidiaries of the Corporation in acquiring a stock ownership interest in the Corporation. The Plan is intended to be an Employee Stock Purchase Plan under, and complying with, the terms and conditions of Section 423 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code").

2. Stock Subject to the Plan. Subject to adjustment pursuant to Section 12 of the Plan, the aggregate number of shares of Common Stock, $.01 par value per share, of the Corporation (the "Common Stock") which may be sold under this Plan pursuant to the exercise of non-transferable options granted under this Plan to participating employees is 56,000,000 (as adjusted through June 9, 2000), less such number of shares as may from time to time be issued pursuant to the Corporation's 1986 Stock Option Plan, as amended and/or restated from time to time. The shares may be authorized but unissued, or reacquired, shares of Common Stock. The Corporation during the term of the Plan shall at all times reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the requirements of the Plan.

3. Quarterly Periods. As used herein, the term "quarterly period" shall mean the three-month period beginning on the first day of each of the Corporation's fiscal quarters and ending on the last day of each of the Corporation's fiscal quarters.

4. Eligibility. Any employee of the Corporation or any of its present or future designated subsidiaries (except (a) any employee who, immediately after the grant of an option hereunder, directly or by attribution owns stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation or any subsidiary of the Corporation, or (b) any employee whose customary employment is 20 hours or less per week, or (c) any employee whose customary employment is for not more than five months in any calendar year) is eligible to participate in the Plan on the first day of the first quarterly period following commencement of employment. Any subsidiary of the Corporation, including future subsidiaries, may or may not be designated by the Board of Directors of the Corporation as a subsidiary whose employees may participate in the Plan as provided above.

For purposes of the Plan, "subsidiary" shall have the meaning set forth in Section 424(f) of the Code.

5. Participation. Any eligible employee's participation in the Plan shall be effective as of the first day of the quarterly period following the day on which the employee

completes, signs and returns to the Corporation a Stock Purchase Plan Application and Payroll Deduction Authorization form indicating his or her acceptance of and agreement to the terms and conditions of the Plan and indicating the employee's standing level of contribution to the Plan in accordance with Paragraph 6 below. Participation of any employee in the Plan is entirely voluntary. All eligible employees who elect to participate in the Plan shall have the same rights and privileges. Unless an employee files a new form or withdraws from the Plan, his or her deductions and purchases will continue at the same rate for future quarterly periods as long as the Plan remains in effect.

Any employee participating in the Plan or receiving shares of Common Stock hereunder shall have no rights with respect to continuation of employment with the Corporation or any subsidiary, nor with respect to continuation of any particular Corporation business, policy or product, including the Plan.

6. Deductions. Any employee electing to participate in the Plan must authorize a whole percentage (not less than 1% nor more than 10%) or a whole dollar amount (not less than $10.00) of the employee's regular pay to be deducted by the Corporation from the employee's regular pay during each quarterly period, provided that in no event may such percentage or amount result in total deductions of less than $100.00 per quarterly period for such employee.

Notwithstanding the foregoing, no employee shall be entitled to purchase shares of Common Stock under the Plan with an aggregate fair market value (determined at date of grant) exceeding $6,250 per quarterly period; and furthermore, no employee shall be permitted to purchase shares of common stock under all the employee stock purchase plans of the Corporation and its subsidiaries at a rate which exceeds $25,000 in fair market value of such stock (determined at the time the options are granted) per calendar year in which any such option granted to such employee is outstanding at any time.

An employee may elect to have amounts deducted from his or her pay, as described above, by delivering to the Corporation a Stock Purchase Plan Application and Payroll Deduction Authorization form stating the percentage or amount to be deducted. If an employee has not filed such a standing election prior to the commencement date of a quarterly period, he or she will be deemed to have elected not to have any of his or her pay withheld. Deductions may be increased or decreased during a quarterly period by filing a new standing election, which will be effective during the first full pay period subsequent to its filing and processing.

No employee will be permitted to make contributions for any period during which he or she is not receiving pay from the Corporation or one of its present or future designated subsidiaries.

7. Issuance of Shares. On the last trading day of each quarterly period so long as the Plan shall remain in effect, and provided the employee has not before that date advised the Corporation that he or she elects to withdraw his or her entire account, the Corporation shall apply the funds in the employee's account as of that date to the purchase of authorized but unissued, or reacquired, shares of Common Stock in units of one share or whole multiples thereof.

The cost to each employee for the shares of Common Stock so purchased shall be eighty-five percent (85%) of the lower of the fair market value of the Common Stock on the first trading day of the quarterly period (the "date of grant") and the fair market value of the Common Stock on the last trading day of the quarterly period (the "date of exercise"), determined as follows:

(1) The fair market value of the shares on the date of the grant shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is quoted on the Nasdaq National Market the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of grant; and

(2) The fair market value of the shares on the date of exercise shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is quoted on the Nasdaq National Market the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of exercise.

Any amount remaining in an employee's account at the end of a quarterly period after application to the purchase of shares of Common Stock shall be refunded to the employee, except that any amount remaining in an employee's account equal to less than the sum required to purchase one share shall, unless otherwise requested by the employee, be held in the employee's account for use during the next quarterly period. Any amount remaining in such employee's account by reason of his or her prior election to withdraw his or her entire account shall be disbursed to the employee within 30 days following such election. The Corporation shall as expeditiously as possible after the last day of each quarterly period issue to the employee entitled thereto the certificate evidencing the shares of Common Stock issuable to him or her as provided herein.

Notwithstanding anything above to the contrary, (a) if the aggregate number of shares of Common Stock employees desire to purchase at the end of any quarterly period exceeds the number of shares then available under the Plan, the shares available shall be allocated among such employees in proportion to their contributions during the quarterly period (but no fractional shares shall be issued); and (b) no funds in an employee's account shall be applied to the purchase of shares and no shares hereunder shall be issued unless such shares are covered by an effective registration statement under the Securities Act of 1933, as amended, or by an exemption therefrom.

8. <u>Termination of Participation</u>. An employee's participation in the Plan will be terminated when the employee (a) voluntarily elects to withdraw his or her entire account, (b) resigns or is discharged from the Corporation and all of its present or future designated subsidiaries or (c) dies. Upon termination of participation, the employee shall not be entitled to rejoin the Plan until the first day of the quarterly period immediately

following the quarterly period in which the termination of participation occurs. Upon termination of participation, the employee shall be entitled to the amount of his or her individual account within thirty (30) days.

If, prior to the last day of the quarterly period, the designated subsidiary by which an employee is employed shall cease to be a subsidiary of the Corporation, or if the employee is transferred to a subsidiary of the Corporation that is not a designated subsidiary, the employee shall be deemed to have been discharged from the Corporation and all designated subsidiaries for purposes of the Plan.

9. Beneficiary. Each employee may file a written designation of a beneficiary who is to receive any shares of Common Stock credited to such employee's account under the Plan in the event of the death of such employee prior to delivery to such employee of the certificates for such shares. Such designation may be changed by the employee at any time by written notice received by the Corporation.

Upon the death of an employee, his or her account shall be paid or distributed to the beneficiary or beneficiaries designated by such employee, or in the absence of such designation, to the executor or administrator of his or her estate, and in either event the Corporation shall not be under any further liability to anyone. If more than one beneficiary is designated, each beneficiary shall receive an equal portion of the account unless the employee indicates to the contrary in his or her designation, provided that the Corporation may in its sole discretion make distributions in such form as will avoid the creation of fractional shares.

10. Administration of the Plan. The Plan shall be administered by the Compensation Committee of the Board of Directors of the Corporation. All terms of the Plan shall be subject to interpretation by the Compensation Committee of the Board of Directors whose decision shall be final and binding on all parties. All costs and expenses incurred in administering the Plan shall be paid by the Corporation.

11. Modification and Termination. The Corporation expects to continue the Plan until such time as the shares of Common Stock reserved for issuance under the Plan have been sold. The Corporation reserves, however, the right to amend, alter or terminate the Plan in its discretion. Upon termination of the Plan, each employee shall be entitled to the amount of his or her individual account within thirty (30) days after such termination.

12. Adjustments upon Changes in Capitalization; Change of Control. Appropriate and proportionate adjustments shall be made in the number and class of shares of stock subject to this Plan, and to the rights granted hereunder and the prices applicable to such rights, in the event of a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, acquisition, separation or other similar change in the capital structure of the Corporation.

If the Corporation shall at any time merge or consolidate with another corporation and the holders of the capital stock of the Corporation immediately prior to such merger or consolidation do not continue to hold at least 50% by voting power of the capital stock of the surviving corporation, or in the event of a sale of all or substantially all of the

assets of the Corporation, all outstanding options under the Plan shall be deemed cancelled as of the effective date of any such transaction, provided that notice of such cancellation shall be given to each holder of an option, and each holder of an option shall have the right to exercise such option in full based on payroll deductions then credited to his account as of a date determined by the Board of Directors.

13. <u>Transferability of Rights</u>. No rights of any employee under this Plan shall be transferable by him or her, by operation of law or otherwise, except to the extent that an employee is permitted to designate a beneficiary or beneficiaries as herein above provided, and except to the extent permitted by will or the laws of descent and distribution if no such beneficiary be designated.

14. <u>Participation in Other Plans</u>. Nothing herein contained shall affect an employee's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or programs of the Corporation.

15. <u>Applicable Law</u>. The interpretation, performance and enforcement of this Plan shall be governed by the laws of the State of Delaware.

16. <u>Notification upon Sale of Shares</u>. Each employee agrees, by participating in the Plan, to promptly give the Corporation notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the option pursuant to which such shares were purchased or one year after the date of exercise of the option.

17. <u>Effective Date of Plan; Governmental Regulation</u>. The Plan was effective on February 1, 1995. The Plan was amended and restated on June 9, 2000, effective August 1, 2000. The Corporation's obligation to offer, sell or deliver shares of Common Stock under the Plan is subject to any governmental approval required in connection with the authorized issuance or sale of such shares and is further subject to the determination by the Corporation that is has complied with all applicable securities laws.

* * * * *

CMGI, INC.

AMENDMENT NO. 1 TO
AMENDED AND RESTATED 1995 EMPLOYEE STOCK PURCHASE PLAN

The Amended and Restated 1995 Employee Stock Purchase Plan (the "Plan") of CMGI, Inc., a Delaware corporation (the "Corporation"), is hereby amended as follows:

Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

"2. Stock Subject to the Plan. Subject to adjustment pursuant to Section 12 of the Plan, the aggregate number of shares of Common Stock, $.01 par value per share, of the Corporation (the "Common Stock") which may be sold under this Plan pursuant to the exercise of non-transferable options granted under this Plan to participating employees is 1,000,000 (as adjusted through December 20, 2000). The shares may be authorized but unissued, or reacquired, shares of Common Stock. The Corporation during the term of the Plan shall at all times reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the requirements of the Plan."

* * * * *

EXHIBIT 10.3

FY 2001 CMGI Executive Bonus Plan

Plan Objective: To attract, motivate and retain select Executives based on the achievement of CMGI business accomplishments

Eligibility: David Wetherell and his Corporate Executive direct reports and select private subsidiary CEOs

Performance Measurements:

- Financial - consolidated performance of all Subsidiaries and Corporate CMGI
  - Net Revenue
  - Profitability (Operating Margin less Amortization)
  - Cash

  Financial plan may be modified during the fiscal year as necessary as a result of mergers, acquisitions, divestitures, etc.

- Operational
  - Successfully align CMGI into 6 successful Segments and achieve profitability for 5 out of the 6 segments by end of FY 2001
    - Success will be measured based on ongoing feedback from Operating Companies assessing value they receive from other Operating Companies
    - Achieve profitability goals
- Attract and retain key talent to strengthen organizational structure of the Company
  - Success will be measured through performance reviews, attrition statistics, etc.

FY 2001 Target

Bonus: Payments will be made based on the CMGI annual accomplishments against the performance objectives stated above. Payouts may range from 0 - 200% of target bonus based on leverage table below. Minimum performance attainment of 80% must be met in order for any payments to be made. Maximum payout is 200%. Every 1% increase or decrease in performance equals 2.5% increase or decrease in payout. Final payments will be made after the end of Fiscal Year 2001. Payment of bonuses and any determination of eligibility for payment of bonuses are solely at the discretion of the CMGI Board.

Bonus Plan							
Performance	*80%	80%	90%	100%	110%	120%	**140%
Payout	0%	50%	75%	100%	125%	150%	200%

Employment

Status: In order to be eligible to receive any cash award under this Plan, participants must be actively employed by CMGI or a subsidiary of CMGI through the end of Fiscal Year 2001. If a participant's employment ends prior to July 31, 2001 for any reason or no reason, he/she would be ineligible to receive any bonus payments hereunder.

Participants: Participation in the plan may vary from year to year and is determined by the CMGI Human Resources and Compensation Committee. The following is a list of FY 2001 participants. CEO's of public companies are not eligible to be enrolled in this CMGI Executive Bonus.

Executive	Company	CMGI Target Bonus
David Wetherell	CMGI, Inc.	$ 530,000
Andy Hajducky	CMGI, Inc,	$ 338,000
Dave Andonian	CMGI, Inc.	$ 125,000
Jeff Yanagi	CMGI, Inc.	$ 110,000
Bill Williams	CMGI, Inc.	$ 50,000

* Less than
** Greater than or equal to

Charles Berger	CMGion	$ 25,000
Jack Hughes	Tallan	$ 25,000
Greg Jones	uBid	$ 25,000
David Tolmie	Yesmail	$ 25,000
Rich Torre	SalesLink	$ 25,000

EXHIBIT 10.5

LIMITED LIABILITY COMPANY AGREEMENT OF CMGI @VENTURES IV, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT of CMGI @Ventures IV, LLC (the "LLC"), dated as of June 1, 2000, is by and among the persons named on Schedule A attached hereto, each of whom is designated as a Class A Member, a Class B Member or a Class C Member.

WHEREAS, CMG @Ventures Capital Corp. formed the LLC as a limited liability company pursuant to the Delaware Limited Liability Company Act, by the filing, on November 10, 1999, in the Office of the Secretary of State of the State of Delaware, of a Certificate of Formation for the LLC (the "Certificate"); and

WHEREAS, effective as of the date hereof, the persons designated on Schedule A as Class B Members and Class C Members have been admitted to the LLC; and

WHEREAS, the Members desire to enter into this Agreement to set forth the agreements among the Members with respect to the LLC, all as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is 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 with 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.

"Aggregate Change of Control Purchase Price" shall have the meaning ascribed thereto in Section 8.04.

"Appraiser" shall have the meaning ascribed thereto in Section 8.04.

"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) If the LLC at any time distributes any of its assets kind to any Member, the Capital Account of each Member shall be adjusted to account for that Member's allocable share of the Net Profits, Net Losses or items thereof that would be realized by the LLC if it sold the assets that were distributed at their respective fair market values (taking Code Section 7701(g) into account) immediately prior to their distribution.

"Capital Contribution" means the aggregate amount of cash and the fair market value (as determined in accordance with Section 6.09 hereof) of any property contributed to the LLC by a Member.

"Class A Member" shall refer severally to any person named as a Class A Member in this Agreement and any person who becomes an additional, substitute or replacement Class A Member as permitted by this Agreement, in such person's capacity as a Class A Member of the LLC. "Class A Members" shall refer collectively to all such persons in their capacities as Class A Members.

"Class B Member" shall refer severally to any person named as a Class B Member in this Agreement and any person who becomes an additional, substitute or replacement Class B Member as permitted by this Agreement, in such person's capacity as a Class B Member of the LLC. "Class B Members" shall refer collectively to all such persons in their capacities as Class B Members.

"Class C Member" shall refer severally to any person named as a Class C Member in this Agreement and any person who becomes an additional, substitute or replacement Class C Member as permitted by this Agreement, in such person's capacity as a Class C Member of the

LLC. "Class C Members" shall refer collectively to all such persons in their capacities as Class C Members.

"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 adjustment to the Capital Accounts of the Members described in 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 mean, in connection with the termination of a Class B or Class C Member's relationship with the Employer:

(i) indictment for commission, conviction of, or plea of nolo contendere to, (A) a felony, whether or not business related, which may injure the business or reputation of the Employer, or (B) a crime of moral turpitude;

(ii) theft, embezzlement of assets of, or other financial fraud against, the Employer;

(iii) a material breach of any agreement between the Class B or Class C Member and the Employer including, without limitation, any violation of the covenants set forth in Sections 6.06 and 6.07 below, which breach is not cured within 30 days after written notice of such breach is given to such Member by the Employer;

(iv) the willful and continued failure by the Class B or Class C Member to substantially perform his or her duties (other than as a result of incapacity due to physical or mental illness);

(v) misappropriation for personal use of any material asset or business opportunity of the Employer; or

(vi) neglect of duties or responsibilities as an employee of the Employer, or as a Class B or Class C Member, or dishonesty or incompetence, or willful misconduct, which in any case adversely affects the business of the Employer, but only if there has been a good faith determination by Two-thirds in Number of the Class B Members (excluding any Class B Member which is the subject of the determination) that such neglect or misconduct or dishonesty or incompetence has occurred.

Notwithstanding the foregoing, with respect to Charles Finnie, Finnie shall be deemed to have been terminated with Cause if there occurs a "Cause Termination" under the Finnie Letter Agreement.

"Certificate" means the Certificate of Formation creating the LLC, as it may, from time to time, be amended in accordance with the Act.

"Change of Control" shall have the meaning ascribed thereto in Section 8.04.

"Change of Control Purchase Price" shall have the meaning ascribed thereto in Section 8.04.

"CMGI" means CMGI Inc., a Delaware corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Distributable Other Cash" means, with respect to any fiscal period, the sum of (i) the excess of (A) Other Cash Receipts over (B) the Expenses which the Class B Members allocate to Short-Term Investments and other activities that produce Other Cash Receipts in accordance with Exhibit 2 hereto.

"Employer" shall mean, for any Class B or Class C Member, the LLC, @Ventures Management LLC, CMGI or any Affiliate of any of them that employs the Class B or Class C Member on a substantially full-time basis. For purposes of this Agreement, a Portfolio Company shall not constitute an Affiliate of any of the LLC, or CMGI (and a Class B or Class C Member shall not be deemed to be employed by an Employer if such Class B or Class C Member is employed by a Portfolio Company), unless the Class A Member specifically elects in writing to treat a Portfolio Company as an Affiliate and such Portfolio Company falls within the definition of "Affiliate" set forth above.

"Event of Forfeiture" shall mean and shall be deemed to have occurred in the event that:

> (x) a Class B or Class C Member dies or becomes mentally or physically disabled (as determined by a physician licensed in the Commonwealth of Massachusetts, selected by the Class B Members exclusive of any Class B Member which is the subject of the determination) or a conservator or guardian is appointed for the benefit of any Class B or Class C Member or his property;
>
> (y) the relationship of such Class B or Class C Member to all Employers is terminated by such Member or by the Employer, in either case without Cause (subject to clause (z) below in the case of a termination by the Member without cause), or for any reason other than the reasons specified in clauses (x) and (z) of this definition (each of the foregoing, a "Clause Y Event"); or
>
> (z) the relationship of such Class B or Class C Member to the LLC is (I) terminated by the LLC with Cause (in accordance with the procedures described in Section 6.01(g) below), or (II) terminated by the Class B or Class C Member, following which termination it is determined (in accordance with the procedures described in Section 6.01(g) below) that the LLC had Cause to terminate such Member (each of the foregoing, a "Clause Z Event").

An Event of Forfeiture for a Class B or Class C Member whose relationship with all Employers was terminated pursuant to clause (y) may thereafter occur if any Clause Z Event occurs with respect to such Class B or Class C Member.

Notwithstanding the foregoing, with respect to Charles Finnie, an Event of Forfeiture shall be deemed to have occurred if an "Event of Termination" occurs with respect to Finnie for purposes of the Finnie Letter Agreement.

"Expenses" shall mean, for any fiscal period, any and all expenses of the LLC (other than Unreimbursed Acquisition Expenses and expenses incurred in connection with the acquisition of an Investment by the LLC which were reimbursed by a third party), including:

(i) cash disbursements for all items which are customarily considered to be "operating expenses", including without limitation amounts paid by the LLC under Section 6.04;

(ii) payments of interest, principal and premium and points and other costs of borrowing under any indebtedness of the LLC;

(iii) payments made to purchase inventory or capital assets other than Investments, and capital construction, rehabilitation, alterations and improvements;

(iv) payments (other than the purchase price) made in connection with the purchase or sale of securities, and brokerage commissions, finders fees and transaction costs;

(v) amounts set aside as reserves for working capital, contingent liabilities, replacements or for any of the expenditures described in clauses (i) through

(iv) above which are deemed by the Class B Members (in their reasonable discretion) to be necessary to meet the current and anticipated future needs of the LLC; an d

(vi) the amount of any economic loss actually realized with respect to any Short-Term Investments of the LLC.

"Finnie Letter Agreement" means that certain letter agreement dated as of September 14, 2000 between Charles Finnie and CMGI @Ventures, Inc.

"Follow-on Investment" shall mean an Investment in securities of a Portfolio Company in which the LLC owns securities or debt instruments.

"Former Profit Member" shall mean any person holding an interest in the LLC as a Profit Member as to whom an Event of Forfeiture has occurred.

"Fully Loaded Investment Cost" means, for a particular Investment, an amount equal to the sum of (i) the aggregate purchase price paid by the LLC for such Investment, (ii) the aggregate Unreimbursed Acquisition Expenses attributable to such Investment and (iii) the aggregate amount of Expenses allocated to such Investment (in accordance with Exhibit 2 hereto) to the extent such Expenses were considered to be funded by Capital Contributions as determined in accordance with Exhibit 2 hereto. It is the intention of the Members that the amount of any Capital Contribution will ultimately be allocated to the Fully Loaded Investment Cost of one or more Investments in accordance with Exhibit 2 hereto.

"Initial Election" shall have the meaning ascribed thereto in Section 8.04.

"Investment" means an investment in a Portfolio Company made by the LLC, including without limitation a Follow-on Investment. As and when the LLC makes an Investment, there shall be attached to this Agreement a Schedule for such Investment, which shall reflect the information described in Section 3.03(a). Each such Schedule is hereinafter referred to as an "Investment Schedule" and all such Schedules are referred to collectively as the "Investment Schedules." The term "Investment" shall not include Short-Term Investments made by the LLC; *provided, however*, that investments funded from Net Investment Receipts attributable to a particular Investment shall be considered to be the successor of such Investment and shall be treated for all purposes of this Agreement as the original Investment rather than as one or more Short-Term Investments.

"Investment Loss" shall mean, with respect to any Investment, the excess, if any, of the Fully Loaded Investment Cost relating to such Investment (reduced by the amount of any previously recorded Investment Losses with respect to such Investment) over (i) the amount realized by the LLC upon a disposition of the Investment or, if the LLC has not disposed of the Investment, (ii) the lower of (A) the lowest fair market value of the Investment reflected at any time on the balance sheet of the LLC for financial accounting purposes and (B) the lowest fair market value of the Investment at any time as determined by the Class B Members in their reasonable discretion.

"Investment Percentage Interest" means each Member's Percentage Interest in an Investment, as specified on the Investment Schedule for such Investment.

"Investment Receipts" shall mean, with respect to any Investment, the amount of any cash and the fair market value (as determined in accordance with Section 6.09 hereof) of any property received by the LLC with respect to such Investment. For this purpose, any Investment held by the LLC shall be considered to give rise to a 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 Class B Members" means, with respect to a particular action or matter, a majority in number of the Class B Members then entitled to vote on the action.

"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, (iii) that will be traded on a national securities exchange or reported through the National Association of Securities Dealers Automated Quotation System, and (iv) that may be sold without regard to volume limitations.

"Member" shall refer severally to any person named as a Class A Member, Class B Member or Class C Member in this Agreement and any person who becomes an additional, substitute or replacement Class A, Class B or Class C 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 for any fiscal period, the excess of all Investment Receipts of the LLC with respect to such Investment for such fiscal period over the aggregate amount of Expenses relating to such Investment for such fiscal period. The amount of Expenses allocable to a particular investment shall be determined in accordance with Section III of Exhibit 2 hereto.

"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(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;

(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 Sections 5.02 or 5.03 shall not be included in the computation;

(vi) The amount of any items of Net Profits or Net Losses deemed realized pursuant to paragraph (ii) of the definition of "Capital Account" shall be included in the computation;

(vii) The amount of any adjustment to the Carrying Value of an asset of the LLC pursuant to clause (ii) of the definition of "Carrying Value" shall be included as an item of gain (if positive) or loss (if negative); and

(viii) The amount of any Net Profits Attributable to Other Cash Receipts shall be excluded from the computation.

"Net Profits Attributable to Other Cash Receipts" means Net Profits computed solely with respect to the activities and assets that produce Other Cash Receipts. For purposes of computing Net Profits Attributable to Other Cash Receipts, items of deduction or loss shall be allocated to such activities and assets in a manner similar to that set forth in Exhibit 2 hereto for the allocation of Expenses.

"Other Cash Receipts" means cash receipts of the LLC, exclusive of Capital Contributions of the Members, which the Class B Members reasonably determine are not attributable to Investments; *provided, however*, that Other Cash Receipts shall not include any receipts of the LLC from a disposition of a Short-Term Investment to the extent such receipts do not exceed the amount of the original acquisition price of the Short-Term Investment plus the amount of any Expenses previously allocated to such Short-Term Investment to the extent treated as funded by Capital Contributions as a result of the application of Sections I or II of Exhibit 2 hereto (i.e., Other Cash Receipts attributable to Short-Term Investments generally shall only include receipts attributable to income and gain realized with respect to such Short-Term Investments).

"Percentage Interest" shall be the percentage interest of a Member set forth in *Schedule B*, as amended from time to time, and subject to adjustment pursuant to Sections 3.04, 8.02 and 8.03.

"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.

"Profit Member" shall refer severally to any person named as a Class B Member or a C Member in this Agreement and any person who becomes an additional, substitute or replacement Class B Member or Class C Member as permitted by this Agreement, in such person's capacity as a Class B Member or Class C Member of the LLC. "Profit Members" shall refer collectively to all such persons in their capacities as Profit Members.

"Qualifying Change of Control" shall have the meaning ascribed thereto in Section 8.04.

"Securities Act" means the Securities Act of 1933, as amended.

"Short-Term Investment" means any investment (other than an Investment), including any bank, money market or similar account, in which the LLC invests pending the acquisition of one or more Investments. Such term shall not include any investment characterized as an Investment pursuant to the proviso to the last sentence of the definition of "Investment."

"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 the aggregate Carrying Value of the LLC's assets, (B) any

Member that was obligated to contribute to the LLC pursuant to Section 3.01(c) hereof or otherwise (including the amount any Member was obligated to pay to any third party pursuant to the terms of any liability of the LLC 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, (C) all liabilities of the LLC were paid in accordance with their terms from the amounts specified in clauses (A) and (B) of this sentence and (D) the balance, if any, of the amounts specified in clauses (A) and (B) of this sentence was distributed in accordance with Section 4.01(b) (taking into account the last sentence thereof) and (c) hereof, as applicable.

"Termination of Contributions" shall be deemed to have occurred upon (i) the Class A Member's failure for any reason to make any contributions of capital for Investments (other than Follow-On Investments) proposed in good faith by the Class B Members under Section 3.01(b)(i) for at least 120 consecutive days, provided that, during such 120-day period the Class B Members proposed in good faith at least three Investments (other than Follow-On Investments) or (ii) the Class A Member's written notice to the LLC that it intends to suspend (permanently or temporarily) its investments in the LLC for a period of 120 days or more; except that, in either case, if during the 60-day period following such 120-day period (in the case of clause (i)) or any such notice (in the case of clause (ii)), (x) the Class A Member makes contributions for at least two Investments (other than Follow-On Investments) which are proposed in good faith by the Class B Members during such 60-day period or (y) the Class B Members fail to propose in good faith at least two Investments (other than Follow-on Investments) during such 60-day period, then a Termination of Contributions shall be deemed not to have occurred.

"Two-thirds in Number of the Class B Members" means, with respect to a particular action or matter, as least two-thirds in number of the Class B Members entitled to vote on the action.

"Unrecovered Capital Contribution" shall have the meaning ascribed thereto in Section 8.04.

"Unreimbursed Acquisition Expense" means, with respect to any Investment, the amount of any costs or expenses incurred by the LLC in connection with the acquisition of such Investment, as reasonably determined by the Class B Members, which costs and expenses were not reimbursed by a third party.

"Unreturned Fully Loaded Investment Cost" means, at any point in time, with respect to an Investment, the excess, if any, of (i) the aggregate Fully Loaded Investment Cost of such Investment over (ii) the aggregate cumulative amount distributed pursuant to Section 4.01(b)(i) or (ii), as applicable, with respect to such Investment.

"Vesting Commencement Date" means, for each Class B or Class C Member, the Vesting Commencement Date specified on Schedule A attached hereto.

"Vesting Escrow" shall have the meaning ascribed thereto in Section 4.02.

"Vested Percentage" means, for any Profit Member, a fraction (expressed as a percentage) the numerator of which is the number of whole calendar quarters that have elapsed

between such Profit Member's Vesting Commencement Date and the date of determination and the denominator of which is 20; provided, however, that (I) the Vested Percentage of each Profit Member prior to the first anniversary of such Member's Vesting Commencement Date shall equal zero; (II) upon the occurrence of a Change of Control or a Termination of Contributions, each Profit Member's and Former Profit Member's Vested Percentage shall equal 100% and (III) in no event shall a Profit Member's Vested Percentage exceed 100%.

ARTICLE II
GENERAL PROVISIONS

2.01 Formation of Limited Liability Company; Foreign Qualification. The Class A Member formed the LLC as a limited liability company under the Act on November 10, 1999, by the filing on such date of the Certificate in the Office of the Secretary of State of the State of Delaware. The Certificate was amended by the filing of a certificate of amendment thereto, which was filed in the Office of the Secretary of State of the State of Delaware on December 10, 1999.

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 LLC was formed under the name CMG @Ventures IV, LLC. The name of the LLC was changed, effective December 10, 1999, to CMGI @Ventures IV, LLC. 2.03 Business of the LLC. The general character of the business of the LLC is to (a) make equity and equity-related investments 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 100 Brickstone Square, Andover, Massachusetts 01810. 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 Class B Members may at any time and from time in-to time change the LLC's principal place of business, establish additional places of business, change the LLC's registered agent or registered office in Delaware, and in each case shall promptly provide notice of any of such actions (identifying all such offices and agents) to all Members.

2.05 Duration of the LLC. The term of the LLC commenced on November 10, 1999, 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, provincial 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 Profit 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) Each Member shall be required to make Capital Contributions to the LLC in accordance with this Section 3.01.

(b) As and when the LLC requires capital, the Class A Member shall contribute the amount required, subject to and in accordance with the provisions of this Section 3.01(b).

(i) As and when the LLC requires capital to make an Investment, the Class B Members shall provide a notice (which notice may be given in writing or by electronic mail) to the Class A Member which describes (A) the Investment, (B) the aggregate purchase price of such proposed Investment, (C) the Unreimbursed Acquisition Expenses, if any, reasonably expected to be incurred in connection with the acquisition of the Investment, and (D) the expected date on which such Investment is proposed to be made. If the Class A Member approves the making of such Investment, it shall contribute to the capital of the LLC the aggregate purchase price and Unreimbursed Acquisition Expenses specified in the notice, on or before the date of the anticipated purchase of the Investment. The Class A Member may approve or disapprove the making of any proposed Investment in its sole and absolute discretion. If the Class A Member fails to notify the Class B Members of its decision with respect to the proposed Investment, it shall be deemed to have disapproved the proposed Investment.

(ii) As and when the LLC requires funds to finance its operations (other than amounts of the types described in Section 3.01(b)(i) above), the Class B Members shall notify the Class A Member of the amount required and the intended uses thereof (which notice may be given in writing or by electronic mail). Provided that such amounts and the purposes for which they are proposed to be used are consistent with the Budget for the LLC as then in effect, the Class A Member shall contribute the funds requested in the notice within 10 business days after receipt of such notice.

(iii) The Class B Members may call for capital from the Class A Member for any other purpose from time to time as needed; provided that the Class A Member shall not be obligated to contribute any such amount unless it consents thereto, which consent may be withheld in the Class A Member's sole and absolute discretion. In connection with any such call, the Class B Members shall provide to the Class A Member notice of a call for capital (which notice may be given in writing or by electronic mail), which notice shall specify the aggregate amount called for, a general statement of the purposes for which such capital call is being made, and the date on which the capital contribution is due (which date shall, to the extent reasonably practicable, be not less than 10 business days after the date of the notice).

(c) If and to the extent that upon dissolution of the LLC, the Profit Members as a group shall have received, during the term of the LLC, aggregate distributions which exceed an amount equal to 20% of the excess of (x) all distributions made by the LLC to all Members (other than distributions pursuant to Section 4.01(c)) over (y) the aggregate amount of the Capital Contributions made by the Class A Member to the LLC, then each Profit Member shall contribute to the LLC (which shall promptly distribute such amounts to the Class A Member) a portion of such amount based on the aggregate amount of distributions received by such Profit Member from the LLC as compared to the aggregate amount of distributions received by all Profit Members from the LLC. Any amount held for the benefit of a Profit Member in a Vesting Escrow shall be applied towards such Profit Member's contribution obligation hereunder, and the remaining amount of such obligation, if any, shall be funded by such Profit Member. Notwithstanding the foregoing, in no event shall any Profit Member be obligated to contribute to the LLC any amount pursuant to this clause (ii) in excess of (x) the total amount of distributions received by such Profit Member (or held in the Vesting Escrow for the benefit of such Profit Member) from the LLC minus (y) the cumulative Tax Distribution Amounts which such Profit Member would have received assuming for purposes of this clause (y) that the LLC had paid the maximum Tax Distribution Amount permitted under Section 4.01(d) in each fiscal year. The obligation of each Member to make Capital Contributions pursuant to this Section 3.01(c) shall survive the withdrawal, resignation or default of any Profit Member, and the occurrence of an Event of Forfeiture of any Profit Member (and the Capital Contribution obligation contemplated hereby shall be borne by all persons who at any time received distributions from the LLC in their capacities as Profit Members or Former Profit Members).

(d) The LLC shall maintain written records indicating the amount of Capital Contributed by the Class A Member to the LLC.

3.02 <u>No Additional Capital</u>. Except as provided in this Article III, 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 <u>Anticipated Operations of the LLC.</u>

(a) As and when the LLC acquires an Investment, the Class B Members shall create an Investment Schedule for such Investment, which shall be attached to this Agreement.

The Investment Schedule for each Investment shall reflect (a) the Portfolio Company issuing the securities, (b) the Acquisition Date, (d) the number and class or series of shares of such securities, (c) the aggregate purchase price of such Investment, (d) the Unreimbursed Acquisition Expenses incurred by the LLC in connection with the acquisition of such Investment, (e) the Investment Percentage Interest of each of the Members in such Investment (determined in the manner hereinafter provided) and (f) such other information, if any, as the Class B Members may deem appropriate.

(b) The Investment Percentage Interest of the Class A Member in each Investment (including Follow-on Investments) shall at all times equal 80%.

(c) Subject to Section 3.04, the Investment Percentage Interest of each Profit Member for whom an Event of Forfeiture has not occurred in any Investment shall be determined in the manner provided in this Section 3.03(c).

First, the Investment Percentage Interest, if any, of Charles Finnie ("Finnie") in the Investment shall be determined. If an Investment is identified to the LLC, and developed, by Finnie (taking into account all relevant facts and circumstances, including whether any other Member was aware of the particular investment opportunity), in accordance with the guidelines specified in the Finnie Letter Agreement, and Finnie will thereafter serve on the board of directors of the Investment as the LLC's designee and actively monitor such Investment, as specified in the Finnie Letter Agreement, Finnie's Investment Percentage Interest in such Investment shall be 2%; if an Investment is identified to the LLC, and developed, by Finnie (taking into account all relevant facts and circumstances, including whether any other Member was aware of the particular investment opportunity), in accordance with the guidelines specified in the Finne Letter Agreement, and Finnie will not thereafter serve on the board of directors of the investment as the LLC's designee, Finnie's Investment Percentage Interest in such Investment shall be 1%; and in all other cases Finnie's Investment Percentage Interest shall be zero. A Majority in Number of the Class B Members shall, in their reasonable judgment, make all determinations as to Finnie's Investment Percentage Interest, if any, in each Investment in accordance with the standards enumerated in this paragraph and the Finnie Letter Agreement. The Investment Percentage Interest of each other Profit Member (exclusive of any Profit Member for whom an Event of Forfeiture has occurred) in any Investment shall equal (I) 20% minus the Investment Percentage Interest, if any, of Finnie in such Investment multiplied by (II) a fraction (x) the numerator of which shall equal such Profit Member's Percentage Interest as of the date on which such Investment is made and (y) the denominator of which shall equal the aggregate Percentage Interests on such date of all Profit Members exclusive of those for whom an Event of Forfeiture has occurred. The Investment Percentage Interest of each Profit Member (including Finnie) in each Investment shall be subject to reduction upon the occurrence of an Event of Forfeiture. If Finnie's Investment Percentage Interest in a particular investment is initially fixed at 2%, and thereafter Finnie ceases to serve on the board of the directors of the Investment as the LLC's designee and to actively monitor such Investment (as determined by a Majority in Number of the Class B Members and in accordance with the Finnie Letter Agreement), Finnie's interest in such Investment shall be reduced to 1%, and the 1% interest in such Investment forfeited by Finnie shall be reallocated among the Class B Members participating in such Investment (exclusive of any Class B Member for whom an Event of

Forfeiture has occurred), pro rata based on their respective Investment Percentage Interests in such Investment.

3.04 Event of Forfeiture.

(a) Each Profit Member's Percentage Interest and Investment Percentage Interest in each Investment are subject to adjustment upon the occurrence of an Event of Forfeiture with respect to such Profit Member, as provided in this Section 3.04. In no event shall the provisions of this Section 3.04 be applicable to the interest of the Class A Member.

(b) Upon the occurrence of an Event of Forfeiture with respect to a Profit Member:

(i) Such Profit Member's Percentage Interest in the LLC shall, from and after the date of the Event of Forfeiture, be reduced to zero, and the Percentage Interest in the LLC of all Class B Members (exclusive of any Class B Member for whom an Event of Forfeiture has occurred) shall be increased by an aggregate amount equal to the amount of the Percentage Interest of the Profit Member for whom the Event of Forfeiture has occurred (such increase to be allocated among such Class B Members in proportion to their respective Percentage Interests immediately prior to the adjustment contemplated hereby).

(ii) If the Event of Forfeiture is not a Clause Z Event, such Profit Member's Investment Percentage Interest in each Investment in which such Profit Member participates shall be reduced to a Percentage determined by multiplying the Profit Member's initial Investment Percentage Interest by such Profit Member's then Vested Percentage; provided that, if the Event of Forfeiture is a Clause Y Event, Two-thirds in Number of the Class B Members may elect to permit such Profit Member to retain a greater Investment Percentage Interest in all or certain Investments, but in no event may such retained Investment Percentage Interest in any such Investment exceed such Profit Member's Investment Percentage Interest in such Investment immediately prior to the occurrence of the Event of Forfeiture. If the Event of Forfeiture is a Clause Z Event, such Profit Member's Investment Percentage Interest in each Investment in which such Profit Member participates shall be reduced to zero. The Investment Percentage Interest in each Investment of all Class B Members (exclusive of any Class B Member for whom an Event of Forfeiture has occurred) participating in such Investment shall be increased by an aggregate amount equal to the amount of the reduction in the Investment Percentage Interest of the Profit Member for whom the Event of Forfeiture has occurred (such increase to be allocated among them in proportion to such Class B Members' respective Investment Percentage Interests in such Investment immediately prior to the adjustment contemplated hereby).

(iii) Any amount held in any Vesting Escrow for the benefit of such Profit Member, to the extent allocable to the portion of each Investment forfeited under clause (ii) above, shall be forfeited. Amounts so forfeited shall (subject to the provisions of this Section 3.04 and Section 4.02) be allocated, on an Investment-by-Investment basis, to all Class B Members (exclusive of any Class B Member for whom an Event of Forfeiture has occurred) participating in each such Investment (such distributions to be allocated among them in

proportion to their respective Investment Percentage Interests in each such Investment immediately prior to the adjustment contemplated hereby).

(iv) Such Profit Member shall have no right to vote on or participate in any decision or matter on or in which Profit Members (or any Class thereof) are entitled to vote or participate and such Profit Member shall be disregarded for all purposes in determining the number of Class B or Class C Members which constitute a Majority in Number of the Class B or Class C Members, as applicable, or the number or percentage or Class B Members or Class C Members or Profit Members entitled to vote on any matter, as the case may be.

(c) A Profit Member with respect to whom an Event of Forfeiture has occurred: (i) shall not be entitled to participate in any Investment (including without limitation, a Follow-on Investment) made by the LLC after the date of the Event of Forfeiture; and (ii) automatically and without any action on the part of the LLC, such Profit Member or any other Member, shall be deemed to have withdrawn from the LLC on the first date on which the LLC no longer owns any Investment in which such Profit Member has an Investment Percentage Interest. In no event shall any portion of the interest of a Profit Member with respect to whom an Event of Forfeiture has occurred vest after the date of such Event of Forfeiture, including without limitation upon the occurrence of a Change of Control.

The Class B Members shall make all determinations under this Section 3.04 (including determinations as to when and whether an Event of Forfeiture has occurred, and the reduction in the Percentage Interest and Investment Percentage Interests of the affected Profit Member in connection therewith), in their reasonable discretion.

ARTICLE IV
DISTRIBUTIONS

4.01 Distribution of Net Investment Receipts and Distributable Other Cash.

(a) Net Investment Receipts of the LLC shall be distributed on an Investment-by-Investment basis. To the extent that such Net Investment Receipts constitute (x) Marketable Securities, or (y) cash realized from the sale or disposition of an Investment, such Net Investment Receipts shall be distributed (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. Distributable Other Cash shall be distributed, in such amounts as the Class B Members may determine, but not less frequently than quarterly, within 30 days following the last day of each fiscal quarter of the LLC. All other Net Investment Receipts shall be distributed at such times and in such amounts as the Class B Members may in their reasonable discretion determine. 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 Class B Members in good faith and in a manner consistent with the valuation procedures contained in Section 6.09.

(b) Subject to the provisions of Sections 4.02 and 9.02(b) below, Net Investment Receipts related to an Investment shall be distributed as follows:

(i) First, to the Class A Member, an amount equal to the Unreturned Fully Loaded Investment Cost with respect to the Investment generating the Net Investment Receipts (reduced by the amount of any Investment Loss previously realized with respect to such Investment);

(ii) Second, to the Class A Member until the aggregate amount distributed pursuant to this clause (ii) equals the aggregate cumulative amount of Investment Loss incurred by the LLC with respect to all Investments; and

(iii) The balance, if any, to the Members in proportion to their respective Investment Percentage Interests in the Investment generating the Net Investment Receipts on the date the LLC makes such distribution.

Notwithstanding the foregoing, distributions of Net Investment Receipts from the LLC's investment in Half.com shall be made in accordance with the provisions of Exhibit 1, but shall be subject to the provisions of Section 4.02 and all other provisions of this Agreement.

(c) Subject to the provisions of Section 9.02(b) below, Distributable Other Cash shall be distributed 100% to the Class A Member. (d) The Class B Members will use reasonable efforts to cause the LLC to distribute to each Member in each year the Tax Distribution Amount (as defined below), which amount shall be treated as an advance against future distributions to such Member pursuant to Section 4.01(b) above. The Tax Distribution Amount shall equal an amount which, when added to all distributions previously made to the Member pursuant to this Section 4.01 from the inception of the LLC, equals the product of (i) the Member's allocable share of the net taxable income of the LLC computed on an aggregate cumulative basis from the inception of the LLC and (ii) the Applicable Marginal Rate (as hereinafter defined). The "Applicable Marginal Rate" shall equal the higher of (x) the highest combined marginal rate of federal and Massachusetts state income tax applicable to individuals for any year since the inception of the LLC and (y) the highest combined marginal rate of federal and California state income tax applicable to individuals for any year since the inception of the LLC. Separate Tax Distribution Amounts shall be computed with respect to each Investment, and, to the extent practicable, the required distribution of the Tax Distribution Amount attributable to a particular Investment for a particular period shall be satisfied by a distribution of Net Investment Receipts attributable to such Investment. To the extent that the required distribution of the Tax Distribution Amount attributable to a particular Investment is satisfied by a distribution of Net Investment Receipts attributable to another Investment, rules similar to those set forth in Section III.B of Exhibit 2 shall apply.

4.02 Vesting Escrow.

(a) Notwithstanding the provisions of Section 4.01 above, the LLC shall distribute to each Profit Member on the date of any 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 3.04, if, on the last day of each calendar quarter following the date of the distribution with respect to any Investment, any Profit Member's Vested Percentage increases, then a portion of the Vesting Escrow of such Profit Member (proportionate to the amount of the increase in the Vested Percentage of such Profit Member) shall be disbursed from such Vesting Escrow to such Profit Member.

(b) The interest of the Class A 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 to Net Investment Receipts allocable to it pursuant to and in accordance with Section 4.01.

(c) Each of the Profit Members hereby agrees and acknowledges that, as a result of the operation of this Section 4.02, (i) such Profit Member may be allocated Net Profits and Net Losses of the LLC without corresponding distributions of Net Investment Receipts; (ii) the Class B Members are authorized to and may (but shall not be required to) invest amounts that are held in a Vesting Escrow in Short-Term Investments pending distribution of such amounts to the Profit Members; (iii) the LLC may hold in a Vesting Escrow securities which would otherwise have been distributed to such Profit Member, and the LLC shall be entitled to vote, transfer, sell, assign and exercise all rights of ownership with respect to all such securities prior to their distribution to the Profit Members in accordance with this Section 4.02; and (iv) amounts held in escrow pursuant to this Section 4.02 shall be irrevocably forfeited by a Profit Member from and after the date of any Event of Forfeiture with respect to such Profit Member. If any property which is held in escrow pursuant to this Section 4.02 is sold or otherwise disposed of, the proceeds of such sale or other disposition shall be substituted in the Vesting Escrow for such property, and released in accordance with Section 4.02(a) above at the same time such property would have been released from such Vesting Escrow.

(d) Upon (i) the discontinuance of the investing activities of the LLC, and with the approval of the Class A Member and a Majority in Number of the Class B Members, (ii) the occurrence of a Change of Control, or (iii) a Termination of Contributions, the Vested Percentage of each Profit Member shall be increased to one hundred percent (100%).

(e) The LLC may, at the request and on behalf of any Profit Member, engage in hedging activities with respect to securities held in the Vesting Escrow of such Profit Member, provided that (i) Two-thirds in Number of the Class B Members approves in advance any such hedging activities; (ii) the Profit 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 Profit Member's Vesting Escrow may not be used to settle any "hedged" position until such time as such securities are released to such Profit Member from such Vesting Escrow. The Class B Members, by action of Two-thirds in Number thereof, may determine to engage in hedging activities with respect to all of the LLC's securities of a Portfolio Company which are held in Vesting Escrows, in which case all Profit Members for whom a Vesting Escrow which includes such Portfolio Company security shall be bound by such hedging arrangements. The Profit Members agree and acknowledge that, if the LLC has engaged in hedging activities with respect to securities held in a Vesting Escrow pursuant to and in accordance with this Section 4.02(e), and an Event of Forfeiture occurs with respect to a Member

whose Vesting Escrow includes such hedged securities, then the Class B Members who are entitled to a share of the forfeited Vesting Escrow which includes such "hedged" securities will receive "hedged" securities upon such forfeiture. In no event shall the Class A Member or the LLC bear any of the costs associated with any hedging activities permitted by this paragraph.

Except as permitted in this Section 4.02(e), the LLC shall not engage in any other hedging activities except with the prior approval of the Class A Member.

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 Class B Members), 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. The LLC may, at any time and from time to time, make distributions in kind to the Members. 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) For each fiscal year (or shorter fiscal period for which an allocation of income, loss, gain, or deduction is to be made), Net Profits Attributable to Other Cash Receipts shall be allocated to the Class A Member.

(b) 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.

(c) If the amount of Net Profits or Net Losses allocable to the Members pursuant to Section 5.01(b) 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.

(d) Net Profits and Net Losses of the LLC shall be computed on an Investment-by-Investment basis. For purposes of such computation, expenses and deductions shall be allocated among the Investments, Short-Term Investments and other sources of Other Cash Receipts in a manner similar to that set forth in Exhibit 2 hereto relating to the allocation of Expenses. To the maximum extent not inconsistent with Sections 5.01(b) and (c) hereof or applicable provisions of the Treasury Regulations under Section 704 of the Code, for each fiscal year (or other relevant period), each Profit Member shall be allocated Net Profits with respect to any Investment in which such Member has an Investment Percentage Interest until the excess of the aggregate cumulative amount of Net Profits allocated to such Member attributable to such Investment for all fiscal years (or other relevant periods) over the aggregate cumulative amount of "Offsetting Net Losses" (as defined below) allocated to such Member with respect to such Investment for all fiscal years (or other relevant periods) equals the aggregate cumulative amount of Net Investment Receipts distributed (or distributable) to such Member with respect to such Investment for all fiscal years (or other relevant periods), and the balance of all Net Profits and Net Losses shall be allocated to the Class A Member. For purposes of the preceding sentence, an "Offsetting Net Loss" with respect to an Investment shall mean the amount of any Net Loss realized with respect to a second Investment that, in the reasonable discretion of the Class B Members, has the effect under Section 5.01(b) hereof of offsetting the amount of Net Profits (whether realized previously, simultaneously or subsequently) attributable to the first Investment.

(e) Notwithstanding Section 5.01(a) above, Net Profits and Net Losses attributable to any assets held in a Vesting Escrow shall be specially allocated to the Profit Member to whom such Vesting Escrow relates.

(f) Allocations of Net Profits and Net Losses provided for in this Section 5.01 shall generally be made as of the end of the fiscal year of the LLC; _provided, however_, that allocations of items of Net Profits and Net Losses described in clause (vii) of the definition of "Net Profits" and "Net Losses" shall be made at the time deemed realized as described in the definition of "Capital Account."

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 in the same manner as are Net Profits or Net Losses;

(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."

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) (including any amounts specified in Section 3.01(c) hereof) 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 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 a Member's Percentage Interest or Investment

Percentage Interest for any Investment, shall be treated as if a Member acquired 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 for a higher or lower number or percentage of Members, all decisions respecting any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the LLC, and all actions required to be taken "by the Class B Members" hereunder, shall be made by action of a Majority in Number of the Class B Members; provided that, Class B Members with respect to whom an Event of Forfeiture has occurred shall have no right to vote on or participate in any matter or decision to be made by the Class B Members and shall be disregarded for all purposes in determining the number of Class B Members which constitute a Majority in Number of the Class B Members. The Class C 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 Class B Members shall have the exclusive right and full authority to manage, conduct and operate the LLC business. Specifically, but not by way of limitation, the Class B Members (by action of such Majority in Number) 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;

(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 they may determine and upon such evidence as they 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 Class B Members, in their discretion, deem 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;

(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 they deem 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 Class B Members;

(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) Notwithstanding the foregoing, the Class B Members shall not be authorized to take any of the following actions without the prior approval of the Class A Member:

(i) to do any act that is in contravention of this Agreement or that is not consistent with the purposes of the LLC;

(ii) to do any act that would make it impossible to carry on the ordinary business of the LLC;

(iii) to guarantee the obligations of any Portfolio Company;

(iv) to invest more than $100 million in the securities of any one issuer;

(v) to incur expenses in amounts or for purposes which are not consistent with the provisions of the then applicable Budget; or

(vi) to take any other action which requires the consent or approval of the Class A Member pursuant to this Agreement.

Other than as set forth in this Section 6.01(c), the Class A Member shall not participate in the management or control of the LLC and shall have no authority to act for or bind the LLC.

(e) Any Class B 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 Class B 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 Class B 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.

(f) Each Class B Member is authorized to use the title "Managing Director" when acting on behalf of the LLC in the conduct of the LLC's business. The Class B Members may at any time and from time to time establish offices of the LLC, and elect officers thereto. Such officers may have such titles as the Class B Members may designate, including without limitation, "Managing Partner," "Partner" and "Associate." Such officers may, but shall not be required to be, Members of the LLC. In connection with the establishment of any office or title, the Class B Members shall determine the authority associated with such office and title. Any officer, or person holding any title, elected or designated in accordance with this Section 6.01(f) may be removed from such office at any time, with or without cause, by the Class B Members. If an Event of Forfeiture occurs with respect to any Member at any time at which such Member is serving as an officer of the LLC, such Member shall automatically, and without any action on the part of such Member or the LLC, be deemed to have resigned from all offices of the LLC which such Member then holds. If any officer or other titleholder is not a party to this Agreement, the Class B Members may extend to such person rights to indemnification from the LLC, on terms not more favorable than those provided to the Members in Section 6.04.

(g) The Class B Members, by action of Two-thirds in Number of the Class B Members exclusive of any Class B Member (if applicable) as to whom the determination is being made, shall determine whether or not "Cause" is present in connection with the termination of the relationship of a Profit Member with the LLC. Any such determination (whether in connection with a termination of relationship by the LLC or by the Profit Member) shall be made only after a hearing to consider the matter. Any such hearing shall be held only after written notice has been given to all Members, including the Profit Member proposed to be terminated or the Profit Member who has terminated the relationship, as the case may be. (If the determination is to be made after the termination of the relationship with the LLC by the Profit Member, such hearing must be held not later than 60 days after the later to occur of (x) the effective date of the termination or (y) the date the LLC is notified by the Profit Member of the termination.) Such notice must be given not less than 10 days prior to such hearing, and must specify the time and place at which the hearing will be held, and a general statement of the nature of the charges

against the Profit Member which is the subject of the determination. At such hearing, the Profit Member who is the subject of the hearing will have an opportunity to respond to the charges constituting Cause. None of the Members (including the Profit Member who is the subject of the hearing), may be represented at such hearing by counsel or other representatives. At the time any such notice is given, or any time thereafter, but prior to a decision of Two-thirds in Number of the Class B Members following the hearing, Two-thirds in Number of the Class B Members (exclusive of the Member proposed to be terminated, if a Class B Member) may immediately relieve the Profit Member proposed to be terminated of his or her duties and responsibilities hereunder pending a decision.

6.02 Tax Matters Partner. CMG @Ventures Capital Corp. 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.

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 Class B Members 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 Class A Member or an Indemnitee claiming by or through the Class A Member, it has been finally adjudicated by a court of competent jurisdiction, or (ii) in the case of any Profit Member or an Indemnitee claiming by or through the Profit Member, by the Class A Member, that (x) such person did not act in good faith and in a manner such person reasonably believed to be in 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 LLC; 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 Class B Members 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 the Member may participate at their own expense, in the defense of such Asserted Liability. If the Member chooses to defend any claim, the Member shall make available to the LLC 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, and, subject to Section 6.04(h) below, 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 Class B Members or the LLC may extend the indemnification called for by Section 6.04 to non-employee agents of the LLC.

(h) Notwithstanding any provision of this Agreement, including Section 3.01, to the contrary, 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 Class A Member shall contribute the amount required within 10 business days after receipt of notice from the Class B Members of the amount required and the nature of the liability (which notice may be given in writing or by electronic mail).

6.05 Budget; Certain Fees and Expenses.

(a) On or before June 1 of each year, the Class B Members shall prepare and submit to the Class A Member for its consideration a budget (herein referred to as the "Budget"), setting forth the estimated expenditures (capital, operating, and other) of the LLC for the 12-month period covered by the Budget (which shall be the 12 months commencing on the next succeeding August 1). If the Class A Member does not, within 45 days after receipt of the proposed Budget, indicate that it disapproves of all or any portion of the proposed Budget, then such budget shall be deemed to have been approved. When approved by the Class A Member, the Class B Members shall be authorized to implement the Budget and shall be authorized, without the need for further approval by the Class A Member, to make the expenditures and incur the obligations provided for in the Budget, in the name and on behalf of the LLC, and shall be authorized to call for contributions of capital to the LLC from the Class A Member in accordance with Section 3.01(b) in order to finance the operations of the LLC during the period covered by the Budget. Any Budget may be amended during any year with the approval of the Class A Member.

If the Class A Member does not approve the proposed Budget for any fiscal year of the Venture, the Class B Members and the Class A Member shall negotiate in good faith to resolve the disagreement. Prior to the date on which such disagreement has been resolved, the Class B Members shall implement during such period the operating (but not the capital) Budget adopted for the comparable portion of the preceding fiscal year, and shall be authorized, without the need for further approval by the Class A Member, to make the operating (but not capital) expenditures and incur ordinary obligations in the amounts provided for in such prior year's Budget, in the name and on behalf of the LLC, and to call for contributions of capital to the LLC from the Class A Member in accordance with Section 3.01(b) in order to finance the operations of the LLC in accordance with such prior year's Budget.

(b) All out-of-pocket expenses reasonably incurred by any Member in connection with the LLC's business (including an allocable share of certain overhead and similar expenses of the Class A Member) shall be paid by the LLC or reimbursed to the Member by the LLC.

6.06 Other Activities.

(a) Subject to Sections 6.06(b) and (c) and Section 6.07 below, 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. Neither the LLC nor any other Member shall have any rights in or to such ventures or opportunities or the income or profits therefrom. Each Profit Member shall be required to pay over to the LLC any cash or non-cash compensation or remuneration to which such Profit 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 Profit 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 Profit Member voluntarily, or (B) by the Employer for Cause, such Profit Member will not, directly or indirectly:

(x) recruit, solicit or induce, or attempt to induce, any employee of the Employer 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, the Employer 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 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 Profit 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 Profit 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.

(c) Each Profit Member agrees that during his or her employment by the Employer, he or she shall not invest in any Qualified Investment Opportunity (as hereinafter defined) which is made available to him or her unless such Profit Member has notified the LLC of such opportunity (which notice may be given orally) and the LLC has elected not to undertake such Qualified Investment Opportunity. If, within 14 days following the notice from the Profit Member to the LLC of such opportunity, the LLC fails to notify the Profit Member that it has determined to undertake such opportunity, the LLC shall be deemed to have elected not to undertake such opportunity. As used herein, a "Qualified Investment Opportunity" shall mean an investment which is suitable for the LLC, the total offered participation of which is $100,000 or more.

6.07 Commitment of Members. Each of the Profit Members hereby agrees to use its best efforts in connection with the purposes and objectives of the LLC and to devote to such purposes and objectives such of its business time and resources as shall be necessary for the management of the affairs of the LLC. Subject to the foregoing, if any Profit Member serves as a member of the board of directors (or in a similar capacity) of any company other than a Portfolio Company (or a company in which the Class A Member, CMGI or any investment vehicle affiliated with or sponsored by CMGI has invested), then such Profit Member shall be required to provide written notice to the LLC that the Profit Member is serving in such capacity.

6.08 Conflicts of Interest. No contract or transaction between the LLC and one or more of its Members or Affiliates, or between the LLC and any other corporation, partnership association or other organization in which one or more of its Members or Affiliates are directors, officers, members, managers or partners or have a financial interest, shall be void or voidable solely for such reason, or solely because the Member or Affiliate is present at or participates in any meeting of Class B Members which authorizes the contract or transaction, or solely because his, her or its votes are counted for such purpose, if:

(i) the material facts as to his, her or its interest as to the contract or transaction are disclosed or are known to the Members entitled to authorize such a contract or transaction and such Members thereafter authorize the contract or transaction by a vote sufficient for such purpose without counting the vote of any interested Member even though the disinterested Members may be less than a majority in number of the Members entitled to vote thereon; or

(ii) the material facts as to his, her or its interest and as to the contract or transaction are disclosed or are known to the Members entitled to vote thereon, and the contract or transaction is specifically approved by a vote of such Members; and

(iii) in the case of (i) or (ii), the contract or transaction is fair to the LLC or its Affiliates as of the time it is authorized, approved or ratified by the Members entitled to vote thereon.

6.09 Valuation of Investments.

(a) Subject to the provisions of Section 8.04, whenever valuation of the LLC's net worth or any particular asset of the LLC is required by this Agreement, the Class B Members shall, as of a reasonable valuation date established by them, 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 investment 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 publicly-traded securities owned by the LLC and which are not subject to any restrictions on transfer (including volume limitations) under applicable state and federal securities laws or any contractual arrangements to which the LLC is a party ("Liquid Securities") 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 and to the provisions of Section 8.04, 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 6.09 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) It is understood by the Members that some or all of the investments of the LLC may have no readily ascertainable market value and that, in all cases, the Class B Members are given a wide range of discretion in determining such values.

ARTICLE VII
BOOKS, RECORDS AND BANK ACCOUNTS

7.01 Books and Records. The Class B Members 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 Members 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. The Class B Members 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 Members 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 Class B Members 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 Class B Members in connection with the business of the LLC, and in which shall be deposited any and all cash receipts of the LLC. All deposits and funds not needed for the operations of the LLC may be invested in such short-term investments as the Class B Members may determine. All such amounts shall be and remain the property of the LLC, and shall be received, held and disbursed by the Class B Members 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 Class B Members 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) an unaudited balance sheet of the LLC as of the last day of such

fiscal year, and unaudited financial statements of the LLC for such fiscal year. 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.

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 Profit 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 Class A Member and (ii) Two-thirds in Number of the Class B 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 a Profit 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). Subject to Sections 8.01(b) and 8.04 below, the Class A 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 (i) the Class A Member and (ii) Two-thirds in Number of the Class B Members, (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 Class A and Class B 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 a Profit Member, the Class A Member and Two-thirds in Number of the Class B Members (exclusive of the assignor) consent to such substitution, the granting or denying of which consent shall be in the other Members' absolute discretion;

(iii) in the case of an assignee of the Class A Member, a Majority in Number of the Class B Members consent to such substitution, the granting or denying of which consent shall be in the Class B Members' absolute discretion, except that, in the case of a transfer of all or substantially all of the business or assets of CMGI (by sale of assets, sale of stock, merger or otherwise), including its indirect interest in the LLC, no such consent of the Class B Members shall be required;

(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 Class B Members and recorded on the books of the LLC. The Class B Members 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 (including without limitation, Section 6.01(a) or (b)) 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 <u>Additional Members.</u>

(a) Except as provided in Section 8.01, additional Members may be admitted to the LLC only upon the written consent of the Class A Member and Two-thirds in Number of the Class B Members. Any such consent shall specify (i) the capital contribution, if any, and the

Percentage Interest of the additional Member, (ii) the class of membership interest to be owned by such additional Member, and (iii) any other rights and obligations of such additional Member. Such approval shall bind all Members. In connection with any such admission of an additional Member, this Agreement (including Schedules A and B) shall be amended to reflect the additional Member, its capital contribution, if any, its Percentage Interest, its Vesting Commencement Date, and any other rights and obligations of the additional Member. In connection with any such admission of an additional Member, the Percentage Interest or other rights and interests of each Class A Member and Class C Member in the LLC may not be diluted or otherwise modified or adjusted without the specific written consent of such Class A or Class C Member.

(b) Unless all Class B Members (exclusive of those with respect to whom an Event of Forfeiture has occurred) otherwise agree, in connection with the admission of any additional Class B or Class C Member to the LLC, the Percentage Interests of all Class B Members shall be diluted proportionately based on their respective Percentage Interests immediately prior to any such admission.

(c) Each Class B Member, and each person who is hereinafter admitted to the LLC as a Class B Member, hereby (i) 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, and (ii) acknowledges that, in connection with any admission of any such person, such Member's interest in allocations of Net Profits and Net Losses and distributions of cash and property of the LLC, and net proceeds upon liquidation of the LLC, may be diluted or otherwise altered (subject to the provisions of this Section 8.02).

(d) 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, the Class A Member and Two-thirds in Number of the Class B Members, and any such amendment shall be binding upon all of the Members.

8.03 Reallocation of Percentage Interests.

(a) The Class B Members, by action of Two-thirds in Number of the Class B Members, may, not later than 10 business days following the commencement of any fiscal year, elect to modify the respective Percentage Interests of the Class B Members. Any such determination to modify the Percentage Interests of the Class B Members shall be made based on the respective professional and managerial contribution and anticipated contribution to the business of the LLC of the Class B Members, and any such determination shall take effect as of the first day of such fiscal year, and shall not otherwise have any retroactive effect. In no event shall the Percentage Interest of the Class A Member or any Class C Member be modified or adjusted as a result of this Section 8.03(a). In connection with any such adjustment to the interests of the Members, Schedule B shall be amended accordingly, and all Members shall be bound by the determination of Two-thirds in Number of the Class B Members.

(b) 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 the respective Percentage Interests of the Class C Members. Any such determination to modify the Percentage Interests of the Class C Members shall be made based on the respective professional and managerial contribution and anticipated contribution to the business of the LLC of the Class C Members, and any such determination shall take effect following any such determination, and shall not have any retroactive effect. In no event shall the Percentage Interest of the Class A Member be modified or adjusted as a result of this Section 8.03(b). If, as a result of any such adjustment, the aggregate Percentage Interests of the Class C Members increase, the aggregate Percentage Interests of the Class B Members shall be proportionately reduced. If, as a result of any such adjustment, the aggregate Percentage Interests of the Class C Members decrease, the aggregate Percentage Interests of the Class B Members (exclusive of any Class B Members for whom an Event of Forfeiture has occurred) shall be proportionately increased. Schedule B shall be amended to reflect any changes made in accordance with this Section 8.03(b), and all Members shall be bound by the determination of Two-thirds in Number of the Class B Members.

8.04 Change of Control.

(a) Upon a Qualifying Change of Control, as hereinafter defined, the LLC shall repurchase all, and not less than all, of the interest of each Profit Member and each Former Profit Member, at the individual election (an "Initial Election") of each Profit Member and each Former Profit Member (such election to be made in writing to the Class A Member within two (2) months of the date of such Qualifying Change of Control). The aggregate purchase price for all such interests (the "Aggregate Change of Control Purchase Price") shall be paid in cash, in an amount equal to twenty percent (20%) of the Fair Market Value of the LLC (determined as provided in 8.04(b) below) in excess of an amount equal to the Class A Member's "Unrecovered Capital Contribution." The Class A Member's "Unrecovered Capital Contribution" shall equal the excess of (x) the aggregate capital contributions made by the Class A Member to the LLC over (y) the aggregate amount distributed to the Class A Member pursuant to Section 4.01(b)(i) and (ii). The Aggregate Change of Control Purchase Price shall be allocated among all Profit Members and Former Profit Members pro rata based on the respective amounts which would be distributed to them if all of the LLC's assets were distributed to the Members pursuant to Section 4.01 at the time of the Qualifying Change of Control (and the portion of the Aggregate Change of Control Purchase Price so determined for each Profit Member or Former Profit Member is hereinafter referred to as such person's "Change of Control Purchase Price").

(b) For purposes of determining the Aggregate Change of Control Purchase Price, the Fair Market Value of the LLC (determined as if the LLC were a publicly traded entity) shall be determined by an independent firm of investment bankers of national reputation (the "Appraiser"), acceptable to both (i) a majority of all the members of the Board of Directors of the Class A Member and (ii) a Majority in Number of the Class B Members. The Appraiser must be selected within one (1) month of the date of the Qualifying Change of Control. If a majority of all the members of the Board of Directors of the Class A Member and a Majority in Number of the Class B Members fail to agree on an Appraiser, then each shall select an independent firm of investment bankers of national reputation and those two firms shall select an Appraiser in any case within two (2) months following the date of the Qualifying Change of Control. The Fair Market Value of the LLC shall be the fair market value of the LLC

determined by the Appraiser as if the LLC were a publicly traded entity at the time of the Qualifying Change of Control. In determining the Fair Market Value of the LLC as if it were a publicly traded entity, the Appraiser shall give primary and substantial weight as a relevant frame of reference to the fair market value of the LLC determined in accordance with the following methodology:

(i) The Appraiser shall first determine the consideration or value belonging or accruing to all the stockholders of CMGI as the ultimate owners of both (A) 100% of the Unrecovered Capital and 80% of the profits of the LLC and (B) all the other assets of CMGI, at the time of the Qualifying Change of Control, which consideration or value shall be deemed to be equal to the Common Stock Price, as hereinafter defined, multiplied by the number of shares of Common Stock of CMGI outstanding at the time of the Qualifying Change of Control determined after giving effect to (X) the conversion of all convertible securities of CMGI and (Y) the exercise of all options to acquire equity securities in CMGI, whether or not exercisable, outstanding at such time. As used herein, the "Common Stock Price" shall mean the average of the closing prices of CMGI Common Stock as quoted on the Nasdaq National Market for each of the ten business days immediately preceding the date upon which the Qualifying Change of Control occurs.

(ii) The Appraiser shall then deduct from that consideration or value (A) all cash, cash equivalents and the amount of any invested cash held directly or indirectly by CMGI (including, without limitation, all Unrecovered Capital Contributions of the Class A Member as appearing on the books of the LLC) and (B) the fair market value of CMGI's other core businesses (excluding the LLC and its Investments, Portfolio Companies and other activities) comprised of companies, tangible assets and operating divisions to the extent owned by CMGI (determined as if these other core businesses were, in the aggregate, a separate publicly traded entity), the fair market value of which shall also be determined by the Appraiser as of the time of the Qualifying Change of Control. The purpose of this calculation is to determine the value of the LLC considered as if it were a publicly traded entity at the time of the Qualifying Change of Control by determining that portion of the value of CMGI as measured by the Common Stock Price (less cash, cash equivalents and the amount of any invested cash including the Unrecovered Capital Contribution and the appraised value of CMGI's interest in other core businesses) which reflects the value of all the LLC's Internet-related Investments, Portfolio Companies and activities which have been invested in by the LLC determined as if the LLC were a publicly traded entity owned by the stockholders of CMGI immediately prior to the time of the Qualifying Change of Control with the remainder of the value of CMGI as measured by the Common Stock Price reflecting the value of CMGI's other core businesses (excluding the LLC and its investments, Portfolio Companies and other activities) determined as if those other core businesses were a separate publicly traded entity also owned by the stockholders of CMGI immediately prior to the time of the Qualifying Change of Control.

The Appraiser must first determine the Fair Market Value of the LLC determined as if it were a publicly traded entity by applying the methodology set forth above, because the Members agree and acknowledge that such methodology is the best available evidence of the actual value of the LLC as if it were a publicly traded entity at the time of the Qualifying Change of Control to the extent that the Common Stock Price reflects the Fair Market Value of the LLC.

Thereafter, the Appraiser, in its discretion, may also (but need not) consider and take into account the following criteria in descending order of importance:

(x) The fair market value of other publicly traded entities dealing primarily in Internet-related investments and activities of a kind similar to those of the LLC; and

(y) The Fair Market Value of the LLC (determined as if the LLC were a publicly traded entity) taken as a whole after taking into account the future earnings potential business prospects of all its various Internet-related investments and activities taken as a whole, with particular emphasis on the LLC's business plan and strategy for implementing that plan, taken as a whole, and the general market conditions in the venture capital industry for Internet-related investments and activities of the kind owned by the LLC.

In determining the Fair Market Value of the LLC, the Appraiser in no event shall determine the individual value of each of the investments of the LLC and then add these values together because such a methodology would fail to take into account the overall business plan and strategy of the LLC to build a business comprised of Internet-related investments and activities which complement and support each other as parts of an overall strategy for the development of an Internet business), but must in all events consider the Fair Market Value of the LLC taken as a whole.

(c) Upon a Change of Control, as hereinafter defined, each Profit Member's interest shall no longer be subject to the provisions of Section 3.04 (except to the extent such provisions have already been applied to adjust the interest of a Profit Member), provided, however, that the provisions of the second sentence of Section 3.04(b)(ii) and other provisions which apply upon the occurrence of a Clause Z Event shall continue to be applicable in the case of Profit Members and Former Profit Members (i.e., their Investment Percentage Interests shall be subject to complete forfeiture upon the occurrence of a Clause Z Event).

(d) The LLC, the Class A Member, and CMGI shall be jointly and severally liable to each Profit Member and Former Profit Member for the payment of his or her Change of Control Purchase Price with respect to the LLC's purchase of the interest of such Profit Member or Former Profit Member this Section 8.04.

(e) Upon the consummation of the purchase by the LLC of any of the interests of the Profit Members or Former Profit Members upon a Qualifying Change of Control pursuant to this Section 8.04, the Class A Member may, in its sole discretion, and without the approval of the Class B Members (i) treat such interests as being redeemed by the LLC or (ii) admit additional Class B and/or Class C Members in accordance with Section 8.02 hereof and award to the additional Class B and/or Class C Members any or all of the repurchased interests, and no such admission or award shall require the approval of any other Member.

(f) For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred when there has occurred a change of control of CMGI (i) which has not been approved by a majority of all the members of the Board of Directors of CMGI, or (ii) which has

been approved by a majority of all the members of the Board of Directors of CMGI but which has not been approved by a Majority in Number of the Class B Members and which is likely by its terms to have a material adverse effect upon the business and prospects of the LLC as currently, or planned to be, conducted, and which change of control in either event is of a nature that would be required to be reported in response to Items 6(e) or 14(i), (iv), or (v) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") provided that, in the case of a Change of Control reportable under Item 6(e), such Change of Control involves the acquisition by any "person" (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act, but expressly excluding David S. Wetherell) of beneficial ownership, directly or indirectly, of securities or interests in CMGI which represent more than forty percent (40%) of the combined voting power of CMGI's outstanding securities. For purposes of this Agreement, a "Change of Control" shall also be deemed to have occurred when there has occurred a change of control of the Class A Member (i) which has not been approved by a majority of all the members of the Board of Directors of CMGI, or (ii) which has been approved by a majority of all the members of the Board of Directors of CMGI but which has not been approved by a Majority in Number of the Class B Members and which is likely by its terms to have a material adverse effect upon the business and prospects of the LLC as currently, or planned to be, conducted, and which change of control in either event involves (A) the acquisition by any "person" (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) of beneficial ownership, directly or indirectly, of securities or interests in the Class A Member which represents more than fifty percent (50%) of the combined voting power of the Class A Member's outstanding securities, or (B) a sale of all or substantially all of the assets of the LLC or of the Class A Member, or (C) either the merger or consolidation of the LLC or the Class A Member with another entity which is the surviving entity of such merger or consolidation provided that such other entity, prior to such merger or consolidation, was not controlled directly or indirectly by CMGI. A "Qualifying Change of Control" shall mean any Change of Control which is described in clause (i) of either of the two preceding sentences.

(g) All fees and expenses associated with the appraisal process set forth above shall be paid by CMGI.

(h) Each Profit Member or Former Profit Member making an Initial Election to have his or her interest repurchased by the LLC as provided in Section 8.04(a) above following a Qualifying Change of Control shall have one (1) month following the determination of such person's Change of Control Purchase Price as provided above to reconsider and withdraw such Initial Election. Any withdrawal of an Initial Election must be made by the Profit Member or Former Profit Member by written notice to the Class A Member within said one (1) month period. In the event any such Initial Election is not withdrawn in a timely manner, then it shall become final and binding on the parties and the LLC shall proceed to repurchase the interest owned by such Profit Member or Former Profit Member within two (2) months following the date of the determination of the Change of Control Purchase Price as provided above. In the event that any Profit Member or Former Profit Member fails to make a timely Initial Election to have his or her interest purchased by the LLC as provided in Section 8.04(a) above following a Qualifying Change of Control, such right shall immediately become null and void and shall be of no further force or effect with respect to that Qualifying Change of Control, but such Profit Member or Former Profit Member shall retain his or her rights hereunder with respect to any other or future Qualifying Change of Control.

ARTICLE IX
DISSOLUTION AND TERMINATION

9.01 Events of Dissolution.

(a) The LLC shall be dissolved:

(i) on a date designated in writing by (A) the Class A Member and (B) Two-thirds in Number of the Class B Members;

(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 Class B Members (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 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 net of any liabilities. No Member other than the Class A Member shall have any right or interest in or to the name "@Ventures" and all rights and interest in such name shall, upon termination of the LLC, be assigned and transferred to the Class A Member.

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 3.04 and Article VIII), this Agreement may be amended or modified only by (i) the Class A Member and (ii) a Majority in Number of the Class B Members; provided that (x) no such amendment shall increase the liability of, increase the obligations of or disproportionately adversely affect the interest of, any Member without the specific approval of such Member (other than upon the occurrence of an Event of Forfeiture, upon admission of a Profit Member in accordance with Section 8.02 or upon the adjustment of the Percentage Interests of the Class B Members in accordance with Section 8.03); (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 Class A Member and (ii) Class B Members holding not less than two-thirds of all Percentage Interests held by all Class B 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 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.

10.7 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.

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.

[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.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By: /s/Andrew J. Hajducky_III

Name Andrew J. Hajducky III

Title Chief Financial Officer

CLASS B MEMBERS:

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ John Scott Case

John Scott Case

/s/ Gary Curtis

Gary Curtis

/s/ Josh Daniels

Josh Daniels

/s/ Brad Garlinghouse

Brad Garlinghouse

/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

CLASS C MEMBERS:

/s/Denise Ames

Denise Ames

/s/Mainini Cabute

Mainini Cabute

/s/Charles Finnie

Charles Finnie

/s/Matthew Jennings

Matthew Jennings

/s/John LaBarre

John LaBarre

/s/Daniel Pawliw

Daniel Pawliw

/s/Jim Quagliaroli

Jim Quagliaroli

/s/Janet Veino

Janet Veino

CMGI INC. (solely for purposes of confirming
its obligations under Section 8.04(d) and (g) above):

By /s/ Andrew J. Hajducky III

Name Andrew J. Hajducky III

Title Chief Financial Officer

FIRST AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FIRST AMENDMENT, dated as of the 16th day of June, 2000, to the Limited Liability Company Agreement dated as of June 1, 2000 (the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among the persons named as the Class A Member and a Majority in Number of the Class B Members on Schedule A to the Agreement, and Denise McCabe ("McCabe") and Peter Cochran ("Cochran"). 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, desiring to admit each of McCabe and Cochran to the LLC as a Class C Member, effective as of the date hereof, hereby amend the Agreement as follows.

1. Admission of McCabe and Cochran. Effective as of the date hereof, Schedules A and B to the Agreement are hereby deleted, and Schedules A and B attached hereto are substituted therefor, in order to reflect (i) the admission of McCabe and Cochran as Class C Members, each with the respective Percentage Interest specified opposite his or her name on Schedule B, and (ii) the reduction of the Percentage Interests of each of the Class B Members in connection with such admission, as contemplated by Section 8.02(b) of the Agreement.

2. Agreement of McCabe and Cochran. Each of McCabe and Cochran, by her or his execution and delivery of this Amendment: (a) hereby agrees to be bound by all of the covenants, terms and conditions of the Agreement, including without limitation, the obligation to make capital contributions to the LLC pursuant to Section 3.01(c) of the Agreement; (b) hereby agrees to perform all of the obligations arising under the Agreement from and after the date hereof with respect to the interest in the LLC acquired by her or him as a Class C Member; and (c) hereby ratifies and confirms all actions taken by the LLC to date.

Without limiting the foregoing:

(i) Each of McCabe and Cochran hereby acknowledges that she or he has received and reviewed a copy of the Agreement, and understands the restrictions imposed upon her or him, in her or his capacity as a Class C Member of the LLC.

(ii) Each of McCabe and Cochran agrees and acknowledges that: (A) her or his interest in the LLC is subject to modification and forfeiture, all as more fully described in Sections 6.01(d), 8.02, 8.03 and 3.04 of the Agreement; (B) she or he understands that pursuant to Section 6.07 of the Agreement she or he has agreed to devote the substantial portion of her or his business time to the conduct of the business of the LLC and that pursuant to Section 6.06, she or he has agreed to certain restrictions on her or his business activities; (C) her or his interest in the LLC may not be assigned or transferred, except in compliance with the Agreement, including without limitation,

Section 8.01; and (D) she or he has had such opportunity as she or he has deemed adequate to ask questions of and receive answers from the LLC or other representatives of the LLC concerning the LLC, and to obtain from representatives of the LLC such information regarding the LLC, which the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate her or his participation in the LLC.

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.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/Andrew J. Hajducky III

Name Andrew J. Hajducky III

Title Chief Executive Officer

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/Jonathan Callaghan

Jonathan Callaghan

/s/John Scott Case

John Scott Case

/s/Gary Curtis

Gary Curtis

/s/Josh Daniels

Josh Daniels

/s/Brad Garlinghouse

Brad Garlinghouse

/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

MEMBERS ADMITTED HEREBY:

/s/Denise McCabe
- ----------------------------
Denise McCabe

/s/Peter Cochran
- ----------------------------
Peter Cochran

SECOND AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS SECOND AMENDMENT, dated as of the 22/nd/ day of August, 2000, to the Limited Liability Company Agreement dated as of June 1, 2000 (the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among the persons named as the Class A Member and a Majority in Number of the Class B Members on Schedule A to the Agreement, and Lynne Haro ("Haro"). 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, desiring to admit Lynne Haro to the LLC as a Class C Member, effective as of the date hereof, hereby amend the Agreement as follows.

1. Admission of Haro. Effective as of the date hereof, Schedules A and B to the Agreement are hereby deleted, and Schedules A and B attached hereto are substituted therefor, in order to reflect (i) the admission of Haro as a Class C Member, with the Percentage Interest specified on Schedule B, and (ii) the reduction of the Percentage Interests of each of the Class B Members in connection with such admission, as contemplated by Section 8.02(b) of the Agreement.

2. Agreement of Haro. Haro, by her execution and delivery of this Amendment: (a) hereby agrees to be bound by all of the covenants, terms and conditions of the Agreement, including without limitation, the obligation to make capital contributions to the LLC pursuant to Section 3.01(c) of the Agreement; (b) hereby agrees to perform all of the obligations arising under the Agreement from and after the date hereof with respect to the interest in the LLC acquired by her as a Class C Member; and (c) hereby ratifies and confirms all actions taken by the LLC to date.

Without limiting the foregoing:

(i) Haro hereby acknowledges that she has received and reviewed a copy of the Agreement, and understands the restrictions imposed upon her, in her capacity as a Class C Member of the LLC.

(ii) Haro agrees and acknowledges that: (A) her interest in the LLC is subject to modification and forfeiture, all as more fully described in Sections 6.01(d), 8.02, 8.03 and 3.04 of the Agreement; (B) she understands that pursuant to Section 6.07 of the Agreements he has agreed to devote the substantial portion of her business time to the conduct of the business of the LLC and that pursuant to Section 6.06, she has agreed to certain restrictions on her business activities; (C) her interest in the LLC may not be assigned or transferred, except in compliance with the Agreement, including without limitation, Section 8.01; and (D) she has had such opportunity as he has deemed adequate to ask questions of and receive answers from the LLC or other representatives of the LLC

concerning the LLC, and to obtain from representatives of the LLC such information regarding the LLC, which the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate her participation in the LLC.

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.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/Andrew J. Hajducky III

Name Andrew J. Hajducky III

Title Chief Financial Officer

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/Jonathan Callaghan
Jonathan Callaghan

/s/John Scott Case
John Scott Case

/s/Gary Curtis
Gary Curtis

/s/Josh Daniels
Josh Daniels

/s/Brad Garlinghouse
Brad Garlinghouse

/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

MEMBER ADMITTED HEREBY:

/s/ Lynne Haro
- --------------
Lynne Haro

THIRD AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS THIRD AMENDMENT, dated as of the 6th day of September, 2000, to the Limited Liability Company Agreement dated as of June 1, 2000 (the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among the persons named as the Class A Member and a Majority in Number of the Class B Members on Schedule A to the Agreement, and Cara McCauley ("McCauley"). 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, desiring to admit Cara McCauley to the LLC as a Class C Member, effective as of the date hereof, hereby amend the Agreement as follows.

1. Admission of McCauley. Effective as of the date hereof, Schedules A and B to the Agreement are hereby deleted, and Schedules A and B attached hereto are substituted therefor, in order to reflect (i) the admission of McCauley as a Class C Member, with the Percentage Interest specified on Schedule B, and (ii) the reduction of the Percentage Interests of each of the Class B Members in connection with such admission, as contemplated by Section 8.02(b) of the Agreement.

2. Agreement of McCauley. McCauley, by her execution and delivery of this Amendment: (a) hereby agrees to be bound by all of the covenants, terms and conditions of the Agreement, including without limitation, the obligation to make capital contributions to the LLC pursuant to Section 3.01(c) of the Agreement; (b) hereby agrees to perform all of the obligations arising under the Agreement from and after the date hereof with respect to the interest in the LLC acquired by her as a Class C Member; and (c) hereby ratifies and confirms all actions taken by the LLC to date.

Without limiting the foregoing:

(i) McCauley hereby acknowledges that she has received and reviewed a copy of the Agreement, and understands the restrictions imposed upon her, in her capacity as a Class C Member of the LLC.

(ii) McCauley agrees and acknowledges that: (A) her interest in the LLC is subject to modification and forfeiture, all as more fully described in Sections 6.01(d), 8.02, 8.03 and 3.04 of the Agreement; (B) she understands that pursuant to Section 6.07 of the Agreement she has agreed to devote the substantial portion of her business time to the conduct of the business of the LLC and that pursuant to Section 6.06, she has agreed to certain restrictions on her business activities; (C) her interest in the LLC may not be assigned or transferred, except in compliance with the Agreement, including without limitation, Section 8.01; and (D) she has had such opportunity as he has deemed adequate

to ask questions of and receive answers from the LLC or other representatives of the LLC concerning the LLC, and to obtain from representatives of the LLC such information regarding the LLC, which the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate her participation in the LLC.

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.

CLASS A MEMBER:

CMG @VENTURES CAPITAL CORP.

By /s/ Andrew J. Hajducky III

Name Andrew J. Hajducky III

Title Chief Financial Officer

CLASS B MEMBERS (to be signed by a Majority in Number hereof):

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ John Scott Case

John Scott Case

/s/ Gary Curtis

Gary Curtis

/s/ Josh Daniels

Josh Daniels

/s/ Brad Garlinghouse

Brad Garlinghouse

/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

MEMBER ADMITTED HEREBY:

/s/ Cara McCauley
- -----------------
Cara McCauley

FOURTH AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FOURTH AMENDMENT, dated as of the first day of December, 2000, to the Limited Liability Company Agreement dated as of June 1, 2000 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among Two-thirds in Number of the Class B Members named on Schedule A to the Agreement, and Denise Ames. 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 Ms. Ames in Respect of Event of Termination. Effective as of the date hereof, Ms. Ames' relationship with all Employers has terminated, and such termination constitutes an Event of Forfeiture. The Members and Ms. Ames 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) Ms. Ames' Vested Percentage shall equal 20%. Therefore, effective as of the date hereof, (a) Ms. Ames' Percentage Interest has been reduced to zero; (b) Ms. Ames' Investment Percentage Interest in each Investment in which she 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 Ms. Ames which is attributable to the portion of her interest which has been forfeited effective as of the date hereof shall be forfeited as provided in Section 3.04(b)(iii). Ms. Ames shall continue to be subject to all other provisions of the Agreement, including without limitation, Sections 3.01(c), and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

2. Amendment to Schedule B. Schedule B to the Agreement is hereby deleted, and Schedule B attached hereto is substituted therefor, in order to reflect, effective as of the date hereof: (a) the matters described in Section 1 of this Amendment, (b) an increase in the Percentage Interest of James Quagliaroli made pursuant to Section 8.03(b) of the Agreement, and (c) the modification of the Percentage Interests of the Class B Members as a result of the foregoing.

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.

CLASS B MEMBERS (to be signed by a Two-thirds in Number hereof):

/s/ Brad Garlinghouse

Brad Garlinghouse

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ John Scott Case

John Scott Case

/s/ Gary Curtis

Gary Curtis

/s/ Josh Daniels

Josh Daniels

/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

/s/ Denise Ames
- ---------------
Denise Ames

FIFTH AMENDMENT TO
LIMITED LIABILITY COMPANY AGREEMENT
OF
CMGI @VENTURES IV, LLC

THIS FIFTH AMENDMENT, dated as of the first day of January, 2001, to the Limited Liability Company Agreement dated as of June 1, 2000 (as amended to date, the "Agreement"), of CMGI @Ventures IV, LLC, a Delaware limited liability company (the "LLC"), is by and among Two-thirds in Number of the Class B Members named on *Schedule A* to the Agreement, and Brad Garlinghouse. 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 20%. 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(c), and 6.06(b), and the last sentence in the definition of the term "Event of Forfeiture."

2. *Amendment to Schedule B*. *Schedule B* to the Agreement is hereby deleted, and *Schedule B* attached hereto is substituted therefor, in order to reflect, effective as of the date hereof: (a) the matters described in Section 1 of this Amendment, (b) an increase in the Percentage Interest of John LaBarre made pursuant to Section 8.03(b) of the Agreement, and (c) the modification of the Percentage Interests of the Class B Members as a result of the foregoing.

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.

CLASS B MEMBERS (to be signed by Two-thirds in Number hereof):

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ John Scott Case

John Scott Case

/s/ Gary Curtis

Gary Curtis

/s/ Josh Daniels

Josh Daniels

/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

/s/ Brad Garlinghouse
- ---------------------
Brad Garlinghouse