

CMGI INC
Form S-4
June 11, 2004
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As filed with the Securities and Exchange Commission on June 14, 2004

Registration No. []

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CMGI, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)

04-2921333
(I.R.S. Employer
Identification No.)

425 Medford Street

Charlestown, Massachusetts 02129

(617) 886-4500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PETER L. GRAY, ESQ.

Executive Vice President and General Counsel

CMGI, INC.

425 Medford Street

Charlestown, Massachusetts 02129

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(617) 886-4500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

MARK D. GERSTEIN, ESQ.

MARK G. BORDEN, ESQ.

DAVID M. HERNAND, ESQ.

PHILIP P. ROSSETTI, ESQ.

Latham & Watkins, LLP

Wilmer Cutler Pickering

233 South Wacker Drive

Hale and Dorr LLP

Chicago, Illinois 60606-6401

60 State Street

(312) 876-7700

Boston, Massachusetts 02109

(617) 526-6000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction of all other conditions under the merger agreement described herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ..

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ..

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ..

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value \$0.01 per share	77,662,721(1)	N/A	\$ 3,798,000(2)	\$ 485.00
Common Stock, par value \$0.01 per share	62,811,878(3)	N/A	N/A	N/A(4)

- (1) Represents an estimate of the maximum number of common shares of the registrant that it expects will be issuable to stockholders of Modus Media, Inc. pursuant to the agreement and plan of merger between the registrant, Westwood Acquisition Corp. and Modus Media, Inc. The maximum number of shares equals the purchase price of \$157,500,000 divided by \$2.028. Pursuant to the agreement and plan of merger, \$2.028 is the lowest average closing price of CMGI common stock during the 20 trading days ending immediately prior to the second trading day preceding the completion of the merger that is to be used in the calculation of the exchange ratio.
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended, and calculated in accordance with Rule 457(f)(2). Pursuant to Rule 457(f)(2), the proposed maximum offering price of the registrant's common stock was calculated based on the book value of Modus Media, Inc. securities being received in this transaction as of March 31, 2004, the latest practicable date prior to the date of filing of this registration statement.
- (3) Represents an estimate of the number of shares of CMGI common stock being registered for resale by the selling stockholders named in this registration statement, all of which are issuable in connection with the merger in exchange for shares of Modus Media, Inc. common stock.
- (4) No filing fee is required with respect to the resale shares pursuant to Rule 457(f)(5) of the Securities Act of 1933.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the

Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Modus Media, Inc.

690 Canton Street

Westwood, Massachusetts 02090

A MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

To Our Stockholders:

You are cordially invited to attend a special stockholders' meeting of Modus Media, Inc. to be held on _____, 2004 at _____:00 _____m. local time at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, 26th Floor, Boston, Massachusetts, at which time we will ask you to consider and vote upon a proposal to adopt the merger agreement among Modus, CMGI, Inc. and a wholly-owned subsidiary of CMGI. The Modus Board of Directors has already approved the merger agreement.

If the merger agreement is adopted, Modus will become a wholly-owned subsidiary of CMGI and you will receive a certain number of shares of CMGI common stock for each share of common stock, non-voting common stock or series B common stock of Modus (which we refer to collectively as Modus common stock) that you own at the time of the merger. The exchange ratio for the merger is variable, based upon an aggregate purchase price of \$157.5 million (subject to reduction if Modus' net indebtedness exceeds a targeted amount), the average closing price of CMGI common stock for the 20-day period ending immediately prior to the second trading day preceding the date of closing (but not less than \$2.028 or greater than \$2.478) and the total number of shares of Modus common stock deemed outstanding immediately prior to closing (including shares issuable upon exercise of in-the-money options and warrants to purchase Modus common stock calculated as if exercised on a cashless basis). The specific mechanics for calculating the exchange ratio are described in more detail in the accompanying proxy statement/prospectus. 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger will be deposited into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus' net indebtedness under the terms of the merger agreement.

CMGI common stock is quoted on the Nasdaq National Market under the trading symbol CMGI, and on _____, 2004 its closing price was \$ _____ per share.

After careful consideration, your Board of Directors approved the merger and the merger agreement and deemed it advisable. Your Board of Directors recommends that you vote **FOR** the adoption of the merger agreement.

Please consider carefully all of the information in the enclosed proxy statement/prospectus about CMGI, Modus and the proposed merger. In particular, you should carefully consider the discussion in the section entitled **RISK FACTORS Risks Related to the Merger** beginning on page 15.

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The affirmative vote of the holders of a majority of the outstanding voting shares of Modus common stock is required to approve the merger agreement and the merger. **Concurrently with executing the merger agreement, holders of shares of Modus representing approximately 58% of the voting power of Modus shares entered into agreements to vote their shares in favor of the merger, subject to limited exceptions.** Accordingly, unless the merger agreement is terminated by CMGI or Modus, approval of the proposal to adopt the merger agreement is assured.

Whether or not you plan to attend the special meeting, please complete, sign, date and return your proxy in the enclosed envelope to ensure that your shares will be voted at the special meeting. Failure to return a properly executed proxy card at the special meeting will have the same effect as a vote against approval of the merger agreement and the merger.

Sincerely,

R. Scott Murray

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this proxy statement/prospectus or the CMGI common stock to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2004 and is first being mailed to stockholders on or about [], 2004.

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MODUS MEDIA, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 2004

To the Stockholders of Modus Media, Inc.:

A special meeting of the stockholders of Modus Media, Inc. will be held on _____, 2004, at _____ m. local time, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, 26th Floor, Boston, Massachusetts, for the following purposes:

1. To consider and vote upon a proposal to adopt the merger agreement among Modus, CMGI, Inc. and a wholly-owned subsidiary of CMGI, and
2. To transact any other business which properly comes before the special meeting or any adjournment of it.

These items of business are described in the attached proxy statement/prospectus. Holders of record of common stock or series B common stock of Modus at the close of business on _____, 2004, the record date for the special meeting, will be entitled to notice of and to vote at the annual meeting and any adjournment or postponement of the special meeting.

The Modus Board of Directors has approved the adoption of the merger agreement and recommends that you vote **FOR** the adoption of the merger agreement. We cannot complete the merger unless a majority of the outstanding shares of common stock and series B common stock of Modus, voting together as a single class, vote to adopt the merger agreement.

Under Delaware law, holders of Modus common stock, non-voting common stock and series B common stock are entitled to dissenters' rights of appraisal if the merger agreement is adopted. Any holder of Modus common stock, non-voting common stock and series B common stock who:

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files with Modus, before the vote is taken to adopt the merger agreement, a written objection to the merger stating that he, she or it intends to demand payment for his, her or its shares if the merger is effected; and

does not vote in favor of the merger or for adoption of the merger agreement

has the right to demand in writing from Modus, within 20 days after receiving notice from Modus that the merger has become effective, payment for his, her or its shares and appraisal of their value. Dissenting stockholders must follow the procedures regarding appraisal elements contained in Section 262 of the Delaware General Corporation Law, a copy of which is attached as Annex 5 to this proxy statement/prospectus.

For more information about the merger, please review the accompanying proxy statement/prospectus and the merger agreement attached thereto as Annex 1. You may vote by completing and mailing the enclosed proxy card. Please review the instructions in this proxy statement/prospectus and the proxy card before sending in your proxy.

By Order of the Board of Directors,

R. Scott Murray

Chief Executive Officer

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**QUESTIONS AND ANSWERS ABOUT
THE MERGER AND THE SPECIAL MEETING**

Q: What is the proposed transaction?

A: A merger in which Westwood Acquisition Corp., a newly-formed company that is a wholly-owned subsidiary of CMGI, Inc., will merge with and into Modus. After the merger, you will own shares of CMGI common stock and will no longer own shares of common stock, non-voting common stock or series B common stock of Modus, which we refer to collectively as Modus common stock.

Q: What am I being asked to approve?

A: You are being asked to approve the merger.

This joint proxy statement/prospectus contains important information about the merger and the special meeting of stockholders of Modus, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: What will I receive in the merger?

A: If we complete the merger, unless you exercise appraisal rights (discussed below), you will receive a certain number of shares of CMGI common stock for each share of Modus common stock that you own at the time of the merger. The exchange ratio for the merger is variable, based upon an aggregate purchase price of \$157.5 million (subject to reduction if Modus net indebtedness exceeds a targeted amount), the average closing price of CMGI common stock for the 20-day period ending immediately prior to the second trading day preceding the date of closing (but not less than \$2.028 or greater than \$2.478) and the total number of shares of Modus common stock deemed outstanding immediately prior to closing (including shares issuable upon exercise of in-the-money options and warrants to purchase Modus common stock calculated as if exercised on a cashless basis). The specific mechanics for calculating the exchange ratio are described in more detail below in this proxy statement/prospectus; however the exchange ratio will not be greater than 2.231789 or less than 1.826501 (assuming no adjustment to the aggregate purchase price based upon the net indebtedness of Modus prior to closing). 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger will be deposited into an escrow account to secure the indemnification obligations of Modus to CMGI and to satisfy any post-closing adjustments for increases in Modus net indebtedness under the terms of the merger agreement.

The merger consideration will be allocated pro rata among the stockholders of Modus, based on the total number of shares of common stock deemed outstanding immediately prior to the effective time. The number of shares of CMGI common stock any Modus stockholder will be entitled to receive in exchange for each share of Modus common stock owned immediately prior to the effective time of the merger will not be calculable until the second trading day immediately prior to the completion of the merger.

Set forth below is a table that shows (i) the exchange ratio used to determine how many shares of CMGI common stock one share of Modus common will be converted into in the merger at various average closing prices of CMGI common stock, (ii) the aggregate number of whole shares of CMGI common stock that holders of Modus common stock would receive in the merger at various average closing prices of CMGI

common stock, and (iii) the number of shares of CMGI common stock a holder of 100 shares of

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Modus common stock would receive at different average closing prices of CMGI common stock. The table is based on the following assumptions:

that 29,570,583 shares of Modus common stock will be issued and outstanding on the effective date;

that the aggregate number of shares of Modus common stock that would be outstanding if all in-the-money options and warrants to purchase Modus common stock were exercised on a cashless basis is 34,798,409; and

that there has been no adjustment of the purchase price based upon the net indebtedness of Modus prior to closing.

	Average Closing Price of CMGI Common Stock	Applicable Exchange Ratio	Aggregate Number of Shares of CMGI Common Stock to be Issued in the Merger (Excluding Options and Warrants)	Number of Shares of CMGI Common Stock a Modus Stockholder Would Receive for Each 100 Shares of Modus Common Stock
	\$ 1.500 or lower	2.231789	65,995,314	223
	\$ 1.750	2.231789	65,995,314	223
	\$ 2.000	2.231789	65,995,314	223
Lower Collar Limit	\$ 2.028	2.231789	65,995,314	223
	\$ 2.100	2.155271	63,732,617	215
	\$ 2.150	2.105148	62,250,464	210
	\$ 2.250	2.011586	59,483,776	201
	\$ 2.350	1.925987	56,952,552	192
	\$ 2.450	1.847375	54,627,958	184
Higher Collar Limit	\$ 2.478	1.826501	54,010,693	182
	\$ 2.500	1.826501	54,010,693	182
	\$ 2.600	1.826501	54,010,693	182
	\$ 2.650	1.826501	54,010,693	182
	or higher			

If the average trading price of CMGI common stock had been determined on June 9, 2004, it would have been \$1.911, which would have resulted in an exchange ratio of 2.231789, based upon the assumptions above. The average trading price of CMGI common stock does not represent the actual value of the shares of CMGI common stock you will receive in the merger. The value of those shares will depend on market conditions at the time you receive those shares.

CMGI has the right to terminate the merger agreement and abandon the merger if, on any date 20 days or more after the date on which this registration statement (which includes this proxy/prospectus) is declared effective, the average closing price per share of CMGI common stock for the period of 20 trading days ending immediately prior to such date is more than \$3.60480 per share. Similarly, Modus has the right to terminate the merger agreement and abandon the merger if, on any date 20 days or more after the date on which this registration statement (which includes this proxy/prospectus) is declared effective, the average closing price per share of CMGI common stock for the period of 20 trading days ending immediately prior to such date is less than \$0.90120 per share.

Q: Will Modus stockholders be able to trade the CMGI stock that they receive pursuant to the merger agreement?

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A: Yes. The CMGI common stock issued pursuant to the merger will be registered under the Securities Act of 1933 and will be listed on the Nasdaq National Market under the symbol CMGI. All shares of CMGI

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common stock that you receive pursuant to the merger or upon exercise of Modus options or warrants assumed or replaced by CMGI in the merger will be freely transferable unless you are deemed to be an affiliate of Modus at the time of the Modus special meeting or your CMGI common stock is subject to contractual transfer restrictions. Affiliates of Modus may, however, be able to transfer their shares of CMGI common stock subject to the terms of the stock transfer agreement with CMGI and the existence of an effective registration statement. For more information, see OTHER AGREEMENTS Stock Transfer Agreement and SELLING STOCKHOLDERS.

Q: Why are CMGI and Modus proposing to merge?

A: We believe that the merger will provide strategic and financial benefits to the stockholders of both companies. We believe that the merger will allow stockholders of both companies to participate in a larger, more diversified company.

Q: What happens if the merger is not completed?

A: It is possible that the merger will not be completed. If the merger is not completed, Modus will continue to operate as an independent company. None of CMGI, Modus or any third party is under any obligation to make or consider any alternative proposals regarding the purchase of your shares of Modus stock. Modus may be required to pay CMGI a termination fee under the merger agreement if the merger is not completed for specified reasons. See THE MERGER AGREEMENT Termination Fees to be Paid by Modus for a more complete description of the termination fees. In addition, either CMGI or Modus may be required to pay the other's expenses incurred in connection with the proposed merger up to a maximum of \$1,750,000 if the merger is not completed for specified reasons.

Q: Where and when is the Modus Special Stockholder meeting?

A: The Modus special meeting will be held on _____, 2004 at _____:00 _____m. local time at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, 26th Floor, Boston, Massachusetts.

Q: Does the Modus Board of Directors recommend voting in favor of the merger agreement?

A: Yes. After careful consideration, your Board of Directors determined the merger to be advisable and in your best interests as a stockholder of Modus. The Modus Board of Directors approved the merger agreement and recommends that you vote in favor of the merger agreement.

For a more complete description of the recommendation of and factors considered by the Modus Board of Directors, see the sections entitled THE MERGER Modus Reasons for the Merger and Recommendation of the Modus Board of Directors.

Q: Will I be taxed on the CMGI common stock I receive in the merger?

A: We expect the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. If the merger qualifies as a reorganization, you will not recognize any gain or loss on your receipt of CMGI common stock in the merger for U.S. federal income tax purposes, except for gain or loss resulting from the receipt of cash in lieu of a fractional share of CMGI common stock. However, tax matters are very complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You are urged to read carefully the discussion in the section entitled THE MERGER Material United States Federal Income Tax Consequences and to consult your tax advisor for a full understanding of the tax consequences of your participation in the merger.

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Q: Will I have appraisal rights?

A: Yes. Holders of Modus common stock are entitled to exercise appraisal rights in connection with the merger, subject to compliance with applicable procedures under the Delaware General Corporation Law, which are set forth on Annex 5 of this proxy statement/prospectus.

Q: Are there risks I should consider in deciding whether to vote for the merger?

A: Yes. For example, because Modus is not a publicly traded company, it will be difficult for you to determine whether the consideration that you will receive for your Modus common stock fairly represents the value of your Modus common stock. In addition, the average trading price of CMGI common stock used to determine the exchange ratio at closing will not be the value of CMGI common stock on the closing date, and the aggregate number of shares of CMGI common stock issuable in the merger is capped. We urge you to obtain current market quotations of CMGI common stock (Nasdaq: CMGI). In evaluating the merger, you should carefully consider the factors discussed in the section entitled RISK FACTORS Risks Related to the Merger.

Q: What do I need to do now?

A: We urge you to read this proxy statement/prospectus carefully, including its annexes, and to consider how the merger affects you as a stockholder. After reading this proxy statement/prospectus in its entirety, we ask that you vote on the merger.

Q: What vote is required to approve the merger?

A: Holders of shares of Modus common stock (other than Modus non-voting common stock) on the record date will be entitled to one vote for each share of common stock and series B common stock held on each matter submitted to a vote at the special meeting. The affirmative votes of holders of a majority of the common stock and series B common stock of Modus outstanding and entitled to vote, voting together as a single class, is required for the adoption of the merger.

Q: How do I vote?

A: Simply indicate on your proxy card how you want to vote, and sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. If you sign and return a proxy card, but do not include instructions on how to vote your proxy, we will vote your shares FOR approval and adoption of the merger agreement. If you fail to return your proxy card or to vote in person, the effect will be a vote against the adoption of the merger agreement.

For a more complete description of voting at the meeting, see the section entitled SPECIAL MEETING OF MODUS STOCKHOLDERS.

Q: What do I do if I want to change my vote?

A: If you want to change your vote, either send the secretary of Modus, Sheila M. Flaherty, at 690 Canton Street, Westwood, MA, 02090, a later-dated, signed proxy card before the special meeting with enough time for it to be delivered prior to the special meeting or attend the meeting and vote in person. You may also revoke your proxy by sending written notice to the secretary of Modus before the meeting. Attendance at the special meeting will not itself constitute a revocation of a proxy.

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For a more complete description of how to change your vote, see the section entitled SPECIAL MEETING OF MODUS STOCKHOLDERS Voting, Revocation and Solicitation of Proxies.

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Q: Should I send in my stock certificates now?

A: No. If the merger is completed, we will send written instructions for exchanging Modus common stock certificates for CMGI common stock certificates and the cash portion of the merger consideration paid on account of fractional shares, if any, which will be paid by check.

Q: When do you expect to complete the merger?

A: We are working toward completing the merger as quickly as possible. We hope to complete the merger during the third calendar quarter of 2004.

For a description of the conditions to completing the merger, see the section entitled **THE MERGER AGREEMENT** Conditions to Completion of the Merger.

Q: Whom should I call with questions?

A: You should call Christine Caunt in the Modus Office of the General Counsel at (781) 407-2025 with any questions about the merger.

You may also obtain additional information about CMGI from documents filed with the Securities and Exchange Commission, which can be accessed via the internet at www.sec.gov. See **WHERE YOU CAN FIND MORE INFORMATION**.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. To better understand the merger, you should read this entire document carefully, including the Agreement and Plan of Merger (which we refer to as the merger agreement) attached as Annex 1 and the other documents to which we refer you.

The Companies

CMGI, Inc.

425 Medford Street

Charlestown, MA 02129

(617) 886-4500

CMGI's operating subsidiaries provide technology and e-commerce solutions that help businesses market, sell and distribute their products and services. These solutions include industry-leading global supply chain management and web-based distribution and fulfillment. In addition, CMGI's affiliated venture capital arm is comprised of venture capital funds that focus on investing in technology companies. CMGI expects to continue to refine its product and service offerings, and continue to pursue developing, acquiring or investing in additional companies and technologies.

Westwood Acquisition Corp. is a newly formed, wholly-owned subsidiary of CMGI that was solely formed for the purpose of effecting the merger. Westwood Acquisition Corp. has not conducted and will not conduct any business during any period of its existence.

Modus Media, Inc.

690 Canton Street

Westwood, MA 02090

(781) 407-2000

Modus is a global outsource provider of supply chain management services to the technology industry. Modus offers a full range of services including demand planning, product assembly and fulfillment, after sales services, customer support services and financial management services. Modus' primary North American operations are located in Utah, Texas, Tennessee, North Carolina and Guadalajara, Mexico. Modus also has European operations in Ireland, the United Kingdom, The Netherlands, Hungary and France, and Asian operations in Singapore, Taiwan, China and Malaysia. In addition, Modus holds minority interests in joint ventures in Korea and Japan.

The Merger (see page 28)

Modus has agreed to be acquired by CMGI under the terms of the merger agreement that is described in this proxy statement/prospectus and attached hereto as Annex 1. We encourage you to read the merger agreement in its entirety.

To accomplish this acquisition, Westwood Acquisition Corp., a newly-formed, wholly-owned subsidiary of CMGI will merge with and into Modus. As a result of the merger, Modus will become a wholly-owned subsidiary of CMGI. Upon completion of the Modus merger, each Modus stockholder (other than those who exercise dissenters' rights) will receive a certain number of shares of CMGI common stock for each share of Modus common stock that he or she owns at the time of the merger. The exchange ratio for the merger is

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variable, based upon an aggregate purchase price of \$157.5 million (subject to reduction if Modus net indebtedness exceeds a targeted amount), the average closing price of CMGI common stock for the 20-day period ending immediately prior to the second trading day preceding the date of closing (but not less than \$2.028 or greater than \$2.478) and the total number of shares of Modus common stock deemed outstanding immediately prior to closing (including shares issuable upon exercise of in-the-money options and warrants to purchase Modus common stock calculated as if exercised on a cashless basis). The specific mechanics for calculating the exchange ratio are described in more detail below in this proxy statement/prospectus; however the exchange ratio will not be greater than 2.231789 or less than 1.826501 (assuming no adjustment to the aggregate purchase price based upon the net indebtedness of Modus at the time of the closing). 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger will be deposited into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus net indebtedness under the terms of the merger agreement. See THE MERGER Merger Consideration.

The shares of common stock received by Modus stockholders (excluding options and warrants) are expected to represent between approximately 11.9% and 14.1% of the outstanding common stock of CMGI immediately following the closing.

Under the merger agreement, CMGI has agreed that, at the effective time of the merger, all unexercised and unexpired options to purchase shares of Modus common stock then outstanding under any Modus stock option plan, whether or not then exercisable, either will be (a) assumed and converted into options to purchase shares of CMGI common stock or (b) terminated and substituted with options to purchase shares of CMGI common stock. These stock options will continue to be exercisable and vest subject to the terms and conditions applicable to them before the merger, except that prior to the effective time of the merger, (1) Modus will accelerate the vesting of one-third of the remaining unvested portion of all Modus stock options and (2) Modus will waive any liquidity thresholds to exercise contained in option agreements under Modus stock option plans. See THE MERGER Treatment of Stock Options. The merger agreement does not expressly provide for the assumption of Modus warrants, but the terms of such warrants provide that they will remain as outstanding obligations of Modus following the effective time of the merger. Modus warrants exercised after the effective time of the merger will be entitled to receive the same consideration as if such warrants had been exercised immediately prior to the effective time of the merger. See THE MERGER Treatment of Warrants.

Modus Reasons for the Merger (see page 31)

In reaching its decision to approve the merger agreement and the merger, the Modus Board of Directors considered a number of factors, including the value of the per share merger consideration, the opportunity to provide Modus stockholders with greater future liquidity, the complementary nature of the businesses and other strategic considerations, the long term prospects of Modus, CMGI's agreement to pay off Modus outstanding senior credit facility and its mezzanine debt at the effective time of the merger, general economic conditions and the condition of the supply chain management industry as a whole. The Modus Board of Directors also considered a number of risks, including integration risks, the risk that the market price for CMGI common stock might decline and other risks. See THE MERGER Modus Reasons for the Merger.

CMGI Reasons for the Merger (see page 29)

In reaching its decision to approve the merger agreement and the merger, CMGI's Board of Directors considered a number of factors, including CMGI management's view of the financial performance of CMGI and Modus, the consideration to be paid in the merger and the terms of the merger agreement and ancillary agreements, current market conditions for CMGI stock and the results of CMGI's diligence investigation of Modus. The CMGI Board of Directors determined to proceed based on the potential benefits of the merger it

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believes will contribute to the success of CMGI's supply chain management business. The CMGI Board of Directors also took into consideration risks associated with the merger. See "THE MERGER" CMGI's Reasons for the Merger.

Recommendation of the Modus Board of Directors (see page 32)

The Modus Board of Directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger of a wholly-owned subsidiary of CMGI with and into Modus, are advisable and in the best interests of Modus and its stockholders and recommends that Modus stockholders vote "FOR" approval of the merger agreement.

Modus Stockholders Entitled to Vote; Vote Required (see page 25)

You can vote at the Modus special meeting if you owned voting shares of Modus common stock at the close of business on _____, 2004, the record date for the Modus special meeting. On that date, there were 25,294,056 shares of common stock and 830,245 shares of series B common stock of Modus outstanding and entitled to vote. You can cast one vote for each such share of common stock or series B common stock of Modus that you owned on that date. Stockholder approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock and series B common stock entitled to vote, voting together as a single class.

The Merger Agreement and Other Agreements (see pages 43-68)

The Merger Agreement

The parties have entered into an Agreement and Plan of Merger, dated as of March 23, 2004, which sets forth the terms and conditions of the merger. Among other things, the merger agreement:

restricts the business conduct of the parties before the closing of the merger;

contains representations and warranties of the parties to the agreement;

provides for an adjustment to the aggregate purchase price of \$157.5 million and accordingly, the exchange ratio, if Modus' net indebtedness exceeds a targeted amount (\$76 million) at closing;

provides that CMGI will, at the effective time of the merger, repay or cause to be repaid certain of Modus' outstanding indebtedness, estimated to be \$101 million (including principal, interest and prepayment penalties) as of June 1, 2004;

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provides for placing 10.6% of the shares of CMGI common stock issuable in connection with the merger into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus net indebtedness;

prohibits Modus from soliciting competing offers;

permits the termination of the merger agreement by the parties under certain circumstances; and

provides for the payment of a termination fee and reimbursement of certain expenses if the merger agreement is terminated for certain reasons.

You are urged to read the section entitled **THE MERGER AGREEMENT** and the copy of the merger agreement attached hereto as Annex 1.

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The Stockholder Support Agreements (see page 64)

Concurrently with the execution of the merger agreement, CMGI entered into stockholder support agreements with certain significant Modus stockholders which together beneficially held approximately 58% of Modus common stock outstanding as of [], 2004, the record date for the Modus special meeting. Each agreement provides that the respective stockholder will vote for the merger, subject to limited exceptions, and will not dispose of his, her or its stock prior to the merger. You are urged to read the section entitled "OTHER AGREEMENTS - Stockholder Support Agreements" and the copy of the form of stockholder support agreement attached hereto as Annex 2.

Escrow Agreement (see page 65)

Pursuant to the terms of the merger agreement and concurrently with the consummation of the merger, CMGI will enter into an escrow agreement with Nicholas Nomicos and R. Scott Murray, jointly as stockholder representative of all of the Modus stockholders receiving shares of CMGI common stock as merger consideration in the merger and an escrow agent to be determined. Under the escrow agreement, certificates representing 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger will be deposited into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus net indebtedness under the terms of the merger agreement. Except with respect to ongoing claims for indemnification under the merger agreement, all shares and cash held in escrow will be released to former Modus stockholders on the 12 month anniversary of the closing date of the merger. The stockholder representative is entitled, subject to restrictions contained in the stock transfer agreement, to cause the shares in the escrow account to be sold for cash provided that the net proceeds of such sale are placed in the escrow account. You are urged to read the section entitled "OTHER AGREEMENTS - Escrow Agreement" and the copy of the form of escrow agreement attached hereto as Annex 4.

The Stock Transfer Agreement (see page 66)

Concurrently with the execution and delivery of the merger agreement, CMGI entered into a stock transfer agreement with Modus stockholders who beneficially held approximately 75% of the outstanding shares of Modus common stock and, as to the shares deposited in the escrow account, with Nicholas G. Nomicos and R. Scott Murray, jointly as stockholder representative. The stock transfer agreement sets forth certain sale and transfer restrictions on the shares of CMGI common stock delivered to such stockholders in the merger and those shares of CMGI common stock deposited into the escrow account. The Modus stockholders who are signatories to this agreement also agreed to certain standstill obligations for two years following the date of the merger agreement with respect to solicitations of CMGI stockholders and nominations of its directors. In exchange for the foregoing, CMGI agreed to effect the registration of the resale of the shares and the listing of the shares of CMGI common stock subject to this agreement. You are urged to read the section entitled "OTHER AGREEMENTS - Stock Transfer Agreement" and the copy of the stock transfer agreement attached hereto as Annex 3.

Listing of CMGI Common Stock on the Nasdaq National Market

CMGI's common stock is listed on the Nasdaq National Market. It is a condition to the completion of the merger that the CMGI common stock issuable to the Modus stockholders pursuant to the merger agreement be approved for listing on the Nasdaq National Market, subject to official notice of issuance. Neither CMGI nor Modus will waive the condition that the CMGI common stock to be issued pursuant to the merger be approved for listing on the Nasdaq National Market.

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Ownership of CMGI after the Merger

CMGI will issue between 54,010,693 and 65,995,314 shares of CMGI common stock to Modus stockholders (excluding options and warrants) in the merger. Based on the number of shares of CMGI and Modus common stock outstanding on the record date, after completion of the merger, former Modus stockholders are expected to own between 11.9% and 14.1% of the then-outstanding shares of CMGI common stock (excluding options and warrants), assuming there is no adjustment to the purchase price as described in this proxy statement/prospectus based upon the net indebtedness of Modus at the time of the closing. Between approximately 10,462,418 and 12,783,960 additional shares of CMGI common stock will be subject to Modus stock options assumed in the merger, or subject to stock options granted under CMGI stock incentive plans to Modus employees in replacement of existing Modus options. CMGI has also agreed to adopt, prior to the effective time, an employee retention incentive policy to grant restricted shares of CMGI common stock to certain employees of Modus who continue to be employed by Modus or CMGI on the first anniversary of the effective time. CMGI will issue the shares of CMGI common stock pursuant to such grants promptly following the effective time of the merger. The number of shares of CMGI common stock issuable will be equal to (i) \$3,500,000 divided by (ii) the closing price of CMGI common stock on the first trading day following the effective time. In addition, CMGI will issue between 3,693,026 and 4,512,484 shares of CMGI common stock to Modus warrant holders, assuming such holders do not exercise such warrants on a cashless basis and assuming that all Modus warrant holders who have an option to receive further warrants pursuant to existing contractual arrangements elect to receive such warrants prior to the effective time of the merger.

Interests of Certain Persons in the Merger (see page 35)

When considering the Modus Board of Directors' recommendation that the Modus stockholders vote in favor of the approval of the merger agreement, Modus stockholders should be aware that some directors and executive officers of Modus have interests in the merger that may be different from, or in addition to, the interests of Modus stockholders. These interests include the continued indemnification of current directors and officers of Modus, the accelerated vesting, and removal of liquidity thresholds, of options to purchase Modus common stock or restricted common stock of Modus prior to or upon the effective time of the merger, severance arrangements with officers, the repayment of certain indebtedness of Modus held by directors or affiliates of directors, the ability of R. Scott Murray and Terence Leahy to repay their indebtedness to Modus in shares of Modus common stock and the potential employment of certain current officers of Modus by CMGI following the consummation of the merger.

The Modus Board of Directors knew about these additional interests, and considered them when it adopted the merger agreement.

Accounting Treatment (see page 39)

CMGI will account for the merger under the purchase method of accounting for business combinations under United States generally accepted accounting principles.

Dissenters' Rights of Appraisal (see page 35)

Modus stockholders who do not vote in favor of the merger and follow the appropriate procedures under the General Corporation Law of the State of Delaware will be entitled, instead of receiving the shares of CMGI common stock pursuant to the merger agreement, to have the fair value of their shares of Modus common stock be determined by a Delaware court.

Table of Contents**Summary of Selected Historical Consolidated Financial Information of Modus**

The table below presents summary financial information of Modus for each of the years in the five-year period ended December 31, 2003 and for the three months ended March 31, 2004 and 2003. This information has been derived from the selected historical consolidated financial data of Modus included in this proxy statement/prospectus. This information is only a summary, and you should read it in conjunction with the selected historical consolidated financial information of Modus included below under INFORMATION ABOUT MODUS Selected Historical Financial Information of Modus and the historical consolidated financial statements and related notes of Modus included in this proxy statement/prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2004	2003	2003	Restated(1)	Restated(1)	2000	Restated(2)
(in thousands)							
STATEMENT OF OPERATIONS DATA:							
Revenue	\$ 140,184	\$ 133,131	\$ 543,351	\$ 595,703	\$ 641,529	\$ 688,102	\$ 692,021
Gross profit	25,262	27,042	111,672	121,862	99,936	151,725	145,423
Selling, general and administrative expenses	21,422	22,903	86,653	99,169	117,929	120,254	117,263
Operating income (loss)	1,506	841	17,964	20,333	(24,459)	14,206	27,542
Income (loss) before income taxes	(3,343)	(3,310)	(3,923)	1,028	(36,427)	5,719	15,385
Provision (benefit) for income taxes	169	33	2,956	(1,359)	1,872	1,445	7,550
Net income (loss)	(3,512)	(3,343)	(6,879)	2,387	(38,299)	2,126	8,232
	As of March 31, 2004		As of December 31, 2003				
BALANCE SHEET DATA:							
(in thousands)							
Cash and cash equivalents	\$ 35,408		\$ 43,186				
Working capital	45,595		42,197				
Total assets	222,196		248,001				
Long-term debt, net of current portion	96,818		93,512				
Total stockholders equity	3,798		5,157				

(1) See Note 3 to Modus consolidated financial statements for a discussion on the restatement.

(2) Restated to reverse excess deferred tax asset valuation allowance of \$3.7 million.

Table of Contents**Summary of Selected Historical Consolidated Financial Information of CMGI**

The table below presents summary financial information of CMGI for each of the years in the five-year period ended July 31, 2003 and the nine months ended April 30, 2004 and 2003. This information has been derived from the selected financial data of CMGI included in this proxy statement/prospectus. This information is only a summary, and you should read it in conjunction with the historical financial statements and related notes of CMGI incorporated by reference in this proxy statement/prospectus.

	Nine Months Ended		Year Ended July 31,				
	April 30,		2003	2002	2001	2000	1999
	2004	2003	2003	2002	2001	2000	1999
(in thousands, except per share data)							
Consolidated Statement of Operations Data:							
Net revenue	\$ 300,956	\$ 339,105	\$ 436,987	\$ 168,476	\$ 280,840	\$ 313,469	\$ 154,460
Cost of revenue	281,901	313,494	403,883	152,140	351,015	356,189	141,595
Research and development			332	4,732	25,347	48,477	12,888
In-process research and development					762	6,266	1,561
Selling	3,572	5,346	6,792	28,357	62,590	86,715	19,021
General and administrative	28,063	48,927	62,336	54,598	138,805	123,678	32,562
Amortization of intangible assets and stock-based compensation	262	164	218	4,941	182,704	171,683	6,255
Impairment of long lived-assets		456	456	2,482	170,659	20,873	
Restructuring, net	5,566	29,144	55,348	(3,118)	109,207		
Operating loss	(18,408)	(58,426)	(92,378)	(75,656)	(760,249)	(500,412)	(59,422)
Interest income (expense), net	1,594	3,392	3,717	36,416	(187)	(22,312)	243
Gains on issuance of stock by subsidiaries and affiliates					121,794	80,387	130,729
Other gains (losses), net	43,483	(45,680)	(41,317)	(67,983)	(322,033)	524,863	758,312
Other income (expense), net	(2,089)	(1,687)	(1,455)	(15,408)	(759)	(28,339)	(14,305)
Income tax benefit (expense)	70,181	(2,667)	(3,249)	7,096	(12,171)	(88,621)	(346,426)
Income (loss) from continuing operations	94,761	(105,068)	(134,682)	(115,535)	(973,605)	(34,434)	469,131
Extraordinary gain on retirement of debt, net of income taxes				131,281			
Gain (loss) from discontinued operations, net of income taxes	(984)	(94,850)	(81,626)	(540,664)	(4,514,315)	(1,330,259)	7,109
Net income (loss)	93,777	(199,918)	(216,308)	(524,918)	(5,487,920)	(1,364,693)	476,240
Preferred stock accretion and amortization of discount				(2,301)	(7,499)	(11,223)	(1,662)
Gain on repurchase of Series C convertible preferred stock				63,505			
Net income (loss) available to common stockholders	\$ 93,777	\$ (199,918)	\$ (216,308)	\$ (463,714)	\$ (5,495,419)	\$ (1,375,916)	\$ 474,578
Diluted earnings (loss) per share:							
Earnings (loss) from continuing operations before extraordinary item	\$ 0.23	\$ (0.27)	\$ (0.34)	\$ (0.14)	\$ (2.97)	\$ (0.17)	\$ 2.27
Income (loss) from discontinued operations, net of income taxes		(0.24)	(0.21)	(1.43)	(13.70)	(5.09)	0.03
Extraordinary gain on retirement of debt, net of income taxes				0.35			

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Net earnings (loss)	\$ 0.23	\$ (0.51)	\$ (0.55)	\$ (1.22)	\$ (16.67)	\$ (5.26)	\$ 2.30
Shares used in computing diluted net earnings (loss) per share	404,291	393,106	393,455	379,800	329,623	261,555	206,832
Consolidated Balance Sheet Data:							
Working capital	\$ 270,807	\$ 173,072	\$ 204,733	\$ 203,879	\$ 580,824	\$ 1,110,105	\$ 1,381,005
Total assets	445,693	448,339	455,341	910,267	2,054,375	8,557,107	2,404,594
Long-term obligations	20,259	31,785	26,816	122,697	319,043	654,417	68,090
Redeemable preferred stock					390,640	383,140	411,283
Stockholders' equity	299,267	217,602	247,012	416,696	805,072	5,783,083	1,060,664

Table of Contents**CMGI Summary Unaudited Pro Forma Combined Financial Information**

The table below presents selected financial data from the unaudited pro forma condensed combined financial statements of CMGI included in this proxy statement/prospectus. The pro forma condensed combined financial statements give effect to the proposed merger with Modus as if the merger had been completed on August 1, 2002 for income statement purposes and on April 30, 2004 for balance sheet purposes. The unaudited pro forma condensed combined financial data is based on the estimates and assumptions set forth in the notes to such statements, which are preliminary and have been made solely for the purposes of developing such pro forma information. Modus and CMGI do not claim or represent that the following summary unaudited pro forma financial information is indicative of the results that would have been reported had the transactions actually occurred on the dates indicated above, nor is it indicative of future results. The unaudited pro forma condensed combined financial information should be read in conjunction with the unaudited pro forma condensed combined financial statements and related notes of CMGI included in this proxy statement/prospectus, as well as the audited and unaudited historical consolidated financial statements and related notes of CMGI incorporated by reference in this proxy statement/prospectus and of Modus included in this proxy statement/prospectus.

	Nine Months Ended April 30, 2004	Year Ended July 31, 2003
	(In thousands,	
	except per share data)	
Pro Forma Condensed Combined Statement of Operations Data		
Net revenue	\$ 728,430	\$ 1,001,039
Operating income (loss)	739	(83,889)
Income (loss) from continuing operations	106,574	(133,971)
Basic earnings (loss) from continuing operations per share	0.23	(0.29)
Diluted earnings (loss) from continuing operations per share	0.22	(0.29)
	April 30, 2004	
	(in thousands)	
Pro Forma Condensed Combined Balance Sheet Data		
Working capital	\$ 216,724	
Total assets	728,287	
Non-current liabilities	28,323	
Stockholders' equity	455,402	

Table of Contents**Comparative Historical and Pro Forma Combined Per Share Data**

The following table presents audited and unaudited basic and diluted earnings per share and book value per share data for CMGI and Modus separately on a historical basis and unaudited basic and diluted earnings per share and book value per share data for CMGI and Modus on a pro forma combined basis giving effect to the merger using the purchase method of accounting. The unaudited pro forma combined financial data presented below are not necessarily indicative of the results that would have occurred had the merger occurred at the beginning of the periods presented, and such data should not be construed as representative of the future financial position or operating results of CMGI. The pro forma combined net income (loss), pro forma stockholders' equity and the pro forma number of shares of common stock outstanding used in determining the amounts presented below have been derived from unaudited pro forma financial statements included in this proxy statement/prospectus. This information is only a summary and should be read in conjunction with the selected historical consolidated financial data of Modus, the separate historical consolidated financial statements of Modus and related notes included in this proxy statement/prospectus, the selected historical consolidated financial data of CMGI, the separate historical consolidated financial statements of CMGI and related notes incorporated by reference in this proxy statement/prospectus, and the unaudited pro forma combined financial statements of CMGI included in this proxy statement/prospectus. The historical book value per share is computed by dividing total stockholders' equity by the number of common shares outstanding at the end of the period. The pro forma per share earnings (loss) from continuing operations is computed by dividing the pro forma earnings (loss) from continuing operations by the pro forma weighted average number of shares outstanding. The pro forma combined book value per share is computed by dividing total pro forma stockholders' equity by the pro forma number of common shares outstanding at the end of the period. The Modus equivalent pro forma combined per share amounts are calculated by multiplying the CMGI pro forma combined per share amounts by an assumed common stock exchange ratio of 2.228.

Comparative Per Share Data

CMGI	Nine Months Ended April 30, 2004	Fiscal Year Ended July 31, 2003
Historical Per Common Share Data:		
Earnings (loss) from continuing operations basic	\$ 0.24	\$ (0.34)
Earnings (loss) from continuing operations diluted	0.23	(0.34)
Book value	0.75	0.62
	Nine Months Ended March 31, 2004	Twelve Months Ended June 30, 2003
Modus		
Historical Per Common Share Data:		
Earnings (loss) from continuing operations basic and diluted	\$ (0.06)	\$ (0.24)
Book value	0.13	
	Nine Months Ended April 30, 2004	Fiscal Year Ended July 31, 2003
CMGI and Modus		
Pro Forma Combined Per Common Share Data:		
Earnings (loss) from continuing operations basic	\$ 0.23	\$ (0.29)
Earnings (loss) from continuing operations diluted	0.22	(0.29)
Book value	0.97	

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Equivalent Pro Forma Combined Per Common Share Data:

Earnings (loss) from continuing operations basic	\$	0.51	\$	(0.65)
Earnings (loss) from continuing operations diluted		0.49		(0.65)
Book value		2.16		

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RISK FACTORS

The merger involves a number of risks. In addition to the other information included in this proxy statement/prospectus, including the matters addressed in CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS, you should carefully consider the following risks before deciding whether to vote for approval of the merger agreement.

Risks Related to the Merger

The number of shares of CMGI common stock issuable in the merger is subject to a collar and other adjustments, which could result in Modus stockholders receiving less value than anticipated if the market price of CMGI common stock decreases.

The number and market price of the shares of CMGI common stock that Modus stockholders and option holders will receive or be entitled to receive in connection with the merger is subject to fluctuation. Modus stockholders will receive or be entitled to receive an aggregate of between 54,010,693 and 65,995,314 shares of CMGI common stock (excluding options and warrants) based upon the average closing price of CMGI common stock during the 20 trading days ending immediately prior to the second trading day preceding the completion of the merger. The merger agreement provides, however, that the average closing price of CMGI common stock used to calculate the merger consideration will not be more than \$2.478 or less than \$2.028. See THE MERGER AGREEMENT Terms of the Merger on page 43. Although the number of CMGI shares that Modus stockholders will receive in the merger is based on that average trading price, the market price of CMGI common stock may fluctuate. Accordingly, on the date of the merger and on the date Modus stockholders actually receive their shares of CMGI common stock upon surrender of their Modus stock certificates, the market price of the CMGI common stock may be more or less than the average trading price of CMGI common stock used to determine the merger consideration. Furthermore, pursuant to the terms of the merger agreement, the merger consideration could decrease if Modus net indebtedness at closing exceeds a targeted amount of \$76 million.

CMGI could make claims against your escrowed shares of CMGI common stock if CMGI has a claim for indemnification under the merger agreement after the merger or if there is an additional adjustment to the merger consideration because Modus net indebtedness at closing exceeds the targeted amount of \$76 million.

In making its decision to acquire Modus, CMGI has relied on its management's knowledge of the industry, due diligence conducted on Modus business and representations and warranties made by Modus concerning its business contained in the merger agreement. There can be no assurance that the representations and warranties made by Modus in the merger agreement are or will be true and complete. If these representations and warranties are inaccurate, CMGI may be able to make claims against the shares of CMGI common stock issued to Modus stockholders in the merger that are being held in escrow pursuant to the escrow agreement. See THE MERGER AGREEMENT Escrow and Indemnification and Other Agreements Escrow Agreement. If CMGI makes and prevails on any of these claims, you will not receive all or a portion of your shares of CMGI common stock being held in escrow. In addition, the merger agreement provides for a further adjustment of the merger consideration if Modus closing date net indebtedness, as definitely determined after the closing date, exceeds the targeted amount of \$76 million and such adjustment was not fully made by the estimated adjustment made prior to closing (which is to be reflected in the exchange ratio calculation). To the extent there is to be a reduction of the merger consideration based on such adjustment, some shares of CMGI common stock subject to escrow will be returned to CMGI to reflect the adjustment of the merger consideration, and you will not receive a portion of your shares of CMGI common stock being held in escrow. See THE MERGER AGREEMENT Terms of the Merger.

The price of CMGI common stock may be affected by factors different from those affecting the value of Modus common stock.

Upon completion of the merger, holders of Modus common stock will become holders of CMGI common stock. CMGI's business differs from that of Modus, and CMGI's results of operations, as well as the price of

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CMGI common stock, may be affected by factors different from those affecting Modus' results of operations and the value of Modus common stock. For a discussion of CMGI's business and certain factors to consider in connection with its business, see CMGI's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 and CMGI's Quarterly Report on Form 10-Q for the three months ended April 30, 2004, which are incorporated by reference in this proxy statement/prospectus and "RISK FACTORS - Risks Related to the Ownership of the Capital Stock of CMGI" in this proxy statement/prospectus.

CMGI may not realize all of the anticipated benefits of the merger.

The success of the merger will depend in part on the ability of CMGI to realize the anticipated synergies and cost savings from integrating the businesses of Modus with the supply chain management businesses of CMGI. CMGI's success in realizing these benefits and the timing of this realization depend upon the successful integration of the technology, personnel and operations of Modus. The integration of two independent companies is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

retaining key employees;

retaining key customers;

consolidating corporate and administrative infrastructures;

maintaining customer service levels;

minimizing the diversion of management's attention from ongoing business concerns;

coordinating geographically disparate organizations;

effectively consolidating facilities;

coordinating and maintaining CMGI's and Modus' supplier bases; and

consolidating and integrating information technology systems.

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

The officers and directors of Modus have interests different from yours as a Modus stockholder.

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The directors and officers of Modus have certain interests in the merger and participate in certain arrangements that are different from, or are in addition to, those of Modus stockholders generally. See THE MERGER Interests of Certain Persons in the Merger. As a result, these directors and officers could be more likely to approve and adopt the merger agreement and the merger than if they did not hold these interests.

Risks Related to the Ownership of CMGI Common Stock after the Merger

CMGI may not be profitable after the merger and risks depleting its working capital.

During the three and nine months ended April 30, 2004, CMGI had an operating loss of approximately \$6.5 million and \$18.4 million, respectively. CMGI anticipates that it will continue to incur significant operating expenses in the future, including significant costs of revenue and general and administrative expenses. CMGI also has significant commitments and contingencies, including real estate leases, continuing stadium sponsorship obligations, and guarantees entered into by CMGI on behalf of itself and current and former operating companies. As a result, CMGI can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. CMGI may also use significant amounts of cash to fund growth and expansion of its operations, including through additional acquisitions. CMGI may also incur significant costs and expenses in

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connection with pending and future litigation. At April 30, 2004, CMGI had a consolidated cash, cash equivalents and marketable securities balance of approximately \$260.2 million and fixed contractual obligations of \$82.9 million. The merger agreement requires CMGI to repay certain Modus indebtedness (estimated to be approximately \$101 million (including principal, interest and prepayment penalties) as of June 1, 2004) at the effective time of the merger, which will reduce CMGI's available cash reserves. If CMGI is unable to reach and sustain profitability, it risks depleting its working capital balances and its business will be materially adversely affected.

Following the merger, CMGI will continue to derive substantially all of its revenue from a small number of customers and adverse industry trends or the loss of any of those customers could significantly damage CMGI's business.

CMGI currently derives substantially all of its revenue from the supply chain management services provided by its wholly-owned subsidiary SalesLink Corporation (SalesLink). Following the merger, CMGI's business and future growth will continue to depend in large part on the industry trend towards outsourcing supply chain management and other business processes. If this trend does not continue or declines, demand for CMGI's supply chain management services would decline and its financial results could suffer.

In addition, both SL Supply Chain Services International Corp. (SL Supply Chain), a wholly-owned subsidiary of SalesLink, and Modus have been designated as authorized replicators for Microsoft. Such designation provides these companies with licenses to replicate Microsoft software products and documentation for their customers who want to bundle licensed software with their hardware products. These agreements typically have terms of limited duration, up to 12 months. A failure to maintain authorized replicator status could result in reduced business and revenues for SL Supply Chain or Modus in the future.

In addition, for the year ended December 31, 2003, five end customers accounted for approximately 44% of Modus' net revenues. For the nine months ended April 30, 2004, one customer, Hewlett-Packard accounted for approximately 72% of CMGI's consolidated net revenue. After the merger, the loss of any one or more of these customers would cause revenues to decline, perhaps below expectations. CMGI and Modus currently do not have any agreements which obligate any customer to buy a minimum amount of products or services. CMGI does not currently have any agreements which designate CMGI as its sole supplier of any particular products or services. Following the merger, the loss of a significant amount of business with Hewlett-Packard or any other key customers of CMGI or its operating companies, including Modus, would have a material adverse effect on CMGI. After the merger, CMGI will continue to derive the vast majority of its operating revenue from sales to a small number of key customers. There can be no assurance that CMGI's revenue from key customers would not decline in future periods.

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

CMGI has generally financed its operations and growth through the selective sale of investments or minority or majority interests in subsidiaries or affiliates to outside investors. Market and other conditions largely beyond CMGI's control may affect its ability to engage in future sales of such securities, the timing of any such sales, and the amount of proceeds therefrom. Even if CMGI is able to sell any such securities in the future, CMGI may not be able to sell at favorable prices or on favorable terms. In addition, this funding source may not be sufficient in the future, and 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 common stock. CMGI may also be required to take other actions, which may lessen the value of its common stock or dilute its common stockholders, including borrowing money on terms that are not favorable to CMGI or issuing additional shares of common stock. If CMGI experiences difficulties raising money in the future, its business could be materially adversely affected.

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A decline in the technology sector could reduce CMGI's revenues.

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

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

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

Because CMGI and Modus frequently sell to supply chain management customers on a purchase order basis, both companies are subject to uncertainties and variability in demand by customers, which, following the merger, could decrease revenue and adversely affect the financial results of CMGI.

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

CMGI's and Modus' respective supply chain management businesses are required to maintain adequate levels of inventory in order to meet customer needs, which presents risks to CMGI's financial position and operating results.

Each of CMGI's and Modus' supply chain management businesses are often required to purchase and maintain adequate levels of inventory in order to meet customer needs rapidly and on a timely basis. CMGI and Modus are often required to finance the purchase of products or components that are necessary to fulfill customer orders. The technology sector served by the customers of CMGI and Modus is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory on hand to decline substantially in value or to rapidly become obsolete. Most of CMGI's and some of Modus' customers offer limited protection from the loss in value of inventory. In addition, customers may become unable or unwilling to fulfill such protection obligations.

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Following the merger, the decrease or elimination of price protection or the inability of customers to fulfill their protection obligations

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could lower CMGI's gross margins and cause it to record inventory write-downs. If CMGI is unable to manage its inventory with its customers with a high degree of precision, it may have insufficient product supplies or it may have excess inventory, resulting in inventory write-downs, which may harm CMGI's business, financial position and operating results. In addition, CMGI may not be able to recover fully the credit costs it would face with the financing of inventory.

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

A failure of CMGI to meet customer expectations could result in lost revenues, increased expenses and negative publicity.

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

If CMGI is not able to establish customer sites where requested, or if it fails to retain key customers at established sites, customer relationships, revenue and expenses could be seriously harmed.

CMGI's and Modus' respective supply chain management customers have, at times, requested that CMGI or Modus add capacity or open a facility in locations near their sites. Following the merger, if CMGI elects not to add required capacity at sites near existing customers or establish sites near existing or potential customers, customers may decide to seek alternate service providers. In addition, if CMGI loses a significant customer of a particular site or opens a site with the expectation of business that does not materialize, operations at that site could become unprofitable or significantly less efficient. Any of these events could have a material adverse effect on the business, expenses and revenues of CMGI or its operating companies.

The likely continued expansion of the global operations of CMGI is subject to special risks and costs.

CMGI and Modus both maintain operations outside of the United States, and following the merger CMGI will likely expand these operations. This international expansion will require significant management attention and financial resources. The operations of CMGI are and will continue to be subject to numerous and varied regulations worldwide, some of which may have an adverse effect on the company's ability to develop its international operations in accordance with its business plans or on a timely basis.

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CMGI is subject to risks of operating internationally.

CMGI's success depends, in part, on its ability to manage and expand its international operations. Failure to expand its international sales and fulfillment activities could limit CMGI's ability to grow.

CMGI and Modus currently conduct business in Mexico, China, Taiwan, Singapore, Ireland, France, The Netherlands and certain other foreign locations, in addition to their United States operations. Sales outside the United States accounted for 37%, 11% and 13% of CMGI's total revenue for fiscal 2003, 2002, and 2001, respectively. Sales outside the United States accounted for 68%, 66% and 60% of Modus' total revenue for fiscal 2003, 2002, and 2001, respectively. There are certain risks inherent in conducting international operations, including:

added fulfillment complexities in operations, including multiple languages, currencies, bills of materials and stock keeping units;

exposure to currency fluctuations and repatriation complexities and delays;

longer payment cycles;

greater difficulties in accounts receivable collections;

the complexity of ensuring compliance with multiple U.S. and foreign laws, particularly differing laws on intellectual property rights and export control; and

labor practices, difficulties in staffing and managing foreign operations, political instability and potentially adverse tax consequences.

In addition, following the merger a substantial portion of CMGI's business will be conducted in China, where it faces additional risks, including the following:

the challenge of navigating a complex set of licensing requirements and restrictions affecting the conduct of business in China by foreign companies;

difficulties and limitations on the repatriation of cash;

currency fluctuation and exchange rate risks;

protection of intellectual property, both for CMGI and its customers; and

difficulty retaining management personnel and skilled employees.

If CMGI is unable to manage these risks following the merger, it may face significant liability, its international sales may decline and its financial results may be adversely affected.

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

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

CMGI and Modus depend on third-party software, systems and services.

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

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CMGI and Modus depend on certain important employees, and the loss of any of those employees may harm CMGI's business following the merger.

CMGI's and Modus' performance is substantially dependent on the performance of their executive officers and other key employees, as well as management of their operating companies. The familiarity of these individuals with technology and service related industries will make them especially critical to the success of CMGI following the merger. In addition, the success of CMGI is dependent on its ability to attract, train, retain and motivate high quality personnel, especially for its operating companies' management teams. Competition for such personnel is intense. The loss of the services of any of the executive officers or key employees of CMGI or Modus may harm CMGI's business. CMGI has not yet formally concluded which Modus officers, if any, will be offered employment or the terms such offers might contain.

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

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

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

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

the need to incur additional indebtedness, issue stock or use cash in order to consummate the acquisition;

difficulty integrating acquired technologies, operations and personnel with the existing businesses;

diversion of management attention in connection with both negotiating the acquisitions and integrating the assets;

strain on managerial and operational resources as management tries to oversee larger operations;

the funding requirements for acquired companies may be significant;

exposure to unforeseen liabilities of acquired companies;

increased risk of costly and time-consuming litigation, including stockholder lawsuits; and

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potential issuance of securities in connection with an acquisition with rights that are superior to the rights of holders of CMGI's common stock, or which may have a dilutive effect on the common stockholders.

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 integrate acquisitions and manage operations while also controlling expenses and cash burn.

CMGI's quarterly results may fluctuate significantly.

CMGI's operating results have fluctuated widely on a quarterly basis during the last several years, and it expects to experience significant fluctuations in future quarterly operating results. Many factors, some of which

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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;

timing of new product introductions or software releases by its customers or their competitors;

payment of costs associated with its acquisitions, sales of assets and investments;

timing of sales of assets and marketable securities;

market acceptance of new products and services;

seasonality;

temporary shortages in supply from vendors;

charges for impairment of long-lived assets in future periods;

potential restructuring charges in connection with CMGI's continuing restructuring efforts;

political instability or natural disasters in the countries in which it operates;

specific economic conditions in the industries in which CMGI competes; and

general economic conditions.

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 and may fluctuate based on the value of its assets.

The market price of CMGI's common stock has been and is likely to continue to be volatile. In recent years, the stock market has experienced significant price and volume fluctuations, which have particularly impacted the market prices of equity securities of many companies providing technology-related products and services. Some of these fluctuations appear to be unrelated or disproportionate to the operating performance of such companies. Future market movements may adversely affect the market price of CMGI's common stock. In addition, should the market price of CMGI's common stock be below \$1.00 per share for an extended period, it risks Nasdaq delisting, which would have an adverse effect on CMGI's business and on the trading of CMGI common stock. In order to maintain compliance with Nasdaq listing standards, CMGI may

consider several strategies, including without limitation a reverse stock split.

In addition, a portion of CMGI's assets includes the equity securities of both publicly traded and privately held companies. The market price and valuations of the securities that CMGI holds 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 and its operating companies will continue to be subject to intense competition.

The markets for the products and services of CMGI and Modus are highly competitive and often lack significant barriers to entry, enabling new businesses to enter these markets relatively easily. Numerous well-established companies and smaller entrepreneurial companies are focusing significant resources on developing and marketing products and services that will compete with the products and services of CMGI and Modus. The market for supply chain management products and services is very competitive, and the intensity of the competition is expected to continue to increase. Following the merger, any failure to maintain and enhance the

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competitive position of CMGI and its operating companies, including Modus, would limit CMGI's ability to maintain and increase market share, which would result in serious harm to its business. Increased competition may also result in price reductions, reduced gross margins and loss of market share. In addition, many of the current and potential competitors of CMGI and its operating companies, including Modus, will continue to have greater financial, technical, operational and marketing resources than those of CMGI following the merger. CMGI may not be able to compete successfully against these competitors. Competitive pressures may also force prices for supply chain management products and services down and such price reductions may reduce CMGI's revenues.

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

The markets for the technology-related products and services of CMGI and Modus are characterized by:

rapidly changing technology;

evolving industry standards;

frequent new product and service introductions;

shifting distribution channels; and

changing customer demands.

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

CMGI could be subject to infringement claims and other liabilities.

From time to time, CMGI and Modus have been, and following the merger CMGI will continue to be, subject to third-party claims in the ordinary course of business, including claims of alleged infringement of intellectual property rights. Following the merger, any such claims may damage the business of CMGI by:

subjecting it to significant liability for damages;

resulting in invalidation of its proprietary rights;

resulting in costly license fees in order to settle such claims;

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being time-consuming and expensive to defend even if such claims are not meritorious; and

resulting in the diversion of management time and attention.

The intellectual property of CMGI's supply chain management customers may be damaged, misappropriated, stolen or lost while in the possession of CMGI, subjecting it to litigation and other adverse consequences.

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

claims under indemnification provisions in customer agreements or other liability for damages;

delayed or lost revenue due to adverse customer reaction;

negative publicity; and

litigation that could be costly and time consuming.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements. These forward-looking statements are based on estimates and assumptions made by management of CMGI or Modus, as the case may be, and take into account only the information available at the time the forward-looking statements are made. Although we each believe our respective estimates and assumptions are and will be reasonable, forward-looking statements involve risks, uncertainties and other factors that could cause our respective actual results to differ materially from those suggested in the forward-looking statements. Forward-looking statements include the information concerning future financial performance, anticipated benefits of the merger, business strategy, projected plans and objectives of CMGI, prospective products, sales and marketing efforts, costs and expenses, liquidity, cost savings and the other forward-looking statements contained in this proxy statement/prospectus:

the expected closing date of the merger;

pro forma financial data for Modus and CMGI;

information concerning the anticipated benefits of the merger;

the expected benefits of the merger considered by CMGI;

the expected competitive position and profitability of CMGI and its future access to capital; and

the benefits and cost savings expected to result from the merger considered by the Modus Board of Directors;

Forward-looking statements are subject to numerous risks and uncertainties. The following are some important factors that could cause CMGI's actual results to differ materially from those in forward-looking statements:

general volatility of the capital markets and the market price of CMGI common stock;

CMGI's ability to successfully integrate its supply chain business with Modus (including combining systems and supplier bases, maintaining Modus customers and retaining Modus key employees following the merger);

changes in the United States, global or regional economic conditions which may affect sales of CMGI's products and services and increase costs associated with distribution;

the degree and nature of CMGI's competition, including continued consolidation among CMGI's competitors and customers;

changes in laws or regulations which may adversely affect CMGI's ability to compete;

technological changes may be more difficult or expensive than anticipated; and

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other factors described in the section entitled RISK FACTORS.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward looking statements should be evaluated with the understanding of their inherent uncertainty.

CMGI's actual results, performance or achievement could differ materially from those expressed in, or implied by, forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations and financial condition of CMGI. The forward-looking statements speak only as of the date they are made. Neither CMGI nor Modus undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

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SPECIAL MEETING OF MODUS STOCKHOLDERS

We are furnishing this proxy statement/prospectus to stockholders of Modus as part of the solicitation of proxies by the Modus Board of Directors for use at the special meeting.

Date, Time and Place

We will hold a special meeting of Modus stockholders at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, located at 60 State Street, Boston, Massachusetts, at [] a.m., local time, on [], 2004.

Purpose of the Special Meeting

At the special meeting, we will be asking holders of Modus common stock to adopt the merger agreement among CMGI, Westwood Acquisition Corp., a wholly-owned subsidiary of CMGI, and Modus.

The Modus Board of Directors has determined that the merger is advisable and in the best interests of Modus stockholders, has approved the merger agreement and the merger, and recommends that Modus stockholders vote *FOR* adoption of the merger agreement.

Record Date; Stock Entitled to Vote; Quorum

Only holders of record of common stock and series B common stock of Modus at the close of business on [], 2004, the record date, are entitled to notice of and to vote at the special meeting. On the record date, 25,294,056 shares of common stock of Modus were issued and outstanding and held by 221 holders of record and 830,245 shares of series B common stock of Modus were issued and outstanding and held by 9 holders of record. Whenever, in the context of voting, this proxy statement/prospectus refers to common stock, it does not include the non-voting common stock of Modus.

A quorum is present at the special meeting for purposes of the combined vote of the holders of common stock and series B common stock of Modus if the holders of a majority of the shares of such common stock of Modus that are issued and outstanding on the record date are represented in person or by proxy. If a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies.

Holders of record of common stock and series B common stock of Modus on the record date are entitled to one vote for each share they hold.

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On the record date, approximately 54% of the outstanding shares of common stock and series B common stock of Modus were held by directors and executive officers of Modus and their affiliates.

Quorum and Vote Required

The affirmative vote of holders of a majority of the outstanding shares of common stock and series B common stock of Modus, voting together as a single class, is required to adopt the merger agreement.

If you own common stock or series B common stock of Modus and you abstain from voting or do not vote, either in person or by proxy, it will have the effect of a vote against adoption of the merger agreement. We cannot complete the merger unless the proposal to adopt the merger agreement is approved by the requisite vote.

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Voting Agreements

The following executive officers, directors and 5% stockholders (and their affiliates) have entered into a stockholder support agreement with CMGI pursuant to which they agreed to vote any and all shares of Modus common stock they own *FOR* adoption of the merger agreement: Timothy M. Adams, Bain Capital Fund IV L.P., Bain Capital Partners V, L.P., BankAmerica Investment Corporation, BCIP Associates, BCIP Trust Associates, BCIP Trust Associates II, BCIP Trust Associates II-B, BCM Capital Partners, L.P., Daniel F. Beck, Chase Equity Associates, L.P., Robert T. Dechant, Sheila M. Flaherty, Information Partners, Harding Holdings Inc., Jeremiah D. Kelly, Linwood A. Lacy, Jr., Terence M. Leahy, R. Scott Murray, Sankaty Credit Opportunities, L.P., Sankaty High Yield Partners II, L.P., Sankaty High Yield Partners III, L.P., W. Kendale Southerland, David A. Tanner and The Murray 2003 Qualified Annuity Trust. The form of stockholder support agreement is attached as Annex 2 to this proxy statement/prospectus.

The shares subject to the stockholder support agreements collectively represent approximately 58% of the outstanding voting shares of common stock and series B common stock of Modus as of the record date.

Voting of Proxies

All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the holders. **Properly executed proxies that do not contain voting instructions with respect to the proposal will be voted *FOR* adoption of the merger agreement.**

Shares of Modus common stock represented at the special meeting and entitled to vote but not voting, including abstentions, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Only shares voted for the proposal, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for adoption of the merger agreement. If a Modus stockholder abstains from voting or does not vote, either in person or by proxy, it will have the effect of a vote against adoption of the merger agreement.

The persons named as proxies may propose and vote for one or more adjournments or postponements of the special meeting, including adjournments or postponements to permit further solicitation of proxies. No proxy voted against the proposal to adopt the merger agreement will be voted in favor of any adjournment or postponement.

Revocability of Proxies

The grant of a proxy on the enclosed form of proxy does not preclude you from voting in person at the special meeting. You may revoke a proxy at any time prior to its exercise by filing with the secretary of Modus, Sheila M. Flaherty, 690 Canton Street, Westwood, MA, 02090, a duly executed revocation of proxy, by submitting a duly executed proxy to the secretary of Modus bearing a later date or by voting in person at the special meeting. Attendance at the special meeting will not itself constitute revocation of a proxy.

Solicitation of Proxies

In addition to solicitation by mail, the directors, officers and employees of Modus may solicit proxies from stockholders in person, by telephone or by other electronic means.

Please do not send stock certificates with your proxy. A transmittal form with instructions for the surrender of Modus stock certificates will be mailed to you as soon as practicable after completion of the merger. Modus stockholders that have not received their letter of transmittal within 30 days of the closing date should contact the exchange agent, American Stock Transfer & Trust Company, at (800) 937-5449.

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Appraisal Rights

If you do not wish to accept CMGI common stock in the merger, you have the right under Delaware law to have the fair value of your shares determined by the Delaware Court of Chancery. This right to appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise your appraisal rights you must:

send a written demand to Modus for appraisal in compliance with Delaware law before the vote on the merger;

not vote in favor of the merger; and

continuously hold your Modus common stock from the date you make the demand for appraisal through the closing of the merger.

Holders of non-voting common stock cannot and need not vote against the merger, but do need to comply with all other requirements of the Delaware statute governing appraisal rights. Merely voting against the merger will not protect your rights to appraisal. Annex 5 to this proxy statement/prospectus contains a copy of the Delaware statute governing appraisal rights. If you do not follow all the steps required by Delaware law, you will lose your rights to appraisal.

See THE MERGER Appraisal Rights on page 35.

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THE MERGER

Background of the Merger

CMGI and Modus have been familiar with each other for several years. As participants in the supply chain management services industry, executives of CMGI, SalesLink (a wholly-owned subsidiary of CMGI) and Modus had occasional contact in the normal course of doing business.

In the spring of 2001, the Board of Directors of Modus engaged Goldman, Sachs & Co. to seek strategic alternatives for Modus. During the balance of 2001 and through 2002, Goldman, Sachs & Co. contacted various parties to discuss possible strategic combinations.

Prior to entering into merger discussions with Modus, CMGI had sought to expand its supply chain management business as a part of its overall corporate strategy. CMGI's business plan included goals of establishing a presence in China, entering new vertical markets in the supply chain management business and diversifying its customer base. CMGI's management determined that acquiring Modus would fit within this business strategy.

CMGI and Modus began discussions about a potential transaction in December 2002. From December 2002 through February 2003, Modus provided due diligence information to CMGI. Members of the senior management teams of Modus and CMGI met in February 2003 to discuss a potential transaction, but such discussions were discontinued in late February 2003.

On September 10, 2003, the CMGI Board of Directors held a regularly scheduled quarterly meeting at which CMGI's management and Board of Directors discussed the competitive dynamics in the supply chain management business, including companies with a presence in China. CMGI's management and Board of Directors discussed the possibility of acquiring Modus and, at the conclusion of such meeting, the CMGI Board of Directors authorized management of CMGI to retain an investment banker for the purpose of assisting CMGI evaluate a possible transaction with Modus. Subsequently, CMGI retained J.P. Morgan Securities Inc. to serve as its financial advisor.

On September 15, 2003, George A. McMillan, CMGI's President and Chief Executive Officer, and David S. Wetherell, CMGI's Chairman, met with R. Scott Murray, Modus' Chief Executive Officer, to discuss industry trends, Modus' business and their companies' respective strategic objectives. This meeting was followed by a subsequent telephone conversation between Mr. McMillan and Mr. Murray on September 22, 2003 during which they discussed the possibility of a business combination. On September 29, 2003, Mr. McMillan, Thomas Oberdorf, CMGI's Chief Financial Officer, Mr. Wetherell (by phone) and representatives of JPMorgan met with Mr. Murray, Timothy M. Adams, Modus' Chief Financial Officer, and representatives of Goldman Sachs, to discuss a possible transaction. Both CMGI and Modus agreed to continue discussions and the Chief Financial Officers from both companies agreed to jointly develop estimates of integration costs and possible cost synergies that would result from a potential transaction.

On October 1, 2003 and October 2, 2003, Mr. Oberdorf and Mr. Adams met to discuss the financial implications of a potential transaction, including identifying synergies, cost savings and related integration costs. On October 10, 2003, Mr. McMillan, Mr. Oberdorf, Peter L. Gray, CMGI's Executive Vice President and General Counsel, and representatives of JPMorgan met with Mr. Murray, Mr. Adams, Sheila M. Flaherty, Modus' Senior Vice President and General Counsel, and representatives of Goldman Sachs to discuss a possible transaction and the results of their financial analysis. On October 27, 2003, Mr. McMillan, Mr. Oberdorf, Mr. Gray, Jonathan A. Kraft, a CMGI director, and Mr. Wetherell

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(by phone), and representatives of JPMorgan met with Mr. Murray, Mr. Adams, Mark E. Nunnely, a Modus director, and representatives of Goldman Sachs to discuss terms of a potential acquisition of Modus by CMGI. Following these meetings, the parties and their representatives had several teleconference calls to negotiate certain deal parameters, but could not agree on

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terms. On November 8, 2003, Mr. McMillan and Mr. Murray spoke by phone and concluded that a transaction at that time was unlikely and that efforts to negotiate a transaction would cease.

Beginning in November 2003, Modus was from time to time engaged in discussions with a third party regarding a potential acquisition of Modus. However, Modus ultimately determined not to proceed with a transaction with such third party.

On March 5, 2004, Mr. McMillan, Mr. Oberdorf and Mr. Murray met to discuss reviving the discussions between CMGI and Modus concerning a possible business combination. Mr. Murray discussed the financial results for the year ended December 31, 2003 and the fiscal year 2004 budget. Both parties agreed that they would elevate the renewed merger discussion to their respective Boards. Later that day, Mr. McMillan and Mr. Oberdorf met with Mr. Wetherell to discuss their meeting with Mr. Murray.

On March 10, 2004, the CMGI Board of Directors held its regularly scheduled quarterly meeting. During such meeting, members of management of CMGI presented the possible acquisition of Modus as a topic of discussion and the Board of Directors authorized management of CMGI to engage in negotiations with Modus. Later on the same day, Mr. McMillan, Mr. Oberdorf and Mr. Gray met with Mr. Murray and Mr. Adams to discuss the possible terms of a potential transaction. Similar meetings were held on March 11, 2004 and March 12, 2004, at which meetings Ms. Flaherty also participated. On March 12, 2004 the CMGI Board of Directors held a telephonic special meeting during which CMGI management described the recent negotiations with Modus, and the Board authorized management of CMGI to commence due diligence and negotiations concerning a possible combination transaction if certain terms and conditions were agreed to by Modus.

Over the following ten days, CMGI and its accounting, financial and legal advisors conducted due diligence on Modus at the Boston office of Hale and Dorr LLP, Modus' legal counsel, and the parties concurrently negotiated the terms of a definitive merger agreement and related ancillary agreements.

On March 21, 2004, the CMGI Board of Directors held a telephonic special meeting at which they discussed the progress of CMGI's negotiations with Modus, reviewed due diligence findings of CMGI management, Ernst & Young and outside counsel and reviewed deal terms that remained to be negotiated. Between March 14 and March 22, 2004, the Modus Board of Directors held numerous telephonic special meetings at which they discussed the progress of the discussions with CMGI, reviewed the diligence findings of Modus management and reviewed the deal terms that remained to be negotiated.

On March 22, 2004, the CMGI Board of Directors again held a telephonic meeting. At the conclusion of discussions among members of the CMGI Board of Directors and CMGI management concerning the terms of the proposed transaction, the CMGI Board of Directors unanimously approved the transaction, subject to management resolving various open business issues and Modus obtaining signatures from a sufficient number of its stockholders to the stockholder support agreements and the stock transfer agreement. On March 22, 2004, the Modus Board of Directors also held a telephonic special meeting at which the Modus Board of Directors approved the transaction.

On March 23, 2004, the parties finalized the terms of the merger agreement and the ancillary agreements while Modus sought to obtain signatures from a sufficient number of Modus stockholders to the stockholder support agreements and the stock transfer agreement. CMGI and Modus publicly announced the transaction on the morning of March 24, 2004.

CMGI's Reasons for the Merger

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In reaching its decision to approve the merger agreement and the merger, CMGI's Board of Directors determined that the merger is in the best interests of CMGI and its stockholders. The decision by CMGI's Board of Directors was reached after consulting with CMGI's management and its financial and legal advisors, and after consideration of various factors, including:

CMGI management's view of the financial performance of CMGI and Modus before and after giving effect to the merger;

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the type and amount of consideration to be paid in the transaction;

the terms of the merger agreement and ancillary agreements;

current financial market conditions and historical market prices for CMGI common stock, volatility and trading information; and

the results of the due diligence investigation conducted by CMGI's management, accountants and legal counsel.

The CMGI Board of Directors' decision to approve the merger agreement and the merger was based on potential benefits of the merger that the CMGI Board of Directors believes will contribute to the success of CMGI's supply chain management business and corresponding benefits to CMGI, including:

the complementary nature of services currently offered by Modus to those offered in CMGI's supply chain management business, which will enable CMGI to expand the range of services it offers;

the opportunity to diversify the current customer base of CMGI's supply chain management business by adding Modus' current customers;

the fact that the combined business will have a significant geographic presence, especially in China and other parts of Asia, where CMGI's supply chain management business currently has only limited operations, which will allow CMGI to service clients who increasingly are moving production to lower cost venues;

the opportunity for the combined company to achieve cost savings through the realization of operational synergies between Modus and CMGI's supply chain management business;

the increased scale and revenue base of the combined company compared to that of CMGI's existing supply chain management business;

the increased efficiency of the sales team of the combined company and the ability to forge stronger relations with the combined company's most significant customers;

the expectation that the merger will be accretive to CMGI's earnings in the first year following consummation of the merger (excluding restructuring costs); and

the willingness of Modus stockholders currently holding in excess of two-thirds of Modus common stock to be subject to volume limitations on resales of shares of CMGI common stock received in the merger.

In considering the merger, the CMGI Board of Directors also identified and considered a number of potentially negative factors, including the following:

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the risk that the potential benefits of the merger may not be realized fully as a result of the companies not being able to successfully integrate their technology, personnel and operations, general industry-wide or economic conditions or other factors;

the risk that after the merger CMGI could lose important current customers of CMGI or Modus, or that shared customers may seek to renegotiate contracts based on the rates of the lower cost pre-merger vendor;

the risk that payment of Modus' debt, as provided under the merger agreement, will result in liquidity risk for CMGI;

the risk that if the merger is not consummated, CMGI's management will have devoted substantial time and resources to the combination at the expense of attending to and growing CMGI's supply chain management business or other business opportunities;

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the risk that after the merger the change in size and geographic scope of CMGI, matters associated with the transition and the increased management responsibilities related to such factors will impact the ability of management to oversee operations;

the risk that demand for supply chain management services will decline;

the potential adverse impact of additional shares of CMGI common stock being resold into the market following the closing (subject to the volume limitations applicable to Modus significant stockholders), which could have the effect of putting downward pressure on the trading price of CMGI common stock; and

other applicable risks described in this prospectus under **Risk Factors** on pages 15 through 23.

The CMGI Board of Directors ultimately determined that the potential benefits of the merger outweighed the negative factors in concluding to proceed with the merger, but the CMGI Board of Directors did not quantify or assign any relative or specific weights to the various factors that it considered. Rather, the CMGI Board of Directors based its recommendation on the totality of the information presented to and considered by it. In addition, individual members of the CMGI Board of Directors may have given different weight to different factors considered in the analysis.

Modus Reasons for the Merger

In reaching its decision to approve the merger agreement and the merger and to recommend approval of the merger agreement by Modus stockholders, the Modus Board of Directors consulted with its management team and advisors and independently considered the proposed merger agreement and the transactions contemplated by the merger agreement. The following discussion of factors considered by the Modus Board of Directors in making its decision is not intended to be exhaustive, but includes all material factors considered by the Modus Board of Directors.

The Modus Board of Directors considered the following factors as reasons that the merger will be beneficial to Modus and its stockholders:

the value of the per share merger consideration to be paid in the merger;

the belief that the opportunity to own CMGI common stock would provide Modus stockholders with greater future liquidity in the security of a company that could capitalize on the business prospects of Modus and provide a better return of stockholder investments;

the complementary nature of and other strategic benefits of combining Modus with CMGI;

the apparent trend of consolidation in the supply chain management servicing industry and the likelihood that competitors of Modus would participate in this consolidation; and

the repayment of Modus debt and cash held by CMGI.

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In the course of its deliberations, the Modus Board of Directors reviewed with Modus management a number of other factors relevant to the merger. In particular, the Modus Board of Directors considered, among other things:

information relating to the business, assets, management, competitive position and operating performance of Modus, including the prospects of Modus if it were to continue as an independent company;

the likelihood that the merger would be completed; and

the expected qualification of the merger as a reorganization under Section 368(a) of the Internal Revenue Code.

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The Modus Board of Directors also identified and considered a number of potentially negative factors in its deliberations concerning the merger, including:

the risk that the operations of CMGI and Modus might not be successfully integrated;

the risk that, despite the efforts of Modus and CMGI before and after the merger, key personnel might leave Modus;

the risk that the potential benefits of the merger might not be fully realized;

the risk that certain key customers would terminate or reduce their business relationships with Modus; and

the risk that the market price for CMGI stock might decline.

The Modus Board of Directors believed that certain of these risks were unlikely to occur, that Modus could avoid or mitigate others, and that, overall, these risks were outweighed by the potential benefits of the merger.

In view of the variety of factors considered in connection with its evaluation of the merger agreement and the merger, the Modus Board of Directors did not find it practicable and did not quantify or otherwise assign relative weight to the specific factors considered in reaching its determination. In addition, individual members of the Modus Board of Directors may have given different weight to different factors.

Recommendation of the Modus Board of Directors

The Modus Board of Directors has approved the merger agreement and determined that the merger agreement and the merger are advisable and in the best interests of Modus and its stockholders. The Modus Board of Directors recommends that you vote *FOR* the proposal to adopt the merger agreement and approve the merger at the special meeting of Modus stockholders.

Structure of the Merger

The merger agreement provides for the merger of Westwood Acquisition Corp., a newly-formed, wholly-owned subsidiary of CMGI, with and into Modus. As a result of the merger, Westwood Acquisition Corp. will cease to exist and Modus will continue as the surviving corporation and become a wholly-owned subsidiary of CMGI.

Merger Consideration

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Upon the completion of the merger, the outstanding shares of Modus common stock, other than Modus dissenting shares and any shares of Modus common stock held by CMGI, Westwood Acquisition Corp. or Modus (which would be cancelled and extinguished) will be converted into the right to receive a certain number of shares of CMGI common stock as described below:

The total number of shares of CMGI common stock issuable as merger consideration at the effective time, assuming no Modus dissenting shares, will be determined by dividing (i) the purchase price of \$157,500,000 (subject to adjustment as discussed below and in MERGER AGREEMENT Terms of Merger) by (ii) the average closing price of CMGI common stock during the 20 trading days ending immediately prior to the second trading day preceding completion of the merger. The merger agreement provides, however, that the average closing price of CMGI common stock used to calculate the total number of shares issuable as merger consideration will not be more than \$2.478 or less than \$2.028.

The number of shares of CMGI common stock issuable to Modus stockholders in respect of each share of Modus common stock as merger consideration at the effective time will be determined by dividing (i) the total number of shares of CMGI common stock issuable by (ii) the total number of shares of Modus common stock outstanding immediately prior to the effective time, including shares of Modus

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common stock issuable upon exercise of in-the-money options and warrants to purchase shares of Modus common stock assuming such options and warrants were exercised on a cashless basis.

In no event will CMGI be required to issue shares of CMGI common stock in the merger which, when taken together with the aggregate number of shares of CMGI common stock that will be subject to issuance upon exercise of options assumed or substituted for by CMGI, will exceed the maximum number of shares that may be issued and options and warrants that may be assumed, substituted or granted without approval of the stockholders of CMGI under Nasdaq's Marketplace Rules. CMGI has requested and expects to receive written confirmation from the Nasdaq National Market that options for the purchase of shares of Modus common stock held currently by Modus employees that will be terminated and replaced with options for the purchase of CMGI common stock at the effective time of the merger will not be included in the number of shares issuable in the merger for purposes of determining whether stockholder approval under the Nasdaq Marketplace Rules is required. Based on such confirmation and CMGI's plans for issuing substitute options under CMGI stock incentive plans, the restriction on the number of shares of CMGI common stock issuable as merger consideration described above will not result in any reduction in the number of shares actually issued.

Pursuant to the merger agreement, in the event that Modus' net indebtedness reflected on its closing balance sheet delivered to CMGI no later than two days before the closing date exceeds a targeted amount of net indebtedness of \$76,000,000, and such excess is greater than the amount, if any, by which Modus' net working capital, as defined in the merger agreement, reflected on such balance sheet exceeds \$12,818,000 (Modus' net working capital as of February 29, 2004), then the \$157,500,000 purchase price will be reduced by the amount by which such excess indebtedness exceeds such net working capital excess, and the exchange ratio used to calculate the number of shares of CMGI common stock each Modus stockholder will receive in the merger will be adjusted accordingly. If the final amounts of such adjustments are different from the preliminary amounts calculated prior to the closing of the merger, such adjustments will be accounted for under the escrow agreement, as described below. See THE MERGER AGREEMENT Terms of the Merger.

At the effective time, 10.6% of the aggregate number of issuable shares of CMGI common stock issuable to Modus stockholders in the merger at the applicable exchange ratio (determined prior to any purchase price adjustments, as described above) will be deposited in an escrow account pursuant to an escrow agreement. The shares will be held in the escrow account until the 12 month anniversary of the closing date. The shares in the escrow account will be the sole and exclusive remedy for (i) payment of indemnification obligations under the merger agreement (see THE MERGER AGREEMENT Indemnification Rights) and (ii) any post-closing purchase price adjustment as described above. Shares of CMGI common stock remaining in the escrow account at the end of the 12 month period will be distributed pro rata to Modus stockholders in accordance with their Modus stock holdings as of the effective time. For more information regarding the escrow agreement, see OTHER AGREEMENTS Escrow Agreement.

The precise number of shares of CMGI common stock any Modus stockholder will be entitled to receive in exchange for each share of Modus common stock owned immediately prior to the effective time of the merger will not be calculable until the second trading day immediately prior to the completion of the merger. In any event, however, the exchange ratio will not be greater than 2.231789 or less than 1.826501 (assuming no adjustment to the aggregate purchase price). In the event of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares affecting the CMGI common stock, the calculation of the exchange ratio and the related calculation and termination rights as described under THE MERGER AGREEMENT Treatment of Stock Options will be correspondingly adjusted to reflect such event.

Set forth below is a table that shows (i) the aggregate number of whole shares of CMGI common stock that holders of Modus common stock would receive in the merger at various average closing prices of CMGI common stock, (ii) the resulting exchange ratio used to determine how many shares of CMGI common stock one share of Modus common will be converted into in the merger, and (iii) the number of shares of CMGI common

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stock a holder of 100 shares of Modus common stock would receive at different average closing prices of CMGI common stock. The table is based on the following assumptions:

that 29,570,583 shares of Modus common stock will be issued and outstanding on the effective date;

that the aggregate number of shares of Modus common stock that would be outstanding if all in-the-money options and warrants to purchase Modus common stock were exercised on a cashless basis is 34,798,409; and

that there has been no adjustment of the purchase price as described above.

	Average Closing Price of CMGI Common Stock	Applicable Exchange Ratio	Aggregate Number of Shares of CMGI Common Stock to be Issued in the Merger (excluding options and warrants)	Number of Shares of CMGI Common Stock a Modus Stockholder Would Receive for Each 100 Shares of Modus Common Stock
	\$ 1.500 or lower	2.231789	65,995,314	223
	\$ 1.750	2.231789	65,995,314	223
	\$ 2.000	2.231789	65,995,314	223
Lower Collar Limit	\$ 2.028	2.231789	65,995,314	223
	\$ 2.100	2.155271	63,732,617	215
	\$ 2.150	2.105148	62,250,464	210
	\$ 2.250	2.011586	59,483,776	201
	\$ 2.350	1.925987	56,952,552	192
	\$ 2.450	1.847375	54,627,958	184
Higher Collar Limit	\$ 2.478	1.826501	54,010,693	182
	\$ 2.500	1.826501	54,010,693	182
	\$ 2.600	1.826501	54,010,693	182
	\$ 2.650 or higher	1.826501	54,010,693	182

If the average trading price of CMGI common stock had been determined on June 9, 2004, it would have been \$1.911, which would have resulted in an exchange ratio of 2.231789. The average trading price does not represent the actual value of the shares of Modus common stock you will receive in the merger. The value of those shares will depend on market conditions at the time you receive those shares.

Treatment of Modus Stock Options and Warrants

Under the merger agreement, CMGI has agreed that at the effective time of the merger all unexercised and unexpired options to purchase shares of Modus common stock then outstanding under any Modus stock option plan, whether or not then exercisable, either will be (a) assumed and converted into options to purchase shares of CMGI common stock or (b) terminated and substituted with options to purchase shares of CMGI common stock issued under CMGI's existing stock incentive plans. The outstanding stock options of Modus otherwise will continue to be exercisable and vest subject to the terms and conditions applicable to them before the merger, except that, prior to the effective time of the merger, Modus will accelerate the vesting of one-third of the remaining unvested portion of all Modus stock options and Modus will waive any liquidity thresholds to exercise contained in option agreements under Modus stock option plans. See THE MERGER AGREEMENT Treatment of Stock Options. The merger agreement does not expressly provide for the assumption of Modus warrants, but the terms of such warrants

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provide that they will remain as outstanding obligations of Modus following the effective time of the merger. Modus warrants exercised after the effective time of the merger will be entitled to receive the same consideration as if such warrants had been exercised immediately prior to the effective time of the merger. See THE MERGER AGREEMENT Treatment of Warrants.

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Appraisal Rights

Modus stockholders who do not vote in favor of the merger and follow the appropriate procedures under the General Corporation Law of the State of Delaware (DGCL) will be entitled, instead of receiving the shares of CMGI common stock pursuant to the merger agreement, to have the fair value of their shares of Modus common stock be determined by a Delaware court. Section 262 of the DGCL, Appraisal Rights, is attached hereto as Annex 5. CMGI will not be obligated to complete the merger if, as of the effective time, holders of more than 3% of Modus common stock have exercised their appraisal rights and have not withdrawn such demand for appraisal.

Interests of Certain Persons in the Merger

In considering the recommendation of the Modus Board of Directors with respect to the adoption of the merger agreement, you should be aware that certain directors and officers of Modus have interests in the merger that are different from, or in addition to, the interests of Modus stockholders. The Modus Board of Directors was aware of and considered these interests when it considered and approved the merger agreement and the merger. These interests relate to or arise from, among other things:

the continued indemnification of current directors and officers of Modus;

the accelerated vesting, and removal of liquidity thresholds, of options to purchase Modus common stock or restricted common stock of Modus prior to or upon the effective time of the merger;

severance arrangements with officers;

the repayment of certain indebtedness of Modus held by directors or affiliates of directors; and

the ability of R. Scott Murray (a director and the Chief Executive Officer of Modus) and Terence Leahy (a director of Modus) to repay their indebtedness to Modus in shares of Modus common stock.

Except as described below, none of the directors or officers of Modus with the interests described above have, to the knowledge of CMGI and Modus, any material interest in the merger apart from those of Modus stockholders generally.

Indemnification and Insurance

Subject to any limitation imposed from time to time under applicable law, CMGI will indemnify and hold harmless the present and former officers, directors, employees and agents of Modus and its subsidiaries in respect of acts or omissions occurring on or before the effective time of the merger. Indemnification will be provided to the extent provided under Modus' certificate of incorporation and bylaws or any indemnification agreement with Modus and its subsidiaries' officers and directors to which Modus or its subsidiaries is a party that is in effect on the date of the merger agreement.

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For six years after the effective time of the merger, CMGI will procure officers and directors liability insurance in respect of acts or omissions occurring on or before the effective time of the merger covering each of the present and former officers, directors, employees and agents of Modus and its subsidiaries currently covered by Modus or its subsidiaries officers and directors liability insurance policy on terms no less favorable to those of such policy in effect on the date of the merger agreement or, if substantially equivalent insurance is unavailable, the best available coverage. However, CMGI will not be required to pay an annual premium for such liability insurance in excess of 200% of the amount per annum Modus paid prior to entering into the merger agreement.

Stock Options and Restricted Stock Agreements

Under the merger agreement, at the effective time of the merger, all unexercised and unexpired options to purchase shares of Modus common stock then outstanding under any stock option plan of Modus, either will be

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assumed and converted into options to purchase shares of CMGI common stock or terminated and substituted with options to purchase shares of CMGI common stock issued under CMGI's existing stock option plans. For more information, please see THE MERGER AGREEMENT Treatment of Stock Options.

Pursuant to the merger agreement, prior to the effective time of the merger, Modus will accelerate the vesting of one-third of the remaining unvested portion of all Modus stock options, and Modus will waive any liquidity thresholds to exercise contained in option and restricted stock agreements under Modus's stock option plans.

Pursuant to the terms of existing restricted stock agreements between Modus and certain executive officers, as amended, consummation of the merger will cause termination of all repurchase rights governing the restricted stock, and such stock therefore will become fully vested and free of all encumbrances and restrictions.

The following table shows for each director and executive officer of Modus the number of Modus stock options that will become exercisable upon the merger as a result of: (a) the waiver of the liquidity thresholds to exercise currently applicable to such options, (b) the acceleration of one-third of the remaining unvested options pursuant to the merger agreement and (c) any other acceleration resulting from the merger pursuant to the terms of the applicable option agreement. The table also shows the shares of Modus restricted stock held by such individual with respect to which any repurchase rights will lapse upon the merger. The data in the table assumes the merger occurred on June 1, 2004.

<u>Executive Officer or Director</u>	<u>Number of Modus options that will become exercisable upon the merger(1)</u>	<u>Number of shares of Modus restricted stock for which any repurchase rights shall lapse upon the merger</u>
R. Scott Murray		2,550,000(2)
Timothy M. Adams	80,000	75,000
Daniel F. Beck	112,061	
Robert T. Dechant	80,000	200,000
Vahram V. Erdekian	56,878	
Sheila M. Flaherty	92,175	50,000
Jeremiah D. Kelly	43,333	
Linwood A. Lacy Jr.	62,967	
Terence M. Leahy	362,260	
Nicholas G. Nomicos	73,333	
W. Kendale Southerland	93,333	50,000
Randy S. Stone	51,152	
David A. Tanner	55,000	50,000

(1) The table does not reflect shares of common stock currently held, or warrants or options that were otherwise vested as of June 1, 2004.

(2) Includes 1,128,929 shares of common stock held in trust for the benefit of Mr. Murray's designees as to which Mr. Murray disclaims beneficial ownership.

Severance Arrangements

Modus has an employment agreement with R. Scott Murray, Modus Chief Executive Officer. The agreement provides that if Mr. Murray's employment is terminated by Modus without cause (as defined below) or by Mr. Murray for good reason (as defined below), he will be entitled to:

his base salary for 18 months following termination;

the pro rata portion of his performance bonus for the portion of the year prior to termination;

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receive health and dental benefits for him and his family at a level commensurate with such benefits at the time of termination for 18 months following the termination;

have the employer's share of the premiums for such benefits paid until the earlier of 18 months following termination or such time as he becomes eligible to receive those benefits from another employer; and

have his life insurance and long-term disability insurance benefits maintained until the earlier of 18 months following termination or such time as he becomes eligible to receive those benefits from another employer.

Modus has severance agreements with each of Mr. Adams, Mr. Beck, Mr. Dechant, Ms. Flaherty, Mr. Kelly, Mr. Southerland and Mr. Tanner. These agreements provide that if the individual's employment is terminated by Modus without cause or by the individual following a change in control, for good reason, then he or she will be entitled to receive his or her base salary for 12 months following termination; provided that if the individual remains unemployed at the end of such 12-month period, the individual will be entitled to additional base salary continuation as long as the individual remains unemployed, to a maximum of 6 additional months. In addition, the agreements with Mr. Adams, Mr. Beck, Mr. Dechant, Ms. Flaherty and Mr. Kelly, provide that following a termination described in the previous sentence, he or she will be entitled to:

receive dental and group health benefits until the earlier of 18 months following termination or such time as the executive becomes eligible to receive those benefits from another employer; and

his or her pro rata bonus for that portion of the year that he or she was employed by Modus to the extent that annual management bonus payments are made for the year in which the individual's employment was terminated.

The employment and severance agreements generally define the terms used as follows:

Cause means:

any failure of the executive to take or refrain from taking any corporate action as specified by the Chief Executive Officer (or in the case of Mr. Murray, consistent with his duties as Chief Executive Officer as specified in written directions of the Board of Directors), which such failure is not cured within 30 days after written notice that failure to take or refrain from taking such action shall constitute cause;

dishonesty, gross negligence or gross misconduct by the executive in connection with the performance by the executive of his or her duties for Modus; or

the conviction of the executive of, or the entry of a pleading of guilty or nolo contendere by the Employee to, any crime involving moral turpitude or any felony.

For the purposes of the severance agreements, "good reason" means:

a substantial diminution in the executive's responsibility or authority;

the executive's primary office is relocated to an office more than 35 miles from Westwood, Massachusetts; or

the executive suffers a reduction in annual base salary.

For the purpose of Mr. Murray's agreement, "good reason" means:

Modus breaches, in any material respect, its obligations under Mr. Murray's agreement including without limitation a substantial diminution or adverse alteration in the title, responsibilities, duties or powers of, or any reduction in the compensation or benefits payable to Mr. Murray, and such breach remains uncured for a period of 30 days following written notice to Modus setting forth in reasonable detail the nature of such breach; or

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following a merger, Modus fails to obtain a reasonably satisfactory agreement from any successor entity to (i) assume Mr. Murray's agreement, (ii) agree to perform the agreement as contemplated and (iii) agree that Mr. Murray retains the same role and responsibilities in the merged or surviving parent company as he had prior to the merger.

Repayment of Indebtedness

Pursuant to the merger agreement, at the effective time, CMGI shall pay, or cause or to be paid, all amounts (including principal, interest and prepayment penalties) outstanding pursuant to certain debt agreements of Modus described in the merger agreement and estimated to be \$101 million as of June 1, 2004. Certain directors of Modus or their affiliates hold a portion of such indebtedness along with warrants to purchase shares of common stock of Modus at an exercise price of \$1.00 per share, as shown in the table below. Modus expects that, pursuant to rights granted in existing agreements, the parties identified in the table below will be issued additional warrants to purchase shares of common stock of Modus at an exercise price of approximately \$1.37 per share prior to the consummation of the merger.

<u>Debtholder</u>	<u>Affiliated Directors</u>	<u>Principal, Interest and Prepayment Penalties as of May 31, 2004</u> (in thousands)	<u>Warrants Outstanding</u>	<u>Warrants to be Issued</u>
Linwood A. Lacy, Jr.	Linwood A. Lacy, Jr.	\$ 7,677	69,187	76,094
Affiliates of Bain Capital or Sankaty Advisors, LLC	Jonathan S. Lavine Nicholas G. Nomicos Mark E. Nunnelly(1)	\$ 27,905	184,499	202,918

(1) Mr. Lavine and Mr. Nunnelly are managing directors and Mr. Nomicos is an executive vice president of Bain Capital, LLC. Sankaty Advisors, LLC is an affiliate of Bain Capital, LLC. Mr. Lavine is also Chief Investment Officer of Sankaty Advisors, LLC.

Other Arrangements

Pursuant to the terms of the merger agreement, the outstanding principal and interest on a \$1,250,000 note issued by R. Scott Murray to Modus and a \$350,000 note issued by Terence M. Leahy to Modus may be repaid in cash or shares of Modus common stock, at the option of the obligor under each such loan, with the value of shares of Modus common stock being based on a value per share equal to the average closing price per share of CMGI common stock for the period of 20 trading days ending immediately prior to the second trading day before the date on which the merger is consummated multiplied by the exchange ratio used to determine the total number of CMGI shares issuable in the merger. These loans will be repaid prior to closing.

In connection with the merger, the surviving company in the merger may extend offers of employment to certain current officers of Modus. CMGI has not yet formally concluded which Modus officers, if any, will be offered employment or the terms such offers might contain.

Resale of CMGI Common Stock

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Shares of CMGI common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of Modus common stock issued to any Modus stockholder that is, or is expected to be, an affiliate of CMGI or Modus for purposes of Rule 145 of the Securities Act. Persons that may be deemed to be affiliates of CMGI or Modus for such purposes generally include individuals or entities that control, are controlled by, or are under common control with, CMGI or Modus, respectively, and will include the directors and executive officers of CMGI and Modus, respectively. The merger agreement requires each of Modus affiliates to execute a written agreement with CMGI to the effect that such affiliate will not transfer any shares of CMGI common stock received as a result of the merger, except pursuant to an effective registration statement under the Securities Act or in a transaction not required to be registered under the Securities Act.

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The restrictions under Rule 145 of the Securities Act will not apply to shares that CMGI is registering for resale in the registration statement of which this proxy statement/prospectus is a part. The registration for resale includes approximately 62,811,878 shares of CMGI common stock issuable as merger consideration, assuming an exchange ratio of 2.231789 and assuming that the selling stockholders exercise all of their options and warrants (including warrants Modus expects to issue pursuant to existing contractual arrangements with some of the current debt holders) to purchase Modus common stock prior to the merger, that will be immediately available for resale in the public market following the effective time of the merger, subject to the limitations contained in the stock transfer agreement. See OTHER AGREEMENTS Stock Transfer Agreement and SELLING STOCKHOLDERS.

After the effective time of the merger, CMGI intends to file a post-effective amendment on Form S-3 to the registration statement of which this proxy statement/prospectus forms a part, which amendment will include a resale prospectus for each Modus stockholder who is a party to the transfer agreement and the stockholder representative with respect to shares of CMGI common stock held in escrow pursuant to the escrow agreement. See OTHER AGREEMENTS Escrow Agreement and Stock Transfer Agreement and SELLING STOCKHOLDERS. CMGI has agreed to keep a resale registration statement effective until the earliest of (i) 270 days following the effective time of the registration statement, (ii) the date of final sale by persons covered by the registration statement of all the CMGI common stock registered on the registration statement or (iii) the date upon which all of the CMGI common stock registered on the registration statement is saleable without registration pursuant to Rule 145 under the Securities Act.

Accounting Treatment

In accordance with accounting principles generally accepted in the United States, CMGI will account for the merger using the purchase method of accounting. Under this method of accounting, CMGI will record the market value of its common stock issued in the merger, the fair value of CMGI options and warrants issued in exchange for the options and warrants to purchase shares of Modus common stock, the fair value of options to purchase Modus common stock assumed by CMGI, and the amount of CMGI's direct transaction costs associated with the merger as the purchase price of acquiring Modus. CMGI will allocate the purchase price to the net tangible and identifiable intangible assets and liabilities acquired, based on their respective fair values at the date of the completion of the merger. Any excess of the purchase price over the fair value of the tangible assets and liabilities acquired and the identifiable intangible assets acquired will be accounted for as goodwill. The amount of purchase price attributable to the fair value of assets and liabilities to be acquired, including identifiable intangible assets that will be amortized over their estimated useful life, has not yet been determined.

In accordance with the Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, any goodwill resulting from the business combination will not be amortized but instead will be tested for impairment at least annually (more frequently if impairment indicators are present). In the event that CMGI's management determines that the value of goodwill has become impaired, CMGI will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

Material United States Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax consequences of the merger to United States holders (as defined below) of Modus common stock. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated thereunder, judicial opinions, and administrative pronouncements and published rulings of the Internal Revenue Service, all as in effect on the date of this proxy statement/prospectus. These authorities may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those set forth below. We have not sought, and will not seek, any ruling from the IRS with respect to the U.S. federal income tax consequences of the merger. There can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the merger summarized in this discussion or that any such contrary position would not be sustained.

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This summary is limited to United States holders who hold their shares of Modus common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not address all of the tax consequences that may be relevant to you in light of your particular circumstances, and does not address the tax consequences arising under the laws of any foreign, state or local jurisdiction. In addition, this summary does not consider any specific facts or circumstances that may be relevant to a shareholder subject to special rules under U.S. federal income tax laws, including without limitation:

banks, insurance companies and other financial institutions;

partnerships or other entities treated as partnerships or flow-through entities;

tax-exempt organizations;

tax-qualified retirement plans;

dealers in securities or currencies;

traders in securities that elect to use the mark-to-market method of accounting for their securities holdings;

persons that hold Modus common stock as part of a hedge, straddle, or other risk reduction strategy or as part of a constructive sale or conversion transaction;

persons who acquired their shares of Modus common stock upon the exercise of employee stock options or otherwise as compensation;

persons whose functional currency is not the U.S. dollar; and

foreign holders.

If a partnership or other entity taxed as a partnership holds Modus common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnerships should consult their tax advisors about the tax consequences of the merger to them.

You are strongly urged to consult your tax advisors regarding the specific U.S. federal income tax consequences of the merger to you in light of your particular situation, as well any tax consequences arising under any other federal, state, local or foreign tax laws.

For purposes of this discussion, we use the term **United States holder** to mean a beneficial owner of Modus common stock that for U.S. federal income tax purposes is:

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a citizen or resident of the United States;

a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or the District of Columbia;

an estate that is subject to U.S. federal income tax on its income regardless of its source; or

a trust controlled by one or more U.S. persons that is subject to the primary supervision of a U.S. court, and certain other trusts considered U.S. persons for U.S. federal income tax purposes.

Tax Consequences of the Merger

As a condition to completing the merger, CMGI must receive from Latham & Watkins LLP, and Modus must receive from Wilmer Cutler Pickering Hale and Dorr LLP, an opinion dated as of closing that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Each opinion will be based on customary factual assumptions and representations as set forth in representation letters to be delivered by each of CMGI and Modus at the time of closing, which assumptions and representations must continue to be true and accurate in all respects as of the closing. The opinions also will assume that the merger will be completed according to the terms of the merger agreement. An opinion of counsel represents such counsel's best legal judgment and is not binding on the IRS or any court.

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If the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, subject to the qualifications and assumptions described above, the material U.S. federal income tax consequences of the merger are:

Modus will not recognize gain or loss in the merger;

you will not recognize gain or loss if you receive solely CMGI stock in exchange for your Modus common stock in the merger;

you will recognize capital gain or loss on any cash you receive in lieu of a fractional share of CMGI common stock in an amount equal to the difference between the amount of cash received and the portion of your tax basis in the Modus common stock that would be allocated to the fractional share of CMGI common stock for which you received cash instead;

your aggregate tax basis in the CMGI common stock you receive in the merger will be equal to your aggregate tax basis in the Modus common stock you surrender in exchange, reduced by the tax basis allocable to any fractional shares of CMGI common stock for which you received cash instead; and

your holding period of the CMGI common stock you receive in the merger will include your holding period of the Modus common stock you surrendered in exchange.

You must retain records and file a statement setting forth facts relating to the merger with your U.S. federal income tax returns.

Consequences of the Escrow

For U.S. federal income tax purposes, you will be treated as if you received all of the escrow shares upon consummation of the merger. Accordingly, until the escrow shares are released from escrow, your interim tax basis for the shares of CMGI common stock received in the merger will be determined as though the maximum number of shares of CMGI common stock will be received. You should not recognize any gain or loss in the event that all or a portion of the escrow shares are returned to CMGI. The tax basis of any such returned shares will be added to the adjusted basis of the remaining shares of CMGI common stock that you received in the merger. In addition, you should not recognize gain or loss when the escrow shares are released to you upon termination of the escrow.

Under the escrow agreement, the stockholder representative has the right to sell some or all of the escrow shares, subject to the provisions of that agreement. In the event that any escrow shares are sold, you will recognize capital gain or loss (long-term or short-term depending on your holding period in such shares) in an amount equal to your pro-rata portion of the proceeds from such sale over the basis allocable to your pro-rata portion of the shares sold notwithstanding that the escrow agent will retain the proceeds of such sale. Similarly, you will be taxed on your pro-rate share of any income earned from the investment of such proceeds, even if such earnings are retained in escrow.

If the escrow shares, or any proceeds from the sale of any escrow shares, are returned or paid to CMGI, it is possible that you may be entitled to an offsetting adjustment.

The taxation of escrows is complex. You are encouraged to consult your tax advisor regarding the tax consequences of the escrow, including the return of any escrow shares to CMGI, the sale of any shares held in escrow and the release of the shares from the escrow.

Consequences to holders of Modus common stock who exercise dissenters' rights

If you properly exercise your dissenters' rights with respect to the merger, you will receive cash in exchange for your Modus common stock. In such case, you will recognize capital gain or loss measured by the difference between the amount of cash received and your tax basis in the stock. The capital gain will be long-term if you have held the Modus common stock for more than one year and otherwise will be short-term.

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Consequences if the Merger Fails to Qualify as a Reorganization

If the merger fails to qualify as a reorganization under Section 368(a) of the Internal Revenue Code, your receipt of CMGI common stock and any cash in lieu of fractional shares of CMGI common stock pursuant to the merger will be fully taxable for U.S. federal income tax purposes. In such case, you will recognize capital gain or loss equal to the excess of the value of CMGI common stock plus any cash received in the merger over your tax basis in the Modus common stock exchanged in the merger. Your tax basis in the CMGI common stock received will be equal to the fair market value of such stock on the date of the merger. Your holding period for the CMGI common stock will begin on the day after the closing date of the merger.

Backup Withholding

If you are a non-corporate United States holder of Modus common stock, you may be subject to backup withholding on any cash payments you receive. However, you can avoid backup withholding if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute IRS Form W-9 or any successor form included in the letter of transmittal to be delivered to you following the completion of the merger;

provide a certification of foreign status on IRS Form W-8BEN or any successor form; or

are otherwise exempt from backup withholding.

Backup withholding is not an additional tax, and any amounts withheld may be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the IRS.

Tax matters are very complicated, and the tax consequences of the merger to you will depend on your particular tax situation. You are strongly urged to consult your tax advisors regarding the specific U.S. federal income tax consequences of the merger to you, as well any tax consequences arising under any state, local or foreign tax laws and any other federal tax laws.

Listing on the Nasdaq National Market

It is a condition to the completion of the merger that the CMGI common stock issuable to the Modus stockholders pursuant to the merger agreement be approved for listing on the Nasdaq National Market. Pursuant to the Nasdaq regulatory requirements, CMGI will notify Nasdaq via a Notification Form regarding the listing of additional shares related to the merger.

Regulatory Matters

The merger has been approved by the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, CMGI and Modus made pre-merger notification filings regarding the merger on April 15, 2004. On April 23, 2004, CMGI and Modus were notified that they were granted early termination of the waiting period provided under the statute and on May 3, 2004 received official notice of approval. The merger was also approved by the Competition Authority of Ireland on May 20, 2004.

Operations Following the Merger

After the merger, Modus will be a wholly-owned subsidiary of CMGI. Modus will operate with CMGI's subsidiary, SalesLink, in the supply chain management segment.

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THE MERGER AGREEMENT

The following summary describes certain material provisions of the merger agreement, which is included in this proxy statement/prospectus as Annex 1 and is incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully in its entirety.

Terms of the Merger

Structure of the Merger

The merger agreement provides for the merger of Westwood Acquisition Corp., a newly-formed, wholly-owned subsidiary of CMGI, with and into Modus. As a result of the merger, Westwood Acquisition Corp. will cease to exist and Modus will continue as the surviving corporation and a wholly-owned subsidiary of CMGI.

Completion and Effectiveness of the Merger

The closing of the merger will occur as soon as practicable after all of the conditions to completion of the merger contained in the merger agreement are satisfied or waived unless the parties agree otherwise in writing (see the section entitled **THE MERGER AGREEMENT** Conditions to Completion of the Merger). The merger will become effective upon the filing of the certificate of merger with the Secretary of State of the State of Delaware.

We are working to complete the merger as quickly as reasonably possible. We currently expect that the merger will close in the third calendar quarter of 2004. The merger agreement may be terminated by CMGI and Modus if the merger does not close by November 30, 2004. In addition, the merger agreement may be terminated by CMGI and Modus by mutual consent or by either party under various circumstances. See **THE MERGER AGREEMENT** Termination of the Merger Agreement.

Merger Consideration

Upon the completion of the merger, the outstanding shares of Modus common stock other than Modus dissenting shares and any shares of Modus common stock held by CMGI, Westwood Acquisition Corp. or Modus, if any (which would be cancelled and extinguished) will be converted into the right to receive a certain number of shares of CMGI common stock as described below:

The total number of shares of CMGI common stock issuable as merger consideration at the effective time, assuming no Modus dissenting shares, will be determined by dividing (i) the purchase price of \$157,500,000 (subject to adjustment as discussed below) by (ii) the average closing price of CMGI common stock during the 20 trading days ending immediately prior to the second trading day

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preceding completion of the merger. The merger agreement provides, however, that the average closing price of CMGI common stock used to calculate the total number of shares issuable as merger consideration will not be more than \$2.478 or less than \$2.028.

The number of shares of CMGI common stock issuable to Modus stockholders in respect of each share of Modus common stock as merger consideration at the effective time will be determined by dividing (i) the total number of shares of CMGI common stock issuable by (ii) the total number of shares of common stock outstanding immediately prior to the effective time, including shares of Modus common stock issuable upon exercise of in-the-money options and warrants to purchase shares of Modus common stock assuming such options and warrants were exercised on a cashless basis.

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In no event will CMGI be required to issue shares of CMGI common stock in the merger which, when taken together with the aggregate number of shares of CMGI common stock that will be subject to issuance upon exercise of options assumed or substituted for by CMGI, will exceed the maximum number of shares that may be issued and options and warrants that may be assumed, substituted or granted without approval of the stockholders of CMGI under Nasdaq's Marketplace Rules. CMGI has requested and expects to receive written confirmation from the Nasdaq National Market that options for the purchase of shares of Modus common stock held currently by Modus employees that will be terminated and replaced with options for the purchase of CMGI common stock at the effective time of the merger will not be included in the number of shares issuable in the merger for purposes of determining whether stockholder approval under the Nasdaq Marketplace Rules is required. Based on such confirmation and CMGI's plans for issuing substitute options under CMGI stock incentive plans, the restriction on the number of shares of CMGI common stock issuable as merger consideration described above will not result in any reduction in the number of shares actually issued.

Pursuant to the merger agreement, in the event that Modus' net indebtedness reflected on its closing balance sheet delivered to CMGI no later than two days before the closing date exceeds a targeted amount of net indebtedness of \$76,000,000, and such excess is greater than the amount, if any, by which Modus' net working capital, as defined in the merger agreement, reflected on such closing balance sheet exceeds \$12,818,000 (Modus' net working capital as of February 29, 2004), then the \$157,500,000 purchase price will be reduced by the amount by which such excess indebtedness exceeds such net working capital excess, and the exchange ratio used to calculate the number of shares of CMGI common stock each Modus stockholder will receive in the merger will be adjusted accordingly. If the final amounts of such adjustments are different from the preliminary amounts calculated prior to the closing of the merger, such adjustments will be accounted for under the escrow agreement, as described below.

At the effective time, 10.6% of the aggregate number of issuable shares of CMGI common stock issuable to Modus stockholders in the merger at the applicable exchange ratio (determined prior to any purchase price adjustments, as described above) will be deposited in an escrow account pursuant to an escrow agreement. Such shares will be held in the escrow account until the 12 month anniversary of the closing date. The shares in the escrow account will be the sole and exclusive remedy for (i) payment of indemnification rights and (ii) any post-closing purchase price adjustment, as described above. Shares of CMGI common stock remaining in the escrow account at the end of the twelve month period will be distributed pro rata to Modus stockholders in accordance with their Modus stock holdings as of the effective time. For more information regarding the escrow agreement, see **OTHER AGREEMENTS** Escrow Agreement.

The precise number of shares of CMGI common stock any Modus stockholder will be entitled to receive in exchange for each share of Modus common stock owned immediately prior to the effective time of the merger will not be calculable until the second trading day immediately prior to the completion of the merger. In any event, however, the exchange ratio will not be greater than 2.231789 or less than 1.826501 (assuming no adjustment to the aggregate purchase price). In the event of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares affecting the CMGI common stock, the calculation of the exchange ratio and the related calculation and termination rights as described under **THE MERGER AGREEMENT** Treatment of Stock Options will be correspondingly adjusted to reflect such event.

Set forth below is a table that shows (i) the aggregate number of whole shares of CMGI common stock that holders of Modus common stock would receive in the merger at various average closing prices of CMGI common stock, (ii) the resulting exchange ratio used to determine how many shares of CMGI common stock one share of Modus common will be converted into in the merger, and (iii) the number of shares of CMGI common stock a holder of 100 shares of Modus common stock would receive at different average closing prices of CMGI common stock. The table is based on the following assumptions:

that 29,570,583 shares of Modus common stock will be issued and outstanding on the effective date;

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that the aggregate number of shares of Modus common stock that would be outstanding if all options and warrants to purchase Modus common stock were exercised on a cashless basis is 34,798,409; and

that there has been no adjustment of the purchase price as described above.

	Average Closing Price of CMGI Common Stock	Applicable Exchange Ratio	Aggregate Number of Shares of CMGI Common Stock to be Issued in the Merger (excluding options and warrants)	Number of Shares of CMGI Common Stock a Modus Stockholder Would Receive for Each 100 Shares of Modus Common Stock
	\$ 1.500	2.231789	65,995,314	223
	or lower			
	\$ 1.750	2.231789	65,995,314	223
	\$ 2.000	2.231789	65,995,314	223
Lower Collar Limit	\$ 2.028	2.231789	65,995,314	223
	\$ 2.100	2.155271	63,732,617	215
	\$ 2.150	2.105148	62,250,464	210
	\$ 2.250	2.011586	59,483,776	201
	\$ 2.350	1.925987	56,952,552	192
	\$ 2.450	1.847375	54,627,958	184
Higher Collar Limit	\$ 2.478	1.826501	54,010,693	182
	\$ 2.500	1.826501	54,010,693	182
	\$ 2.600	1.826501	54,010,693	182
	\$ 2.650	1.826501	54,010,693	182
	or higher			

If the average trading price of CMGI common stock had been determined on June 9, 2004, it would have been \$1.911, which would have resulted in an exchange ratio of 2.231789. The average trading price does not represent the actual value of the shares of Modus common stock you will receive in the merger. The value of those shares will depend on market conditions at the time you receive those shares.

Shares of Modus common stock held by Modus stockholders who validly exercise dissenters' rights will be subject to appraisal in accordance with the DGCL. See THE MERGER Appraisal Rights.

Immediately prior to the effective time, CMGI will deposit certificates representing 10.6% of the aggregate number of shares of CMGI common stock issuable to the Modus stockholders in the merger (prior to any adjustments to the purchase price described below) into an escrow account with an escrow agent selected by CMGI and subject to the approval of the Modus stockholders representative. The shares of CMGI common stock held in the escrow account will secure the indemnification obligations of Modus to CMGI under the terms of the merger agreement and be used to satisfy any adjustment to the purchase price determined after closing of the merger. The portion of the shares deposited into the escrow account with respect to each former Modus stockholder will be equal to the portion of the shares of CMGI common stock to be received by such stockholder times a fraction, the numerator of which is the number of shares of CMGI common stock issuable to such stockholder and the denominator of which is the total number of shares of CMGI common stock issuable to Modus stockholders in the merger. The escrow agent will hold the escrowed CMGI common stock and make payments from the escrow in accordance with the terms of an escrow agreement to be entered into by the escrow agent, CMGI and the Modus stockholder representative. To the extent any of the shares of CMGI common stock deposited into escrow have not been used to satisfy indemnification obligations of the Modus stockholders under the merger agreement or used to satisfy an adjustment to the purchase price, such shares will be distributed to the Modus stockholders on a pro rata basis (based on the exchange ratio used on the effective date) after the 12 month anniversary of the effective date. The stockholder representative can direct the escrow agent to sell some or all of the shares in escrow, provided that the proceeds of any such sale continue to be held in the escrow

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account and remain available to satisfy any amounts owed to CMGI under the merger agreement. See THE MERGER AGREEMENT Escrow and Indemnification and OTHER AGREEMENTS Escrow Agreement.

All shares of Modus common stock outstanding immediately prior to the effective time, other than dissenting shares, will no longer be outstanding following the merger and will be automatically cancelled and retired and shall cease to exist. Upon completion of the merger, each share of Modus common stock held by CMGI or any direct or indirect wholly-owned subsidiaries of CMGI immediately prior to the merger also will be automatically cancelled and extinguished for no consideration.

Pre- and Post-Closing Adjustments to the Purchase Price

Under certain circumstances, the \$157,500,000 purchase price will be reduced and the exchange ratio used to calculate the number of shares of CMGI common stock each Modus stockholder will receive in the merger will be adjusted accordingly. Any reduction in purchase price and simultaneous adjustment of the exchange ratio will depend upon the amount of net indebtedness and working capital of Modus as of the closing date. No later than two days prior to the closing of the merger, Modus will prepare and deliver a projected balance sheet and a projected statement setting forth the difference between Modus estimated net indebtedness on the closing date and a target level of net indebtedness of \$76,000,000 and the difference between Modus estimated net working capital (as defined in the merger agreement) on the closing date and a target level of net working capital of \$12,818,000. For purposes of the merger agreement, net indebtedness means total amount of short-term and long-term indebtedness for borrowed money (including capitalized lease obligations but excluding the excluded obligations, as defined in the merger agreement), less the sum of all cash and cash equivalents, plus (i) the sum of all professional fees and expenses incurred by Modus in connection with the transactions contemplated by the merger agreement and (ii) the actual cost or, if not then known, the estimated cost, of Modus taking certain actions described in a schedule to the merger agreement. For purposes of the merger agreement, net working capital means the total amount of current assets (excluding cash and cash equivalents), less the total amount of current liabilities (excluding current portion of long-term indebtedness and indebtedness with a maturity of less than one year). In the event estimated net indebtedness exceeds \$76,000,000, and such excess is greater than the amount, if any, by which estimated net working capital, as defined in the merger agreement, exceeds \$12,818,000, then:

the \$157,500,000 purchase price will be reduced by an amount equal to the difference between (i) the estimated net indebtedness minus \$76,000,000 less (ii) if a positive number, estimated net working capital, as defined in the merger agreement, minus \$12,818,000; and

the exchange ratio will be recalculated using the adjusted purchase price.

The merger agreement sets forth the procedures and dispute resolution mechanics that CMGI and the Modus stockholder representative will follow to finally determine the net indebtedness and net working capital amounts of Modus as of the closing date. The merger agreement provides that within no more than 30 business days after the closing date, CMGI will prepare and deliver to the Modus stockholder representative a final closing balance sheet for Modus and a final statement setting forth the difference, if any, between Modus net indebtedness at closing and \$76,000,000 and the difference, if any, between Modus net working capital at closing and \$12,818,000. The Modus stockholder representative then will have 20 business days to review the final closing balance sheet and final statement of net indebtedness and net working capital. If the net indebtedness and working capital amounts on the final closing balance sheet and final statement of net indebtedness and net working capital are different from the amounts set forth in the initial balance sheet and initial statement of net indebtedness and net working capital provided by Modus prior to the effective time, then the purchase price will be recalculated and the exchange ratio will be recalculated. If the resulting purchase price adjustment amount is greater than the purchase price adjustment amount calculated prior to the effective time, then CMGI and the Modus stockholder representative will jointly instruct the escrow agent to return to CMGI that number of shares of CMGI common stock (valued using the average closing price of CMGI common stock used at the effective

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time) equal to the dollar amount of such deficiency that are being held in escrow pursuant to the escrow agreement. See THE MERGER AGREEMENT Escrow and Indemnification and OTHER AGREEMENTS Escrow Agreement.

Procedures for Exchange of Modus Stock Certificates

Fractional Shares

CMGI will not issue any fractional shares of CMGI common stock in the merger. Instead, each holder of Modus common stock exchanged in the merger who would otherwise be entitled to receive a fraction of a share of CMGI common stock will receive cash, without interest, in lieu of a fractional share. No interest will be paid or accrued on any cash in lieu of fractional shares. The merger agreement provides that, promptly after the closing of the merger, the exchange agent will sell a number of shares of CMGI common stock equal to the total number of fractional shares which holders of Modus common stock would otherwise be entitled to receive. The proceeds generated from such sales will be distributed by the exchange agent to holders of Modus common stock exchanged in the merger on a pro-rata basis.

Exchange of Modus Stock Certificates for CMGI Stock Certificates

Promptly following completion of the merger, American Stock Transfer & Trust Company, the exchange agent in the merger, will mail to each record holder of Modus common stock a letter of transmittal in customary form and instructions for surrendering the record holder's stock certificate in exchange for a certificate representing CMGI common stock.

Only those holders of Modus common stock who properly surrender their Modus stock certificates in accordance with the exchange agent's instructions will receive (a) a certificate representing CMGI common stock, (b) cash in lieu of any fractional share of CMGI common stock and (c) the right to receive shares of CMGI common stock and/or cash out of the escrow pursuant to the escrow agreement. After the effective time of the merger, each certificate representing shares of Modus common stock that has not been surrendered will represent only the right to receive upon surrender of that certificate the merger consideration described in the preceding sentence. The surrendered certificates representing Modus common stock will be cancelled. If any portion of the merger consideration described in clauses (a) and (b) of the first sentence of this paragraph have not been distributed to the Modus common stockholders within six months of the effective time, then such merger consideration will be delivered to CMGI upon demand, and any Modus stockholder who has not properly surrendered its Modus common stock will look only to CMGI for delivery of such portion of the merger consideration to which they are entitled upon surrender of their shares. Following completion of the merger, Modus will not register any transfers of Modus common stock outstanding on its stock transfer books before the merger.

Holders of Modus common stock should not send in their Modus stock certificates until they receive a letter of transmittal from the exchange agent, with instructions for the surrender of Modus stock certificates. Modus stockholders that have not received their letter of transmittal within 30 days of the closing date should contact the exchange agent, American Stock Transfer & Trust Company, at (800) 937-5449.

Distributions with Respect to Unexchanged Shares

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Holders of Modus common stock are not entitled to receive any dividends or other distributions on CMGI common stock until the merger is completed. After the merger is completed, holders of Modus common stock certificates will be entitled to receive dividends and other distributions declared or made after completion of the merger with respect to the number of whole shares of CMGI common stock which they are entitled to receive upon exchange of their Modus stock certificates, but they will not be paid any dividends or other distributions on the CMGI common stock until they surrender their Modus stock certificates to the exchange agent in accordance with the exchange agent instructions.

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Lost Stock Certificates

If a Modus stock certificate is lost, stolen or destroyed, the holder of such certificate may need to execute an affidavit or post a bond prior to receiving the merger consideration described above. Neither CMGI nor Modus shall be liable to any holder of shares of Modus common stock for any portion of the merger consideration delivered to a public official pursuant to any abandoned property, escheat or similar law.

Treatment of Stock Options

Under the merger agreement, CMGI has agreed that at the effective time of the merger all unexercised and unexpired options to purchase shares of Modus common stock then outstanding under any Modus stock option plan, whether or not then exercisable, will be either (a) assumed and converted into options to purchase shares of CMGI common stock or (b) terminated and substituted with options to purchase shares of CMGI common stock issued under CMGI's existing incentive stock option plans. The number of shares of CMGI common stock subject to such converted and substituted options shall be equal to the number of shares of Modus common stock that were issuable upon exercise of such options immediately prior to the effective time of the merger multiplied by the exchange ratio (used to calculate the merger consideration payable in respect of outstanding shares of Modus common stock), rounded down to the nearest whole number of shares of CMGI common stock. The exercise price for such converted and substituted options will be equal to the exercise price per share of Modus common stock immediately prior to the effective time divided by the exchange ratio, rounded up to the nearest whole cent. The outstanding stock options of Modus otherwise will continue to be exercisable and vest subject to the terms and conditions applicable to them before the merger, except that, prior to the effective time of the merger, Modus will accelerate the vesting of one-third of the remaining unvested portion of all Modus stock options and Modus will waive any liquidity thresholds to exercise contained in option agreements under Modus' stock option plans.

The number of options that are assumed and converted into options to purchase shares of CMGI common stock shall be the number of options which, when taken together with the number of shares of CMGI common stock otherwise issuable to Modus stockholders in connection with the merger and shares issued upon exercise of warrants, represent no more than the maximum number of options that can be assumed by CMGI without requiring CMGI to obtain approval of the stockholders of CMGI under Nasdaq's Marketplace Rules for the transactions contemplated by the merger agreement. Any options not so assumed will be terminated and substituted with options to purchase shares of CMGI common stock. At the effective time, CMGI will assume each Modus stock option plan, but will not issue options under such plans in the future.

Treatment of Warrants

The merger agreement does not expressly provide for CMGI's assumption of Modus' warrants, but the terms of such warrants provide that they will remain outstanding obligations of Modus after the effective time of the merger. Any such warrants exercised after the effective time of the merger shall receive the same merger consideration as if the warrants had been exercised immediately prior to the effective time.

Payment of Modus Indebtedness

At the effective time of the merger, CMGI has agreed to pay, or cause or to be paid, all amounts (including principal, interest and prepayment penalties) outstanding pursuant to certain debt agreements of Modus described in the merger agreement estimated to be \$101 million as of June 1, 2004.

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Representations and Warranties

The merger agreement contains representations and warranties of CMGI and Modus relating to, among other things:

corporate organization and qualification;

charter documents and corporate books and records;

corporate authority and board approval;

capital structure;

absence of conflicts or violations and required filings and consents;

litigation;

financial statements;

absence of certain changes since December 31, 2003 with respect to Modus and since July 31, 2003 with respect to CMGI;

tax treatment of the merger;

disclosure documents (including the registration statement of which this proxy statement/prospectus is a part); and

brokers.

The merger agreement contains representations and warranties of Modus relating to, among other things:

subsidiaries;

required governmental approvals;

no undisclosed liabilities;

leases of personal property and real property;

owned real property;

material contracts;

intellectual property matters;

compliance with laws and permits;

taxes;

insurance coverage;

employee benefits;

employees;

personal property and assets;

environmental compliance;

customers;

inventory;

related-party transactions;

foreign corrupt practices;

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past acquisitions;

compliance with international trade laws;

labor and other employment matters;

stockholder vote required to complete the merger; and

customer subsidies.

The merger agreement also contains the following additional representations and warranties of CMGI relating to:

SEC filings by CMGI; and

CMGI's formation and operation of the merger subsidiary to be merged with Modus.

The representations and warranties contained in the merger agreement are subject to various materiality, material adverse affect and knowledge qualifications.

Conduct of Business before Completion of the Merger

General Restrictions on Operations

Modus and CMGI have agreed to restrictions on their respective business activities pending completion of the merger or the termination of the merger agreement. In general, Modus has agreed to (A) conduct its operations only in the ordinary and usual course of business consistent with past practice and (B) use its reasonable best efforts to keep available the services of the current officers and key employees of Modus and each of its subsidiaries and to preserve the current relationships of Modus and each of its subsidiaries with the customers, suppliers and other persons with which Modus or any of its subsidiaries has significant business relations as is reasonably necessary to preserve substantially intact its business organization. Modus and CMGI have agreed not to take the specific actions described below.

Additional Restrictions on Modus Interim Operations

In addition, Modus also has agreed that, without the written consent of CMGI or as otherwise excepted in a schedule to the merger agreement, Modus will not and will not permit any of its subsidiaries to:

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amend or otherwise change its certificate of incorporation or bylaws or equivalent organizational documents;

issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, or encumbrance of any shares of capital stock of Modus or any of its subsidiaries of any class, or securities convertible or exchangeable or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities, or any other ownership interest (including, without limitation, any such interest represented by contract right), of Modus or any of its subsidiaries, other than the issuance of additional:

- (A) options granted to non-executive employees pursuant to Modus stock option plans in existence on March 23, 2004 in a manner consistent with past practice;
- (B) warrants to purchase shares of Modus common stock contemplated by agreements existing on March 23, 2004; and
- (C) shares of Modus common stock issuable upon the exercise of Modus stock options and/or warrants to purchase shares of capital stock of Modus outstanding on March 23, 2004 in accordance with their terms;

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sell, pledge, dispose of, transfer, license or encumber, or authorize the sale, pledge, disposition, transfer, license or encumbrance of any material property or assets (including intellectual property) of Modus or any of its subsidiaries, except pursuant to existing contracts or commitments or the sale or purchase of goods in the ordinary course of business consistent with past practice;

declare, set aside, make or pay any dividend or other distribution (whether payable in cash, stock, property or a combination thereof) with respect to any of its capital stock (other than dividends paid by a wholly-owned subsidiary of Modus to Modus or to any other wholly-owned subsidiary of Modus or issuance of additional warrants to purchase shares of Modus common stock contemplated by agreements existing as of March 23, 2004) or enter into any agreement with respect to the voting of its capital stock;

reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock or other securities;

acquire any interest in any person or any division thereof or any assets, other than acquisitions of assets budgeted for in Modus budget for the fiscal year ending December 31, 2004 as disclosed to CMGI prior to March 23, 2004 or in the ordinary course of business consistent with past practice that is individually not in excess of \$250,000 or in the aggregate not in excess of \$1,000,000 for Modus and its subsidiaries taken as a whole;

incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person (other than a wholly-owned subsidiary of Modus) for borrowed money, provided that Modus and its subsidiaries may incur indebtedness for borrowed money under revolving credit lines existing as of March 23, 2004 so long as the Modus net indebtedness does not exceed \$80,000,000;

terminate, cancel or request any material change in, or agree to any material change in, any material contract of Modus other than in the ordinary course of business consistent with past practice;

make or authorize any capital expenditure in excess of Modus budget for the fiscal year ending December 31, 2004, other than capital expenditures that are not in the aggregate in excess of \$500,000 for Modus and its subsidiaries taken as a whole;

except as may be required by contractual commitments or corporate policies with respect to severance or termination pay in existence on March 23, 2004:

- (A) increase the compensation or benefits payable or to become payable to its directors, officers or employees (except for increases in accordance with past practices in salaries or wages of non-officer employees of Modus or any of its subsidiaries which are not across-the-board increases unless required pursuant to an agreement in existence on March 23, 2004 or collective bargaining or similar agreements to which Modus is subject);
- (B) grant any rights to severance or termination pay to, or enter into any agreement to provide severance benefits with, any director, officer or other employee of Modus or any of its subsidiaries, or establish, adopt, enter into or materially amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, officer or employee, except for the issuance of new stock options to new, non-executive employees in the ordinary course of business consistent with past practice, or to the extent required by applicable law or the terms of a collective bargaining agreement in existence on the date of the merger agreement; or
- (C) take any affirmative action to amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding under any employee benefit plans;

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pre-pay any long-term debt in an amount not to exceed \$50,000 in the aggregate for Modus and its subsidiaries taken as a whole, or pay, discharge or satisfy any claims, liabilities or obligations, except

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for borrowings under revolving credit lines existing as of March 23, 2004 in the ordinary course of business consistent with past practice;

fail to collect notes or accounts receivable in the ordinary course of business consistent with past practice, or enter into a factoring or discounting arrangement with a third party with respect to accounts receivable, fail to pay any account payable in the ordinary course of business consistent with past practice, or vary Modus' inventory practices in any material respect from its past practices;

make any change in accounting policies or procedures, other than in the ordinary course of business consistent with past practice or except as required by United States generally accepted accounting principles or by a governmental authority;

waive, release, assign, settle or compromise any material claims, or any material litigation or arbitration;

make any material tax election or settle or compromise any material liability for taxes;

take, or agree to take, any action that would prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code;

adopt or implement any stockholder rights plan;

modify, amend or terminate, or waive, release or assign any material rights or claims with respect to any confidentiality or standstill agreement to which Modus is a party;

write up, write down or write off the book value of any assets, individually or in the aggregate, for Modus and its subsidiaries taken as a whole, except for depreciation and amortization in accordance with United States generally accepted accounting principles consistently applied and any write-offs of inventory or accounts receivable that do not exceed \$200,000 individually or \$500,000 in the aggregate;

take any action to exempt or make not subject to (A) the provisions of Section 203 of the Delaware General Corporation Law, or (B) any other state takeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares any person or entity (other than CMGI, Westwood Acquisition Corp. or any of CMGI's subsidiaries) or any action taken thereby, which person, entity or action would have otherwise been subject to the restrictive provisions of such law;

open or close, or enter into an agreement to open or close, any facility or office;

take any action that is intended or would reasonably be expected to result in the non-satisfaction of any of conditions to the merger set forth in the merger agreement;

fail to be in material compliance with the terms of instruments evidencing indebtedness incurred by the Modus;

permit any insurance policy relating to Modus' business to lapse without obtaining replacement insurance coverage of comparable amount at similar cost;

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enter into any contract which contains any non-compete or exclusivity provisions with respect to any customer, line of business or geographic area with respect to Modus or any of its subsidiaries, or which restricts the conduct with respect to any customer of any line of business by Modus, any of its subsidiaries or any of Modus' current or future affiliates (including CMGI) or any geographic area in which Modus, any of its subsidiaries or any of Modus' current or future affiliates (including CMGI) may conduct business, or which otherwise restricts the operation of Modus' business, in each case in any material respect and other than non-compete agreements signed by employees incident to their employment by Modus or any of its subsidiaries;

take any formal action or grant any consent or approval concerning any joint venture outside the ordinary course of business consistent with past practice; or

authorize or enter into any agreement or otherwise make any commitment to do any of the foregoing.

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Restrictions on CMGI's Interim Operations

CMGI has agreed that, without the written consent of Modus or unless required by law or any regulations of the Nasdaq Stock Market, CMGI will not:

amend or otherwise change its certificate of incorporation or bylaws in a manner that adversely affects the rights of the CMGI common stockholders (except for a reverse stock split as previously approved by the stockholders of CMGI);

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of CMGI's capital stock (other than regular quarterly cash dividends);

make any change in accounting policies or procedures, other than in the ordinary course of business consistent with past practice or as required by United States generally accepted accounting principles or a governmental authority;

take, or agree to take, any action that would prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code;

authorize or undertake any acquisition of another company (whether by way of merger, consolidation, stock purchase, asset purchase or otherwise) in a manner that would be reasonably likely to delay the effectiveness of the registration statement due to a requirement to include financial statements for the acquired assets or company in the registration statement of which this proxy statement/prospectus is a part or authorize or undertake any equity financing intended primarily to raise capital for CMGI;

take any action that is intended or would reasonably be expected to result in the non-satisfaction of any of the conditions to the merger set forth in the merger agreement, or;

authorize or enter into any agreement or otherwise make any commitment to do any of the foregoing.

Modus Prohibited from Soliciting Other Offers

Under the terms of the merger agreement, subject to specific exceptions described below, Modus has agreed that neither it nor any of its subsidiaries will, and that it will not authorize or permit its representatives or controlled affiliates to, directly or indirectly:

encourage (including by way of furnishing non-public information), solicit, initiate or facilitate any acquisition proposal;

enter into any agreement with respect to any acquisition proposal or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement; or

participate in any way in discussions or negotiations with, or furnish any information to, any person in connection with, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any

acquisition proposal.

Under the merger agreement, Modus agreed to cease all existing discussions or negotiations as of March 23, 2004 with any parties with respect to any acquisition proposal and promptly request that all confidential information with respect to any acquisition proposal furnished by Modus be returned.

Modus is obligated to advise CMGI as promptly as practicable (and in no event later than 24 hours after receipt) of any inquiry received by it relating to any potential acquisition proposal and the material terms of any proposal or inquiry, including the identity of the person and its affiliates making the proposal or inquiry. Modus must advise CMGI of any information requested from it or of any negotiations or discussions being sought to be initiated with it relating to any potential acquisition proposal. Finally, Modus must furnish CMGI a copy of any such proposal or inquiry if it is in writing and must keep CMGI fully informed on a prompt basis with respect to any developments regarding any such proposal or inquiry.

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Notwithstanding the prohibitions described in the preceding three paragraphs, if, at any time prior to Modus stockholders approval of the merger, Modus Board of Directors determines in good faith, after consultation with outside counsel, that it would otherwise be reasonably likely to constitute a breach of the directors fiduciary duties to stockholders, Modus may, in response to a superior proposal and after notifying CMGI, take the following actions:

furnish information with respect to Modus and its subsidiaries to the person making such superior proposal pursuant to a customary confidentiality agreement with terms that are no more favorable to the other party to such confidentiality agreement than those in place with CMGI; and

participate in discussions or negotiations with respect to such superior proposal.

Prior to Modus entering into the merger agreement, Modus Board of Directors approved the merger agreement, declared advisable the transactions contemplated by the merger agreement and directed that the merger agreement and the transactions contemplated thereby be submitted to Modus stockholders for approval at a meeting of such stockholders. Modus agreed in the merger agreement that neither its Board of Directors nor any committee thereof will:

withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to CMGI, its approval or recommendation of the adoption and approval of the merger and the matters to be considered at Modus stockholders meeting;

approve or recommend, or propose publicly or to its stockholders to approve or recommend, any acquisition proposal other than the merger; or

cause Modus to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement related to any acquisition proposal other than the merger.

However, if the Modus Board of Directors determines in good faith, after consultation with outside counsel, that it would otherwise be likely to constitute a breach of its fiduciary duty to stockholders and so long as Modus continues to comply with the other provisions of the merger agreement, the Modus Board of Directors may withdraw or modify its recommendation of the merger no earlier than the second business day following the day of delivery of written notice to CMGI of its intention to do so. No provision of the merger agreement restricts Modus from taking and disclosing to its stockholders positions contemplated by Rules 14d-9 or 14e-2 under the Securities Exchange Act of 1934, to the extent applicable to Modus. Regardless of whether Modus receives an acquisition proposal or Modus Board of Directors changes its recommendation, Modus is obligated under the terms of the merger agreement to call, give notice of, convene and hold a meeting of its stockholders to consider and vote upon the merger agreement.

An acquisition proposal means any offer or proposal made by a person other than CMGI concerning any:

merger, consolidation, business combination, or similar transaction involving Modus or any of its subsidiaries;

sale, lease or other disposition directly or indirectly by merger, consolidation, business combination or share exchange, joint venture or otherwise of assets of Modus or any of its subsidiaries representing 20% or more of the consolidated assets of Modus and its subsidiaries;

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issuance, sale or other disposition of (including by way of merger, consolidation, business combination, share exchange, joint venture or any similar transaction) securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for such securities) representing 20% or more of the voting power of Modus or any of its subsidiaries;

transaction in which any person shall acquire beneficial ownership, or the right to acquire beneficial ownership, or any group shall have been formed which beneficially owns or has the right to acquire beneficial ownership of 20% or more of the outstanding voting capital stock of Modus or any of its subsidiaries; or

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any combination of the foregoing (other than the merger).

A superior proposal means any bona fide acquisition proposal for at least 50% of the voting power of Modus capital stock or 50% of Modus consolidated assets:

that is made by a third party which was not solicited by Modus, a subsidiary of Modus, any representatives of Modus or any other affiliates;

that is not dependent on financing not then committed; and

which, in the good faith judgment of the Modus Board of Directors, after consultation with Modus financial advisor, taking into account, to the extent deemed appropriate by Modus Board of Directors, the various legal, financial and regulatory aspects of the proposal and the person making such proposal:

- (A) if accepted, is reasonably likely to be consummated, and
- (B) if consummated, would result in a transaction that is more favorable to the Modus stockholders, from a financial point of view, than the transactions contemplated by the merger agreement.

Additional Covenants

Modus Stockholders Meeting

Modus has agreed to call and hold a meeting of its stockholders as promptly as practicable (but not before 21 days after the effectiveness of the registration statement of which this proxy statement/prospectus is a part) for the purpose of voting upon the approval of the merger.

Governmental Consents and Antitrust Approvals

The merger agreement provides that Modus and CMGI will use their reasonable best efforts to:

obtain from any governmental authority any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by CMGI or Modus or any of their respective subsidiaries, or to avoid any action or proceeding by any governmental authority in connection with the merger and the consummation of the transactions contemplated by the merger agreement; and

make all necessary filings with respect to the merger agreement and the merger required under (i) the Securities Act of 1933 and the Securities Exchange Act of 1934, and any other applicable federal or state securities laws, (ii) the Hart-Scott-Rodino Act, (iii) the

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merger regulations of the European Community, (iv) any other applicable antitrust laws, and (v) any other applicable law.

CMGI and Modus have agreed to cooperate with each other in connection with the making of all such filings, including providing copies of all such documents to the non-filing party and its advisors prior to filing. However, CMGI is not required to agree to the imposition of conditions, the requirement of divestiture of assets or property, or the requirement of expenditure of money by CMGI or Modus to a third party in exchange for any such consent.

Employee Benefit Matters; Retention Plan

With respect to employee benefit plans maintained by CMGI or any of its subsidiaries in which any director, officer or employee of Modus or its subsidiaries will participate, CMGI has agreed to recognize, or it will cause Modus to recognize, to the extent recognized under the applicable employee plan, all service of such directors, officers or employees with Modus or its subsidiaries (and predecessor entities), as the case may be, for purposes of vesting, eligibility for entitlement to and accrual of benefits, in any benefit plan of CMGI in which such directors, officers or employees may be eligible to participate in after the effective time. However, CMGI and Modus will not recognize any service to the extent that such recognition would result in a duplication of benefits or benefit accrual for any particular director, officer or employee.

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CMGI has agreed to adopt, prior to the effective time, an employee retention incentive policy to grant restricted shares of CMGI common stock to certain employees of Modus who continue to be employed by Modus or CMGI on the first anniversary of the effective time. The employees of Modus who will be eligible for such grants and how the shares will be allocated among such employees will be mutually agreed upon by CMGI and the Chief Executive Officer of Modus prior to the effective time of the merger. CMGI will issue the shares of CMGI common stock pursuant to such grants promptly following the effective time. The number of shares of CMGI common stock issuable will be equal to (i) \$3,500,000 *divided* by (ii) the closing price of CMGI common stock on the first trading day following the effective time. The shares issuable pursuant to such grants may be issued under any new or pre-existing plan of CMGI. The merger agreement further provides that no awards under the retention policy will be made to persons who may be disqualified individuals within the meaning of Section 280G of the United States Internal Revenue Code.

Plan of Reorganization

Each of CMGI and Modus has agreed that it will not take any action that would disqualify the merger, and to use its reasonable best efforts to take any action to qualify the merger, as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code.

Indemnification of Directors and Officers and Insurance

CMGI has agreed to cause to be maintained in effect provisions of the certificate of incorporation and bylaws of Modus with respect to indemnification and advancement of expenses after the merger and has agreed that such certificate of incorporation and bylaws will not be amended, appealed or modified for a period of six years after the effective time in any manner that would adversely affect the rights thereunder of any individual that was on or prior to the effective time a director, officer, trustee, fiduciary, employee or agent of Modus or its subsidiaries, or who served at the request of Modus or any of its subsidiaries in such capacity of another entity, unless such modification is required by law. CMGI has also agreed to cause Modus to comply with and satisfy, or CMGI will itself comply with and satisfy, the indemnification obligations contained in the certificate of incorporation and bylaws of Modus.

For six years from the effective time of the merger, the surviving company in the merger will maintain for the benefit of the current directors and officers of Modus an insurance and indemnification policy that provides coverage for acts or omissions occurring prior to the effective time of the merger covering each person currently covered by the officers and directors liability insurance policies of Modus on terms no less favorable than those of the policies of Modus currently in effect or, if substantially equivalent insurance coverage is unavailable, the best available coverage. However, the surviving company in the merger will not be required to pay an annual premium for the director and officer insurance in excess of 200% of the annual premium paid by Modus prior to March 23, 2004, which Modus has represented to CMGI was approximately \$320,000.

Conditions to Completion of the Merger

The obligations of each of CMGI and Modus to complete the merger are subject to the satisfaction or waiver, if legally permissible, of the following conditions:

the registration statement (of which this proxy statement/prospectus is a part) must be declared effective by the SEC and no stop order suspending its effectiveness may be issued by the SEC and no proceedings for that purpose may be initiated or, to the knowledge of

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CMGI or Modus, threatened by the SEC;

the approval of the merger and the merger agreement by Modus stockholders;

the absence of any legal prohibition having the effect of preventing or prohibiting completion of the merger;

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the receipt of all other governmental and regulatory consents, approvals and authorizations required to complete the merger, without (A) the imposition of material conditions, (B) the requirement of divestiture of assets or property or (C) the requirement of expenditure of any material funds by CMGI or Modus to a third party in exchange for any such consent;

the expiration or termination of the applicable waiting period under antitrust laws, together with an extension thereof, including, without limitation, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976;

the approval for listing on the Nasdaq National Market of the shares of CMGI common stock to be issued in the merger;

the representations and warranties of the other party, disregarding all qualifications and exceptions relating to materiality or material adverse effect, being true and correct on the date of the merger agreement and the date the merger is completed as if they were made on that date (except to the extent that the representations and warranties speak as of another date), except where the failure of such representations and warranties to be true and correct would not reasonably be expected to have a material adverse effect on the representing party, and the receipt of a certificate of an executive officer of the other party to that effect;

the other party having performed or complied in all material respects with its agreements and covenants in the merger agreement (including Modus' obligation not to incur additional indebtedness for borrowed money that would cause Modus' net indebtedness to exceed \$80,000,000, any violation of which would be deemed material) and each ancillary agreement, and the receipt of a certificate of an executive officer of the other party to that effect;

the receipt of an opinion from the party's counsel that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

the escrow agreement shall be executed by the other party and the escrow agent. The escrow agreement is further described in this proxy/prospectus under the heading "OTHER AGREEMENTS - Escrow Agreement."

CMGI's and Westwood Acquisition Corp.'s obligations to complete the merger are also subject to the following conditions:

the receipt of all consents, approvals and authorizations set forth on a schedule to the merger agreement, without (A) the imposition of material conditions, (B) the requirement of divestiture of assets or property or (C) the requirement of expenditure of any material funds by CMGI or Modus to a third party in exchange for any such consent;

receipt of a comfort letter of PricewaterhouseCoopers LLP, dated the date the registration statement becomes effective and dated within 2 days of the effective date, in form and substance reasonably satisfactory to CMGI;

the absence of any action or claim pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge which would:

- (A) prevent consummation of any of the transactions contemplated by the merger agreement or any ancillary agreement,
- (B) cause any of the transactions contemplated by the merger agreement or any ancillary agreement to be rescinded following consummation of such transaction, or

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- (C) affect adversely the right or powers of CMGI to own, operate or control Modus, and no such injunction, judgment, order, decree, ruling or charge shall be in effect;

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the number of shares of Modus common stock that have not been voted for approval of the merger and with respect to which demand for appraisal rights under the DGCL has been properly made must not exceed 3% of the total shares of Modus common stock outstanding immediately prior to the effective time;

certain loans to Modus executive officers must be repaid in cash or through the transfer of shares of Modus common stock; and

since the date of the merger agreement, there shall not have occurred any material adverse change to Modus.

Modus obligations to complete the merger are also subject to the following additional condition:

since the date of the merger agreement, there shall not have occurred any material adverse change to CMGI.

Material adverse change, when used in reference to Modus, means any change, effect, circumstance or event that, individually or when aggregated with all other changes, effects, circumstances or events, (a) has been, is or is reasonably likely to be materially adverse to the business, condition (financial or otherwise), results of operations or assets of Modus and its subsidiaries, taken as a whole, or (b) materially adversely affected or affects or is reasonably likely to materially adversely affect the ability of Modus to perform its obligations under the merger agreement or timely consummate the transactions contemplated by the merger agreement, except that none of the following, individually or collectively, will constitute a material adverse change:

any change that is the result of economic factors affecting a national or the world economy, except to the extent that such factors disproportionately affect Modus or its subsidiaries business relative to the effect of such factors on other persons operating in the industry in which the reference company operates;

any change that is the result of any outbreak of national or international hostilities or terrorism or disease or escalation thereof or other similar calamity or crisis, except to the extent that such conditions disproportionately affect Modus or its subsidiaries business relative to the effect of such conditions on other persons operating in the industry in which Modus operates;

any change that is the result of factors generally affecting Modus industry, except to the extent that such factors disproportionately affect Modus or its subsidiaries business relative to the effect of such factors on other persons operating in the industry in which Modus operates; and

the loss of Modus existing contract to provide fulfillment services for a large provider of DSL modems in the United States.

Material adverse change, when used in reference to CMGI, means any change, effect, circumstance or event that, individually or when aggregated with all other changes, effects, circumstances or events, (a) has been, is or is reasonably likely to be materially adverse to the business, condition (financial or otherwise), results of operations or assets of CMGI or its subsidiaries, taken as a whole, or (b) materially adversely affected or affects or is reasonably likely to materially adversely affect the ability of CMGI to perform its obligations under the merger agreement or timely consummate the transactions contemplated by the merger agreement, except that none of the following, individually or collectively, will constitute a material adverse change:

any change that is the result of economic factors affecting a national or the world economy, except to the extent that such factors disproportionately affect CMGI s or its subsidiaries business relative to the effect of such factors on other persons operating in the industry in which CMGI operates;

any change that is the result of any outbreak of national or international hostilities or terrorism or disease or escalation thereof or other similar calamity or crisis, except to the extent that such conditions disproportionately affect CMGI or its subsidiaries' business relative to the effect of such conditions on other persons operating in the industry in which CMGI operates; and

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any change that is the result of factors generally affecting CMGI's industry, except to the extent that such factors disproportionately affect CMGI or its subsidiaries' business relative to the effect of such factors on other persons operating in the industry in which CMGI operates.

Indemnification

Survival

The representations and warranties in the merger agreement survive until the first anniversary of the closing date. The covenants, agreements and obligations of the parties under the merger agreement survive (i) until fully performed, unless such performance is waived by the party entitled to performance, or (ii) if not fully performed, until the expiration of the relevant statute of limitations.

Indemnification Rights of CMGI, Westwood Acquisition Corp. and Modus after the Merger

Subject to the limitations set forth below, from and after the effective time, CMGI, Modus (as the surviving company in the merger) and their respective affiliates, officers, directors, employees, stockholders, representatives and agents (each "indemnified parties") shall be indemnified and held harmless out of the shares of CMGI common stock then held in escrow pursuant to the escrow agreement (together with any cash or other property held in such escrow), from and against and in respect of any and all damages incurred or suffered by any indemnified parties arising out of or in connection with any inaccuracy in or breach of any of the Modus' representations, warranties, covenants or agreements contained in the merger agreement (without regard to any materiality qualifications). The indemnification rights described in the prior sentence will be CMGI's and Modus' sole and exclusive remedy following the effective time of the merger with respect to breaches of representations, warranties, covenants and agreement in the merger agreement (except for fraud).

No indemnified party shall be entitled to indemnification for any damages until the aggregate amount of all damages under all claims of all indemnified parties for all applicable breaches shall exceed \$1,000,000, at which time the full amount of damages incurred (minus a deductible of \$500,000) shall be subject to indemnification under the merger agreement.

Indemnification Rights of Modus Stockholders

Subject to the limitation set forth below, from and after the effective time and until the first anniversary of the closing date, any one or more of the Modus stockholders immediately prior to the effective time will have the right to make a claim against CMGI or Modus (as the surviving company in the merger) in respect of any and all damages incurred or suffered by any such stockholder(s) arising out of or in connection with any inaccuracy in or breach of any of CMGI's or Westwood Acquisition Corp.'s representations, warranties, covenants or agreements contained in the merger agreement (without regard to any materiality qualifications).

No Modus stockholder will be entitled to recover damages pursuant to its indemnification rights described above until the aggregate amount of all damages under all claims for all breaches exceeds \$1,000,000, at which time the full amount of damages incurred (minus a deductible of \$500,000) will be recoverable under the merger agreement. Other than claims that CMGI failed to pay the purchase price, CMGI's and Modus' maximum liability for damages will be an amount equal to the number of shares of CMGI common stock deposited into escrow at the effective

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time multiplied by the average closing price of the CMGI s common stock for the period of 20 days ending immediately prior to the second trading before completion of the merger.

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Termination of the Merger Agreement

Termination by CMGI or Modus

Either CMGI or Modus, by action of their respective boards of directors, may terminate the merger agreement and abandon the merger at any time prior to completion of the merger, whether before or after approval of the merger agreement by Modus stockholders:

by mutual written consent of CMGI and Modus;

if the merger is not completed by November 30, 2004, except that the right to terminate the merger agreement will not be available to any party whose failure to fulfill any obligation under the merger agreement has been the cause of, or resulted in, the failure of the merger to occur on or before such date;

if any governmental entity issues an order, decree or ruling or takes any other action permanently restraining, enjoining or otherwise prohibiting the merger, and such order, decree, ruling or other action has become final and nonappealable; or

if the Modus stockholders do not approve the merger agreement at a duly convened stockholders meeting at which the vote to approve the merger agreement was taken, except that Modus shall not have the right to so terminate the merger agreement if CMGI then has the right to terminate the merger agreement on the basis set forth in clauses (A), (B), (C), (D), (E) or (F) of the next paragraph.

Termination by CMGI

CMGI, by action of the CMGI Board of Directors, may terminate the merger agreement and abandon the merger at any time prior to completion of the merger, whether before or after approval of the merger agreement by Modus stockholders:

if:

- (A) the Modus Board of Directors withdraws or adversely modifies its recommendation of the merger or the merger agreement (or determines to do so);
- (B) the Modus Board of Directors fails upon CMGI's request, in response to notification by Modus that it has received another acquisition proposal, to reconfirm its recommendation of the merger or the merger agreement (or determines to do so) within 10 days after such request (or such shorter period of time as may exist between such request and the second business day preceding the Modus stockholders' meeting);
- (C) the Modus Board of Directors decides to recommend an acquisition proposal other than that contemplated by the merger agreement to the Modus stockholders or has determined to accept a superior proposal;

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- (D) a tender offer or exchange offer that, if successful, would result in any person or group becoming a beneficial owner of 20% or more of the outstanding shares of Modus common stock is commenced (other than by CMGI or an affiliate of CMGI) and the Modus Board of Directors fails to recommend that the stockholders of Modus not tender their shares in such tender or exchange offer;
- (E) any person (other than CMGI or an affiliate of CMGI) or group becomes after the date of the merger agreement the beneficial owner of 20% or more of the outstanding shares of Modus common stock; or
- (F) for any reason within its control the Modus Board of Directors fails to call or hold the Modus stockholders meeting by November 30, 2004;

if, since the date of the merger agreement, there has been any event, development or change of circumstance that constitutes, has had or could reasonably be expected to have, individually or in the aggregate, a material adverse change on Modus and such material adverse change is not cured within 10 days after written notice thereof;

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if there has been a breach by Modus of any covenant or agreement set forth in the merger agreement or any ancillary agreement, if any representation or warranty of Modus set forth in the merger agreement or any ancillary agreement that is qualified as to materiality or material adverse effect shall have become untrue, or any representation or warranty of Modus set forth in this merger agreement or any ancillary agreement that is not so qualified becomes untrue in any material respect, and (A) such breach or misrepresentation is not cured within 10 days after written notice thereof, and (B) such breach or misrepresentation would result in the failure of a closing condition relating to the accuracy of the representations and warranties of Modus or the performance by Modus of its obligations under the merger agreement; or

if, on any date 20 or more days after the date on which the registration statement (of which this proxy/prospectus is a part of) is declared effective, the average closing price per share of CMGI common stock for the period of 20 trading days ending immediately prior to such date is more than \$3.60480 per share.

Termination by Modus

Modus, by action of the Modus Board of Directors, may terminate the merger agreement and abandon the merger at any time prior to completion of the merger, whether before or after approval of the merger agreement by Modus stockholders:

if, since the date of the merger agreement, there has been any event, development or change of circumstance that constitutes, has had or could reasonably be expected to have, individually or in the aggregate, a material adverse change on CMGI and such material adverse change is not cured within 10 days after written notice thereof;

if there has been a breach by CMGI or Westwood Acquisition Corp. of any covenant or agreement set forth in the merger agreement or any ancillary agreement or if any representation or warranty of CMGI or Westwood Acquisition Corp. set forth in the merger agreement or any ancillary agreement that is qualified as to materiality or material adverse effect shall have become untrue, or any representation or warranty of CMGI or Westwood Acquisition Corp. set forth in this merger agreement or any ancillary agreement that is not so qualified becomes untrue in any material respect, and (A) such breach or misrepresentation is not cured within 10 days after written notice thereof, and (B) such breach or misrepresentation would result in the failure of a closing condition relating to the accuracy of the representations and warranties of CMGI and Westwood Acquisition Corp. or the performance by CMGI of its obligations under the merger agreement;

if, on any date 20 or more days after the date on which the registration statement of which this proxy/prospectus is a part is declared effective, the average closing price per share of CMGI common stock for the period of 20 trading days ending immediately prior to such date is less than \$0.90120 per share; or

if the Modus Board of Directors determines to accept a superior proposal, but only after Modus:

- (A) holds the Modus stockholders' meeting and has failed to obtain the stockholder approval necessary to complete the merger and the other transactions contemplated by the merger agreement; and
- (B) agrees to pay the termination fee and expenses as further described below under **THE MERGER AGREEMENT** Termination Fee to be Paid by Modus and Expenses.

If Modus is otherwise in compliance with its obligations under the merger agreement and the Modus stockholders' meeting has not been held within 60 days (other than for failure of the stockholders to provide a quorum) after Modus' Board of Directors has first notified CMGI that it intends to withdraw or adversely modify its recommendation of the merger in response to a superior proposal, then Modus need not comply with

the condition set forth in (A) above to exercise its right to terminate the merger agreement.

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Termination Fee to be Paid by Modus

Modus has agreed to pay CMGI a termination fee of \$2,875,000 if the merger agreement is terminated:

by CMGI for any of the following reasons:

- (A) the Modus Board of Directors withdraws or adversely modifies its recommendation of the merger or the merger agreement (or resolves to do so);
- (B) the Modus Board of Directors fails upon CMGI's request, in response to notification by Modus that it has received another acquisition proposal, to reconfirm its recommendation of the merger or the merger agreement (or determined to do so) within 10 days after such request (or such shorter period of time as may exist between such request and the second business day preceding the Modus stockholders' meeting);
- (C) the Modus Board of Directors decides to recommend an acquisition proposal other than that contemplated by the merger agreement to the Modus stockholders or determines to accept a superior proposal;
- (D) a tender offer or exchange offer that, if successful, would result in any person or group becoming a beneficial owner of 20% or more of the outstanding shares of Modus common stock is commenced (other than by CMGI or an affiliate of CMGI) and the Modus Board of Directors fails to recommend that the stockholders of Modus not tender their shares in such tender or exchange offer;
- (E) any person (other than CMGI or an affiliate of CMGI) or group becomes after the date merger agreement the beneficial owner of 20% or more of the outstanding shares of Modus common stock;
- (F) for any reason within its control, Modus fails to call or hold its stockholders' meeting by November 30, 2004; or

by Modus, because the Modus Board of Directors determines to accept a superior proposal.

Modus further agrees to pay an additional termination fee of \$2,875,000 upon the earlier of 90 days after such termination described above or upon the closing of a transaction that would have constituted an acquisition proposal.

If the merger agreement is terminated by either CMGI or Modus because the Modus stockholders did not approve the merger agreement at a duly convened stockholders meeting at which the vote to approve the merger agreement was taken and an acquisition proposal has been made and not withdrawn prior to the Modus stockholders' meeting, then Modus has agreed to pay CMGI \$2,875,000 after such termination and an additional \$2,875,000 upon the closing of a transaction that would have constituted an acquisition proposal as to which a definitive acquisition or similar agreement has been entered into by Modus within 12 months after such termination.

Except as described in the sections entitled "THE MERGER AGREEMENT Indemnification," "Termination Fee to be Paid by Modus" and "Expenses," neither party will have any liability to the other upon termination of the merger agreement, unless it breaches its obligations with

respect to confidentiality and public announcements regarding the merger under the merger agreement or willfully and materially breaches its representations, warranties, covenants or agreements under the merger agreement.

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Expenses

CMGI has agreed to pay Modus' expenses up to an amount equal to \$1,750,000 if Modus terminates the merger agreement because:

CMGI has breached any of its representations, warranties, covenants and agreements in the merger agreement, which breach (A) is not cured within 10 days after written notice thereof, and (B) would result in the failure of a closing condition relating to the accuracy of the representations and warranties of CMGI and Westwood Acquisition Corp. or the performance by CMGI of its obligations under the merger agreement; or

there has been any event, development or change of circumstance that constitutes, has had or could reasonably be expected to have, individually or in the aggregate, a material adverse change on CMGI and such material adverse change is not cured within 10 days after written notice thereof.

Modus has agreed to pay CMGI's expenses up to an amount equal to \$1,750,000:

if CMGI terminates the merger agreement for the reasons described in the first three bullet points under **THE MERGER AGREEMENT - Termination of the Merger Agreement - Termination by CMGI** above or because the Modus stockholders do not approve the merger agreement at a duly convened stockholders meeting at which the vote to approve the merger agreement was taken; or

if Modus terminates the merger agreement because the Modus Board of Directors determines to accept a superior proposal.

CMGI and Modus have agreed to each pay one-half of the expenses related to printing, filing and mailing this proxy statement/prospectus and all SEC and other regulatory filing fees incurred in connection with the registration statement of which this proxy statement/prospectus is a part. Except as described above, all expenses incurred by CMGI and Modus in connection with the merger will be borne solely and entirely by the party which has incurred the expense.

Amendments, Extensions and Waivers

Amendments

The merger agreement may be amended by action of both of the CMGI Board of Directors and the Modus Board of Directors at any time prior to the effective time of the merger. However, after approval of the merger agreement by the Modus stockholders, no amendment may be made without further shareholder approval which, by law or in accordance with the rules of the Nasdaq National Market, requires further approval by the Modus stockholders. All amendments to the merger agreement must be in writing signed by each party.

Extensions and Waivers

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At any time prior to the effective time of the merger, any party to the merger agreement may:

extend the time for the performance of any of the obligations or other acts of any other party to the merger agreement;

waive any inaccuracies in the representations and warranties of any other party contained in the merger agreement or in any document delivered pursuant the merger agreement; and

waive compliance by any other party with any of the agreements or conditions contained in the merger agreement.

However, after any approval of the transactions contemplated by the merger agreement by the Modus stockholders, there may not be, without further approval of the Modus stockholders, any extension or waiver of the merger agreement or any portion of the merger agreement which, by law or in accordance with the rules of the Nasdaq National Market, requires further approval by the Modus stockholders. All extensions and waivers must be in writing and signed by the party against whom the extension or waiver is to be effective.

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OTHER AGREEMENTS

Stockholder Support Agreements

The following summary describes material provisions of the stockholder support agreements, which are attached to this proxy statement/prospectus as Annex 2 and are incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the stockholder support agreements that are important to you. We encourage you to read the stockholder support agreements carefully in their entirety.

The following executive officers, directors and 5% stockholders (and their affiliates) have entered into a stockholder support agreement with CMGI pursuant to which they agreed to vote any and all shares of Modus stock they own *FOR* adoption of the merger agreement: Timothy M. Adams, Bain Capital Fund IV L.P., Bain Capital Partners V, L.P., BankAmerica Investment Corporation, BCIP Associates, BCIP Trust Associates, BCIP Trust Associates II, BCIP Trust Associates II-B, BCM Capital Partners, L.P., Daniel F. Beck, Chase Equity Associates, L.P., Robert T. Dechant, Sheila M. Flaherty, Information Partners, Harding Holdings Inc., Jeremiah D. Kelly, Linwood A. Lacy, Jr., Terence M. Leahy, R. Scott Murray, Sankaty Credit Opportunities, L.P., Sankaty High Yield Partners II, L.P., Sankaty High Yield Partners III, L.P., W. Kendale Southerland, David A. Tanner and The Murray 2003 Qualified Annuity Trust. The form of stockholder support agreement is attached as Annex 2 to this proxy statement/prospectus.

The shares subject to the stockholder support agreements collectively represent approximately 58% of the outstanding voting shares of common stock and series B common stock of Modus as of the record date.

Agreement to Vote. Each stockholder who executed a stockholder support agreement has agreed that at any special meeting or in connection with any written consent of Modus stockholders it will vote all of its shares of Modus common stock:

in favor of the approval of the terms of the merger agreement, the merger and the other transactions contemplated in the merger agreement and any actions required in furtherance thereof; and

against any action that would result in a breach by Modus of the merger agreement or a breach by the stockholders of the stockholder support agreement, any acquisition proposals, any change in the persons who constitute the Board of Directors of Modus that is not approved in advance by at least a majority of the persons who were directors of Modus as of the date of the stockholder support agreement (or their successors who were so approved), any change in the present capitalization of Modus or any amendment of Modus certificate of incorporation or bylaws and any other action or proposal involving Modus or any of its subsidiaries that is intended to prevent, delay, postpone or adversely affect the transactions contemplated by the merger agreement.

Each stockholder appointed CMGI (and any designee of CMGI) as its proxy and attorney in fact to vote or act by written consent with respect to its shares until the termination of the stockholder support agreement.

Additional Obligations. In addition, each stockholder who entered into stockholder support agreements also agreed that it will not:

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transfer, or consent to any transfer of, any or all of its respective shares of Modus common stock or take any action that would result in such stockholder no longer having the power to vote or cause to be voted such shares in favor of the merger agreement;

act in concert with any person to make, or in any manner participate in, directly or indirectly, a solicitation of proxies or powers of attorney or similar rights to vote from any holder of shares of Modus common stock, nor seek to advise or influence any person with respect to the voting of any shares of

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Modus common stock, in connection with any vote or other action on any matter, other than to recommend that stockholders of Modus vote in favor of the merger and the merger agreement;

deposit any of its shares of Modus common stock into a voting trust or enter into another arrangement or agreement with any person with respect to the voting of such shares;

take any other action that would encourage, solicit, initiate or facilitate any acquisition proposal by a third party;

enter into any agreement with respect to any acquisition proposal or enter into any agreement, arrangement or understanding requiring it to vote against or otherwise fail to support the merger or any other transaction contemplated by the stockholder support agreement; or

participate in any way in discussions or negotiations with, or furnish any information to, any person in connection with, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any acquisition proposal by a third party.

Termination. Each stockholder support agreement provides that it will terminate upon the earlier of:

mutual consent of CMGI and the stockholder that is party to such stockholder support agreement;

the termination of the merger agreement in accordance with its terms;

immediately prior to the commencement of the Modus stockholders' meeting being conducted in accordance with the terms of the merger agreement, if, at the time of such meeting, the Modus Board of Directors shall have withdrawn, or adversely modified, or failed upon CMGI's request to reconfirm its recommendation of the merger in connection with a superior proposal for the acquisition of at least 50% of the voting power or consolidated assets of Modus made by an unsolicited third party which causes the Modus Board of Directors to believe that a recommendation of the merger would be a breach of its fiduciary duty to stockholders; and

the consummation of the merger.

The stockholder support agreements do not limit or affect any actions taken by any member of the Modus Board of Directors or any officer of Modus in his or her capacity as a director or officer of Modus.

Escrow Agreement

The following summary describes material provisions of the escrow agreement, a form of which is attached to this proxy statement/prospectus as Annex 3 and is incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the escrow agreement that is important to you. We encourage you to read the form of escrow agreement carefully in its entirety.

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Pursuant to the terms of the merger agreement and concurrently with the consummation of the merger, CMGI will enter into an escrow agreement with Nicholas Nomicos and R. Scott Murray, jointly as stockholder representative of all of the Modus stockholders receiving shares of CMGI common stock as merger consideration in the merger, and with escrow agent to be determined. Under the escrow agreement, certificates representing 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger (assuming no purchase price adjustments) will be paid into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus net indebtedness under the terms of the merger agreement. Except with respect to ongoing claims for indemnification under the merger agreement, all shares and cash held in escrow will be released to former Modus stockholders on the 12 month anniversary of the closing date of the merger.

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Dividend and Voting Rights. Any cash dividends or other distributions declared and paid on the shares of CMGI common stock held in escrow will be paid by CMGI to the stockholders with an interest in such escrowed shares. Any securities distributed in respect of escrowed shares shall be transferred into the escrow account and held and used in the same manner as all other escrowed shares. Each stockholder with an interest in the escrowed shares shall have voting rights with respect to such stockholder's pro rata portion of the escrowed shares.

Sale of Escrowed Shares and Cash Held in Escrow. The stockholder representative, in its sole and absolute discretion, can direct the escrow agent to sell some or all of the shares held in escrow, provided that the proceeds of any such sale continue to be held in the escrow account and remain available to satisfy any amounts owed to CMGI under the merger agreement. Escrowed cash also may be used to pay certain costs and expenses of the stockholder representative incurred in defense of claims made against the escrow account, up to a maximum of \$500,000.

Disbursements from the Escrow Account. If it has been determined in accordance with the terms of the merger agreement and the escrow agreement that an indemnification payment should be made out of the escrow account, the escrow agent will make a pro rata deduction from the escrow account of cash or shares beneficially owned by each stockholder with shares deposited in the escrow account. Any disbursements out of the escrow account in respect of indemnification under the merger agreement will be made first out of shares held in the escrow account and, if no further shares remain in the escrow account, then out of cash held in the escrow account.

Release of Escrow. At the 12-month anniversary of the closing date of the merger, all shares and cash held in the escrow account will be released and distributed to the stockholders who beneficially own them, except that the escrow agent will continue to hold in escrow an amount sufficient to cover indemnification amounts which are still validly being contested or claimed under the terms of the merger agreement until all such claims are resolved.

Stock Transfer Agreement

The following summary describes material provisions of the stock transfer agreement, which is attached to this proxy statement/prospectus as Annex 4 and is incorporated by reference into this proxy statement/prospectus. This summary may not contain all of the information about the stock transfer agreement that is important to you. We encourage you to read the stock transfer agreement carefully in its entirety.

Concurrently with the execution and delivery of the merger agreement, CMGI entered into a stock transfer agreement with Nicholas G. Nomicos and R. Scott Murray, jointly as stockholder representative of the stockholders entering into the stock transfer agreement, and certain officers, directors and other Modus stockholders who beneficially owned 21,451,320 shares of Modus common stock on the date of the merger agreement. Such stockholders will receive shares of CMGI common stock (or rights to acquire such shares of CMGI common stock) in exchange for their shares of Modus common stock (or options or warrants) on the same terms and conditions as other Modus stockholders. See **SELLING STOCKHOLDERS**.

Volume Limitations on Sales of CMGI Common Stock Received in the Merger. The stock transfer agreement imposes volume limitations on the number of shares of CMGI common stock received in the merger that can be sold by stockholders that are party to such agreement following the effective time of the merger. Specifically, the stockholders party to the agreement may not offer for sale, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to, or consent to the offer for sale, sale, transfer, tender, pledge, encumbrance, assignment or other disposition of any or all of the shares of CMGI common stock they will receive in the merger in exchange for their respective shares of Modus common stock, except as described below, if the aggregate number of such shares to be sold by all

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such stockholders on any given trading day would exceed a specified maximum number of shares for such day based on the following:

Sale Price as Percentage of Closing Price for the prior Trading Day	Maximum Number of Shares which may be Sold on current Trading Day
Greater than 107.5%	1,100,000
Greater than 105.0% to 107.5%	850,000
Greater than 92.5% to 105.0%	700,000
Equal or less than 92.5%	300,000

The maximum number of shares that can be sold each day is based on a comparison of the per share sale price of the shares proposed to be sold as a percentage of the per share closing price of CMGI common stock for the prior trading day on the Nasdaq National Market. In addition, none of the shares of CMGI common stock that are held in the escrow established pursuant to the escrow agreement described above may be sold or transferred under any circumstances between the 180th and 240th days following the effective date of the merger. Each stockholder who is not then subject to reporting obligations of Section 16 of the Securities Exchange Act of 1934 with respect to CMGI is required to report such stockholder's monthly sales of shares subject to the stock transfer agreement to CMGI.

Each stockholder that is a party to the stock transfer agreement agreed that it would make all dispositions of shares subject to the volume limitations through a single broker dealer designated by the stockholder representative. Unless otherwise agreed among the stockholders that are parties to the stock transfer agreement, all sales of shares subject to the volume limitations made on any particular day through the designated broker will be allocated on a pro rata basis among the stockholders who have requested that a sale of shares be made on such day.

Permitted Transfers of CMGI Common Stock. Each stockholder who is a party to the stock transfer agreement may sell, transfer or otherwise dispose of CMGI shares of common stock without regard to the volume limitations discussed above if such transfer is:

to affiliates of such stockholder who have agreed in writing to be bound by the terms of the stock transfer agreement;

pursuant to an offer or exchange subject to Regulation 14D of the Securities Exchange Act of 1934;

arising as a result of a merger or similar transaction involving CMGI;

to CMGI;

a pledge of such shares in connection with a bona fide financing with a financial institution, where the pledgee agrees to become a party to the stock transfer agreement in the event of a foreclosure on such shares;

if the transferring stockholder is an investment vehicle and is transferring shares to its investors and such investors have agreed in writing to be bound by the terms of the stock transfer agreement;

to a qualified institutional investor as defined in the Investment Company Act of 1940 and such transfer is consented to by CMGI; or

pursuant to a foreclosure of a pledge of such shares existing on the date of the stock transfer agreement.

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Standstill. Each stockholder who is a party to the stock transfer agreement additionally agreed that for two years following the date of the agreement (March 23, 2004), unless invited by the CMGI Board of Directors in writing, it would not:

effect or seek, offer or propose to effect, or cause or participate in or in any way assist any other person to effect or seek, offer or propose any solicitation of CMGI stockholders, or file, mail or disseminate any solicitation materials, with respect to any consent or proxy;

otherwise act, alone or in concert with others, to nominate directors for election at any meeting of CMGI's stockholders or similar action by written consent or propose any matter for submission to a vote or action by written consent of CMGI stockholders; or

take any action which to the knowledge of such stockholder would require CMGI to make a public announcement regarding any of the types of matters described in this paragraph.

Registration of CMGI Common Stock. In exchange for all of the foregoing, CMGI agreed that it would effect the registration with the Securities and Exchange Commission of the resale of all shares of CMGI common stock issued in the merger (including shares deposited into escrow pursuant to the escrow agreement described below) to stockholders who are parties to the stock transfer agreement. CMGI agreed to maintain the effectiveness of such registration statement for up to 330 days after the effective time of the merger (plus an additional day for each day the effectiveness of the registration statement is suspended during such 330 day period).

Termination. The stock transfer agreement will terminate, and become null and void and have no further effect, upon the earliest to occur of:

the mutual consent of CMGI and the stockholder representative;

as to all shares of CMGI common stock other than shares held in escrow, 180 days from the date of the consummation of the merger, and as to all shares then held in escrow pursuant to the escrow agreement, 335 days from the date of the consummation of the merger; and

if the effectiveness of this registration statement shall have been suspended for greater than five trading days during the period of either the first 180 days of intended effectiveness or the last 90 days of the intended effectiveness, respectively, on the trading day following the date of written notice thereof from the stockholder representative to CMGI.

The termination of the stock transfer agreement shall not prevent any party thereto from seeking any remedies (at law or in equity) against any other party for such party's breach of any term of the stock transfer agreement.

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INFORMATION ABOUT CMGI

Business

Overview

CMGI provides technology and e-commerce solutions that help businesses market, sell and distribute their products and services. These solutions include industry-leading global supply chain management and web-based distribution and fulfillment. CMGI previously operated under the name CMG Information Services, Inc. and was incorporated in Delaware in 1986.

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

CMGI's current operating subsidiaries have been classified in one operating segment: eBusiness and Fulfillment. CMGI's eBusiness and Fulfillment companies work across the full eBusiness value chain to deliver goods from the manufacturer to the customer by applying state-of-the-art technology to provide inventory and supply chain management, and fulfillment services.

In addition, CMGI's affiliated venture capital arm is comprised of venture capital funds that focus on investing in technology companies.

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INFORMATION ABOUT MODUS

Business

Modus is a global services provider of extended supply chain management solutions servicing the technology industry. Modus delivers innovative solutions that are designed to optimize an organization's supply chain, improving time to market, inventory management and distribution. Hardware manufacturers, software publishers, telecommunication carriers, broadband and wireless service providers and other companies engage Modus to manage and perform the multiple processes that occur between the acquisition of materials for products and the manufacture, assembly, packaging, and delivery of products to their customers.

Modus supplements the traditional supply chain with services at the front-end such as customer supply chain management, and at the back-end with after sales services such as returns management and repair. Modus offers a selection of services to its clients. These services include the following elements:

Demand Planning

To enhance the planning process, Modus offers a demand planning solution called Supply Chain Conditioning and Execution (SCC&E). SCC&E is based on improved forecasting, parts consumption and rapid replenishment. Modus takes input from a range of factors including rolling forecasts, economic order quantities, part lead times, marketing promotions, seasonal spikes and historic utilization to determine the most effective replenishment levels and production models to support a client's supply chain. SCC&E streamlines the supply chain by reducing the amount of time, product, and cash tied up in inventory. SCC&E is integrated with Modus' ERP system for automated execution.

Product Assembly and Fulfillment

Modus has extensive experience managing multiple vendor relationships, its own and its clients', and managing materials and inventory including digital, physical and printed. Modus' Content Management Services include:

Materials and Parts Procurement;

Vendor Management;

Inventory Management;

Warehousing and Logistics Services; and

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Content Manufacturing (including Media Replication, Offset Printing and On-Demand Printing).

Each of Modus Solution Centers has kitting and assembly capabilities. Modus assembles and packages products using multiple business models including build to stock and build to order. Modus kitting and assembly capabilities allow for late customization of kitted product for final destination.

Modus fulfillment services extend from initial order processing through the return process and support both direct to consumer and indirect channels and comply with global export regulations and deliver clients products around the globe. In addition to physical distribution, Modus provides clients with a controlled, reliable, secure, flexible, and scaleable platform for fully electronic distribution of all types of digital content: software, documents, music and video.

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After Sales Services

Modus After Sales Services integrates all the activities required to move a product from its typical final destination to the point of disposition. Modus provides these services for clients who want to maximize profitability by recovering useable assets, ensuring accurate and timely disposition, and providing their customers with exceptional post-sale product support including rapid order fulfillment.

Modus offers a comprehensive range of After Sales Services, including:

Returns Management;

Repair;

Asset Recovery;

Distribution and Fulfillment; and

Financial Management Services.

Customer Support Services

Modus manages its clients' customers through global response centers handling customer service inquiries associated with supporting its supply chain service models. Modus operates three response centers around the world. These response centers take orders, provide order and shipment status information and issue Returns Merchandise Authorizations (RMAs) in the languages Modus' clients require using multiple communication methods including the telephone, fax, internet and email.

Financial Management Services

Modus' financial system manages the accounts receivable process, including secure online credit card processing, as well as handling international tax issues, tariffs and duties, and currency conversions for its clients.

Modus' primary North American operations are located in Utah, Texas, Tennessee, North Carolina and Guadalajara, Mexico. Modus also has European operations in Ireland, the United Kingdom, The Netherlands, Hungary and France, and Asian operations in Singapore, Taiwan, China, Korea and Malaysia. In addition, Modus holds minority interests in joint ventures in Korea and Japan. Modus and its subsidiaries together have approximately 3,300 employees in its facilities throughout the world.

Market Price of and Dividends on Common Stock

There is no established trading market for the common stock, non-voting common stock or series B common stock of Modus. Modus has not paid any cash dividends on shares of Modus common stock in its last two fiscal years or any subsequent interim period thereafter. Modus currently anticipates that it will retain all of its future earnings available for distribution to the holders of Modus common stock for use in the expansion and operation of its respective businesses, and does not anticipate paying any cash dividends on shares of Modus common stock in the foreseeable future.

Table of Contents**Selected Historical Financial Information of Modus**

The selected historical consolidated financial information of Modus has been derived from the consolidated financial statements and related notes of Modus for each of the years in the five-year period ended December 31, 2003, and the unaudited interim consolidated financial statements for the three months ended March 31, 2004 and 2003. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of Modus and the related notes included in this proxy statement/prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2004	2003	2003	2002 (Restated)(1)	2001 (Restated)(1)	2000 (Restated)(2)	1999 (Restated)(3)
(in thousands)							
STATEMENT OF OPERATIONS DATA:							
Revenue	\$ 140,184	\$ 133,131	\$ 543,351	\$ 595,703	\$ 641,529	\$ 688,102	\$ 692,021
Gross profit	25,262	27,042	111,672	121,862	99,936	151,725	145,423
Selling, general and administrative expenses	21,422	22,903	86,653	99,169	117,929	120,254	117,263
Restructuring and merger related charges	310	3,298	6,084	2,911	8,000	12,460	
Stock-based compensation expense (income)	2,024		971	(551)	(1,534)	4,805	618
Operating income (loss)	1,506	841	17,964	20,333	(24,459)	14,206	27,542
Interest expense	4,483	4,059	17,465	16,992	11,913	7,653	3,452
Income (loss) before income taxes	(3,343)	(3,310)	(3,923)	1,028	(36,427)	5,719	15,385
Provision (benefit) for income taxes	169	33	2,956	(1,359)	1,872	1,445	7,550
Income (loss) from continuing operations	(3,512)	(3,343)	(6,879)	2,387	(38,299)	4,274	7,835
Income (loss) from discontinued operations						(2,148)	397
Net income (loss)	(3,512)	(3,343)	(6,879)	2,387	(38,299)	2,126	8,232
BALANCE SHEET DATA (as of period end):							
Cash and cash equivalents	\$ 35,408		\$ 43,186	\$ 37,957	\$ 51,543	\$ 18,333	\$ 29,759
Working capital	45,595		42,197	30,131	42,004	52,997	29,589
Total assets	222,196		248,001	232,710	254,253	335,680	290,357
Long-term debt, net of current portion	96,818		93,512	79,355	102,843	83,127	55,744
Total stockholders equity	3,798		5,157	4,802	(6,253)	39,009	47,116

(1) See Note 3 to Modus consolidated financial statements for a discussion on the restatement.

(2) Restated to reclassify a \$1.0 million book overdraft from cash to accounts payable on the balance sheet.

(3) Restated to reverse excess deferred tax asset valuation allowance of \$3.7 million

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**MODUS MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Business

Modus is a global outsource provider of supply chain management services to the technology and broadband industries. Modus offers a full range of services including demand planning, product assembly and fulfillment, after sales services, customer support services and financial management services. Modus' primary North American operations are located in Utah, Texas, North Carolina, Tennessee and Guadalajara, Mexico. Modus also has European operations in Ireland, the United Kingdom, The Netherlands, Hungary and France and Asian operations in Singapore, Taiwan, China and Malaysia. In addition, Modus holds minority interests in joint ventures in Korea and Japan.

Modus has agreed to be acquired by CMGI under the terms of the merger agreement that is described in this proxy statement/prospectus and attached hereto as Annex 1. We encourage you to read the merger agreement in its entirety. To accomplish this acquisition, Westwood Acquisition Corp., a newly-formed, wholly-owned subsidiary of CMGI will merge with and into Modus. As a result of the merger, Modus will become a wholly-owned subsidiary of CMGI. Upon completion of the Modus merger, each Modus stockholder (other than those who exercise dissenters' rights) will receive a certain number of shares of CMGI common stock for each share of Modus common stock that he or she owns at the time of the merger. The exchange ratio for the merger is

variable, based upon an aggregate purchase price of \$157.5 million (subject to reduction if Modus' net indebtedness exceeds a targeted amount), the average closing price of CMGI common stock for the 20-day period ending immediately prior to the second trading day preceding the date of closing (but not less than \$2.028 or greater than \$2.478 per share) and the total number of shares of Modus common stock deemed outstanding immediately prior to closing (including shares issuable upon exercise of in-the-money options and warrants to purchase Modus common stock calculated as if exercised on a cashless basis). The specific mechanics for calculating the exchange ratio are described in more detail in this proxy statement/prospectus; however, the exchange ratio will not be greater than 2.231789 or less than 1.826501 (assuming no adjustment to the aggregate purchase price based upon the net indebtedness of Modus at the time of the closing). 10.6% of the aggregate number of shares of CMGI common stock issuable to Modus stockholders in the merger will be deposited into an escrow account to secure the indemnification obligations of Modus stockholders to CMGI and to satisfy any post-closing adjustments for increases in Modus' net indebtedness under the terms of the merger agreement.

Critical Accounting Policies

Modus' accounting policies are described in Note 2 to the consolidated financial statements of Modus for the three years ended December 31, 2003, 2002 and 2001 included in this proxy statement/prospectus. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results often will differ from those estimates, and such differences may be material to the financial statements.

The most significant accounting estimates inherent in the preparation of Modus' consolidated financial statements include estimates as to revenue recognition, valuation of inventories, restructuring accruals, impairments of long-lived assets and goodwill and valuation allowances for deferred tax assets. The process of determining significant estimates is fact specific and takes into account factors such as historical experience, current and expected economic conditions and product mix. Modus re-evaluates these significant factors on a quarterly basis. Historically, actual results have not differed significantly from those determined using the estimates described above.

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Modus believes the following critical accounting policies comprehend the more significant judgments and estimates used in the preparation of its consolidated financial statements:

Revenue Recognition. Modus applies the provisions of Emerging Issues Task Force (EITF) Issue No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*. Modus' application of EITF 99-19 includes evaluation of the terms of each major customer contract relative to a number of criteria that management considers in making its determination with respect to gross versus net reporting of revenue for transactions with its customers. Modus management's criteria for making these judgments place particular emphasis on determining the primary obligor in a transaction and who bears general inventory risk. EITF 99-19 impacts only Modus revenue and cost of revenue and has no other impact on Modus' consolidated financial statements.

Excess and Obsolete Inventory. Modus writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and its estimated net realizable value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required. Such adjustments are considered permanent adjustments to the cost basis of the inventory. If inventory is written down to its net realizable value and subsequently there is an increased demand for the inventory at a higher value, the increased value of the inventory is not realized until the inventory is sold, which will result in improved margins in the period in which the product is sold.

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

Accounting for Impairment of Long-Lived Assets. Through December 31, 2001, Modus recorded impairment charges as a result of management's ongoing business review and impairment analysis performed under its policy regarding impairment, utilizing the guidance in SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of*. Where impairment indicators were identified, management evaluated whether the projected undiscounted cash flows were sufficient to cover the particular long-lived asset being reviewed. If the undiscounted cash flows were insufficient, management then determined the amount of the impairment charge by comparing the carrying value of long-lived assets to their fair value. On January 1, 2002, Modus adopted SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Under

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

Goodwill. On January 1, 2002, Modus adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 142 requires Modus to evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and to make any necessary reclassifications in order to conform with the new criteria in SFAS No. 141 for recognition apart from goodwill. Accordingly, Modus is required to reassess the useful lives and residual values of all identifiable intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments. In addition, to the extent an intangible asset is then determined to have an indefinite useful life, Modus is required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives.

Under the provisions of SFAS No. 142, Modus was required to perform transitional goodwill impairment tests as of January 1, 2002. Modus completed the transitional goodwill impairment tests during the fiscal quarter ended June 30, 2002 and concluded that goodwill was not impaired. In order to complete the transitional goodwill impairment tests as required by SFAS No. 142, Modus identified its reporting units and determined the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of adoption. In accordance with the provisions of SFAS No. 142, Modus has designated reporting units for purposes of assessing goodwill impairment. The standard defines a reporting unit as the lowest level of an entity that is a business and that can be distinguished, physically and operationally and for internal reporting purposes, from the other activities, operations, and assets of the entity. Based on the provisions of the standard, Modus has determined that the reporting unit for purposes of goodwill impairment testing is its North American regional operations. Modus determined the fair value of this reporting unit and compared it to the reporting unit's carrying amount. Modus' valuation methodology requires management to make judgments and assumptions based on historical experience and projections of future operating performance. If these assumptions differ materially from future results, Modus may record impairment charges in the future. Additionally, Modus' policy is to perform its annual impairment testing for all reporting units in the fourth quarter of each fiscal year. Modus performed its annual impairment test as of September 30, 2003, and concluded goodwill was not impaired. At December 31, 2003, Modus carrying value of goodwill totaled \$7.5 million.

Income taxes. Income taxes are accounted for under the provisions of SFAS No. 109, *Accounting for Income Taxes*, using the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. SFAS No. 109 also requires that the deferred tax assets be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This methodology requires estimates and judgments in the determination of the recoverability of deferred tax assets and in the calculation of certain tax liabilities. At December 31, 2003 and 2002, respectively, a valuation allowance has been recorded against most of

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the gross deferred tax assets since management believes that after considering all the available objective evidence, both positive and negative, historical and prospective, with greater weight given to historical evidence, it is more likely than not that these assets will not be realized.

Recently Issued Accounting Pronouncements

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

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities*. FIN 46 addresses the consolidation of variable interest entities, including entities commonly referred to as special purpose entities. The Company was required to apply FIN 46 to all new variable interest entities created or acquired after January 31, 2003. In December 2003, the FASB revised certain portions of FIN 46 (FIN 46-R). For all entities created on or before December 31, 2003, the Company is not required to adopt FIN 46, but will be required to adopt FIN 46-R as of January 1, 2005. The Company is in the process of evaluating whether its investments are considered variable interest entities and would therefore be consolidated as of January 1, 2005. For entities created after December 31, 2003, the Company will apply the provisions of FIN 46-R as of the date they first become involved with the respective entities.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*, which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133. SFAS 149 is effective for contracts entered into or modified after June 30, 2003 except for the provisions that were cleared by the FASB in prior pronouncements. The adoption of SFAS 149 did not have a material impact on Modus' consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. This statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and was otherwise effective for us during the second quarter of 2003. The adoption of SFAS 150 did not have a material impact on Modus' consolidated financial position or results of operations.

In December 2003, the FASB issued SFAS No. 132(R), a revision to SFAS No. 132, *Employers' Disclosure about Pensions and Other Postretirement Benefits*. SFAS No. 132(R) requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132(R) is effective for financial statements with fiscal years ending after December 15, 2003 with the exception of disclosure requirements related to foreign plans and estimated future benefit payments which are effective for fiscal years ending after June 15, 2004. The adoption of SFAS No. 132(R) did not have a material impact on Modus' consolidated financial position or results of operations.

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Results of Operations

Introduction and Overview

Modus' revenue trends tend to be a function of client demand and mix of product components such as CD-ROMs, print material and cables. Over the past few years, demand in the technology industry has experienced a general market reduction. The majority of our revenues have historically been, and continue to be, driven by technology-focused customers in the computer hardware and software industries. The latter part of the year 2000 marked the start of an industry-wide downturn in technology spending by businesses and consumers served by our customers. Accordingly, our business was negatively impacted and demand for our services decreased, resulting in excess capacity in our industry. Competition increased and prices declined. These factors have been the primary determinants of our financial results over this time period in which we have generally experienced declining revenues.

The market for supply chain management products and services is very competitive, and the intensity of competition is expected to continue to increase. Increased competition arising from industry consolidation and/or low demand for certain of our customers' products may hinder our ability to maintain or improve our gross margins. A portion of our operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted. We continue to focus on margin improvement, through cost reduction and restructuring initiatives, as well as asset and employee productivity gains, in order to improve the profitability of our business and maintain our competitive position. We are reacting to margin and pricing pressures in several ways, including efforts to lower our cost to service customers by helping customers reduce the content of the final product, moving work to lower-cost regions, such as China, and adding other service offerings at higher margins.

The Company's previously issued consolidated financial statements as of December 31, 2002 and for the years ended December 31, 2002 and 2001 have been restated to correct the following errors: (1) For the year ended December 31, 2001, the Company netted \$35.1 million of customer reimbursements for shipping and handling against the related costs in cost of revenue; such reimbursements should be classified in revenue; (2) The Company overstated its provision for income taxes by \$7.7 million during the year ended December 31, 2002, overstated its benefit for income taxes by \$11.5 million during the year ended December 31, 2001 and overstated its deferred tax assets by \$7.7 million as of December 31, 2001; and (3) The Company recorded \$5.9 million and \$9.7 million of book overdrafts as a reduction of cash as of December 31, 2002 and 2001; such amounts in excess of funds on deposit should be classified as a liability.

Revenue

Modus derives revenues from a wide variety of supply chain services provided to clients. Changes in revenues from period to period are directly related to changes in the business of clients, changes in pricing, changes in the composition of the products and services we provide, and changes in the mix of clients we serve.

Gross Profit

Modus' gross profit percentage during a period is dependent on a number of factors. The pricing changes discussed under Revenue above have been the primary contributor to the gross profit changes we experienced from 2001 to 2003. In addition to changes in pricing, the volume of business and customer product mix we experience in a given period also impact margins. A significant portion of the costs required to deliver products and services are fixed in nature. Increases in volume allow us to leverage these costs, which results in higher gross profit margins,

while decreases in volume have the opposite effect. The relative mix of clients, as well as the related content of products or services we provide them, can also have an impact on gross profit margins. Although gross profit measured as a percentage of revenue may be lower, we believe providing incremental value-added services to clients has an overall positive effect on gross margin as measured in dollars. Additionally, the ability to utilize automated production and packaging equipment versus manual labor can have a favorable effect on gross profit.

Table of Contents**Selling, General and Administrative Expenses**

A portion of Selling, General and Administrative expenses are fixed in the short term. However, certain components such as incentive compensation, professional services, travel and other expenses can vary based on volume, individual events, or initiatives we may be pursuing at various times throughout the year. In addition to these factors, some Selling, General and Administrative expenses are incurred in countries outside the U.S. and changes in foreign currency rates can cause Selling, General and Administrative expenses reported in U.S. dollars to fluctuate.

Comparison of the Three Months Ended March 31, 2004 to the Three Months Ended March 31, 2003

The table below provides certain operating data as an aid to understanding the discussion and analysis of the results of operations. Amounts are shown as a percentage of revenue.

	Three Month Periods Ended March 31,			
	(in thousands)			
	2004	%	2003	%
Revenue	\$ 140,184	100.0%	\$ 133,131	100.0%
Gross profit	25,262	18.0	27,042	20.3
Selling, general and administrative expenses	21,422	15.3	22,903	17.2
Restructuring and merger related charges	310	0.2	3,298	2.5
Stock-based compensation expense	2,204	1.6		0.0
Operating income	1,506	1.1	841	0.6
Interest expense	4,483	3.2	4,059	3.0
Loss before income taxes	(3,343)	-2.4	(3,310)	-2.5
Provision for income taxes	169	0.1	33	0.0
Net loss	\$ (3,512)	-2.5	\$ (3,343)	-2.5

Revenue

Revenue in the first quarter increased 5.3% to \$140.2 million in 2004 from \$133.1 million in 2003. Revenue was impacted by a modest increase in the technology sector for our customer's products and services. In the first quarter 2004, Modus saw significant growth in our China operations. European results increased quarter over quarter related to increased exchange rates for the Euro and the British Pound. Additional revenue was generated by the results of efforts in 2003 to obtain new clients in all regions.

Gross Profit

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Gross profit in the first quarter of 2004 decreased to 18.0% of revenue from 20.3% of revenue in 2003. This decrease reflects the shift in the product mix of our clients to products that contain a higher amount of lower margin materials and an increase in hardware component business, which has lower gross profit margins.

Selling, General and Administrative Expenses

Selling, General and Administrative expenses in the first quarter decreased to \$21.4 million in 2004 from \$22.9 million in 2003. Selling, General and Administrative expenses decreased due to bonus accruals that were earned in 2003 and that were not earned in 2004.

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Restructuring and Merger Related Charges

Restructuring and merger related charges decreased to \$0.3 million in 2004 from \$3.3 million in 2003. The charges in 2003 related to restructuring global operations and included \$2.1 million for severance and termination benefits and \$1.2 million related to the closure of a facility in North America. The charges in 2004 related to merger costs, primarily legal fees, associated with a potential merger that was not consummated.

Stock-Based Compensation Expense

Stock-based compensation expense for 2004 relates to a non-recourse loan that was issued to an officer in exchange for the purchase of 1,250,000 shares of common stock. This loan is accounted for as a variable stock option and is marked-to-market each reporting date. The increase in the charge relates to the higher value attributed to the stock based upon the proposed merger with CMGI.

Interest Expense

Interest expense increased to \$4.5 million in 2004 as compared to \$4.1 million in 2003. This increase is primarily due to an increase in long-term debt as well as higher interest rates under terms of the lending arrangements for a portion of the debt.

Provision for Income Taxes

Provision for income taxes in 2004 of \$0.2 million represents an increase of \$0.2 million from the 2003 income tax expense. Although Modus had an overall loss before income taxes in both 2004 and 2003, the income tax provision represents income tax in jurisdictions outside of the United States.

Comparison of Years Ended December 31, 2003 and 2002

Results of Operations

The following table summarizes certain key information in the understanding of the discussion and analysis of results of operations.

Years Ended December 31,

(in thousands)

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	<u>2003</u>	<u>%</u>	<u>2002</u>	<u>%</u>
Revenue	\$ 543,351	100.0%	\$ 595,703	100.0%
Gross profit	111,672	20.6	121,862	20.5
Selling, general and administrative expenses	86,653	15.9	99,169	16.6
Restructuring and merger related charges	6,084	1.1	2,911	0.5
Stock-based compensation expense (income)	971	0.2	(551)	-0.1
Operating income	17,964	3.3	20,333	3.4
Interest expense	17,465	3.2	16,992	2.9
Income (loss) before income taxes	(3,923)	-0.7	1,028	0.2
Provision (benefit) for income taxes	2,956	0.5	(1,359)	-0.2
Net income (loss)	\$ (6,879)	-1.3	\$ 2,387	0.4