FORM S-1 · REGISTRATION STATEMENT

Yesmail COM Inc

IPO priced 1999-09-23 · $11.00 a share · YESM



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 7, 1999 REGISTRATION NO. 333- SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

YESMAIL.COM, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7319	36-4020286
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

565 LAKEVIEW PARKWAY, SUITE 135 VERNON HILLS, ILLINOIS 60061 (847) 918-9292 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) DAVID M. TOLMIE CHIEF EXECUTIVE OFFICER YESMAIL.COM, INC. 565 LAKEVIEW PARKWAY, SUITE 135 VERNON HILLS, ILLINOIS 60061 (847) 918-9292 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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

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

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	AMOUNT OF REGISTRATION FEE
Common Stock, par value $0.0001 per share.....	$46,000,000	$12,800

(1) ESTIMATED SOLELY FOR THE PURPOSE OF COMPUTING THE AMOUNT OF THE REGISTRATION FEE, IN ACCORDANCE WITH TO RULE 457(O) PROMULGATED UNDER 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 WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION JUNE 7, 1999

SHARES [LOGO]

COMMON STOCK

THIS IS THE INITIAL PUBLIC OFFERING OF YESMAIL.COM, INC. AND WE ARE OFFERING SHARES OF OUR COMMON STOCK. WE ANTICIPATE THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN $ AND $ PER SHARE.

WE HAVE APPLIED TO LIST OUR COMMON STOCK ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "YESM."

Investing in Our Common Stock Involves Risks. See "Risk Factors" Beginning on Page 6.

Per Share Total

Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds to yesmail.com	$	$

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

We have granted the underwriters the right to purchase up to additional shares to cover any over-allotments.

DEUTSCHE BANC ALEX. BROWN THOMAS WEISEL PARTNERS LLC VOLPE BROWN WHELAN & COMPANY , 1999

Prospectus Summary

You should read the following summary together with the more detailed information, financial statements and notes to financial statements appearing elsewhere in this prospectus.

Yesmail.com

We are a leading provider of comprehensive permission email direct marketing solutions. We deliver direct email marketing messages to targeted individuals who have given their permission to receive promotional messages from direct marketers. Through our network, we can direct promotional

campaigns to a targeted audience of over five million self-selected individuals. In the quarter ended March 31, 1999, we delivered over 1.3 million permission email messages for over 90 clients.

The growth of the Internet has spurred traditional businesses and e-commerce companies to devote larger portions of their marketing budgets to the Internet. The Internet is particularly well suited as a direct marketing medium because of the ability to target consumers, receive immediate response, direct consumers to a precise point of sale and provide a measurable return on investment. However, to date, Internet direct marketing has been primarily confined to mass-mailing of unsolicited email messages, known as 'spam,' which has met with negative consumer reaction and low response rates. In addition, banner advertising has proven to be less effective as a direct marketing medium than as a branding vehicle, with response rates averaging 0.7% according to Forrester Research.

Permission email direct marketing response rates, according to Jupiter Communications, are three to ten times higher than traditional direct mail or banner advertising. In addition, the cost to deliver permission email messages is 75% to 90% lower than direct mail, according to the Gartner Group. We believe that the combination of substantially higher response rates and lower costs will result in an increasing portion of the $160 billion spent in the United States on direct marketing shifting to permission email. The Direct Marketing Association estimates that spending on Internet direct marketing will increase from $600 million in 1998 to $5.3 billion in 2003.

We work with direct marketers to reach a targeted audience to promote their products or services. Our direct marketer clients have included eToys, Fingerhut, Hewlett Packard, McDonalds, MotherNature.com, Office Max and Verio. Once a direct marketing campaign is created, we deliver promotional email messages to those consumers who have given their prior permission by saying 'yes' to us or our network affiliates. We use our proprietary targeting and tracking technology and our direct marketing expertise to help our clients achieve response rates of up to 15% and maximize their return on investment.

Our network affiliates are list providers who are typically Web sites that have begun to develop permission based lists. We enable our network affiliates to generate additional revenues from their Web site visitors and customers by providing access to direct marketers, without the costs and challenges associated with building and maintaining their own direct marketing sales forces and email direct marketing technologies. Our network affiliates also benefit from our proprietary technology that tracks the responses of their list members, thereby enhancing the value of their lists to direct marketers. Network affiliates also benefit from the scale and reach of our network and the organization of all network members into categories of interest and response rate histories.

We believe that consumers will benefit from the ability to control the flow of email marketing messages they receive. Our proprietary product, My.YesMail, is designed to give consumers the tools necessary to organize their email subscriptions and permission lists, filter undesired promotional messages and control message frequency. We intend to create a trusted brand name which facilitates positive interactions between direct marketers and consumers.

Our objective is to be the leading provider of permission email direct marketing. We intend to achieve this objective by:

- Providing effective email direct marketing programs to enable marketers to maximize their return on investment.

- Increasing our targeted reach through a permission based network that currently exceeds five million self-selected individuals.

- Expanding our sales, marketing and client services to grow our business while providing a high level of customer support.

- Leveraging our proprietary technology and current and planned products for marketers, network affiliates and consumers, including eTrack, eTarget, ePredict, eCampaign, eManage and My.YesMail.

- Building a leading brand that establishes YesMail as the trusted leader in quality permission email programs.

We believe that permission email direct marketing represents an opportunity to more fully realize the Internet's viability as an effective direct marketing medium due to its substantially higher response rates and lower delivery costs, and that we are well positioned to take advantage of this opportunity.

Unless otherwise noted, the information in this prospectus assumes:

- the effectiveness of a -for-one reverse split of the outstanding shares of common stock prior to the closing of this offering;

- the conversion of each outstanding share of preferred stock into common stock, which will occur upon the closing of this offering; and - no exercise of the underwriters' over-allotment option.

The Offering

Common stock offered by yesmail.com..... shares Common stock to be outstanding after the offering..... shares(1) Use of proceeds..... For general corporate purposes, including working capital Proposed Nasdaq National Market symbol..... YESM

Summary Consolidated Financial Data

See Note 3 of Notes to Consolidated Financial Statements for a description of the method that we used to compute our net loss per share and an explanation of the determination of the number of shares used in computing per share data. The pro forma financial data below assumes that the following transactions had occurred on January 1, 1998:

- the effectiveness of a -for-one reverse split of the outstanding shares of common stock prior to the closing of this offering;

- the conversion of each outstanding share of preferred stock into common stock, which will occur upon the closing of this offering;

- the issuance of 6,385,455 shares of common stock in May 1999; and - the issuance of 13,745,460 shares of series A preferred stock in May 1999.

The pro forma as adjusted financial data below reflects the sale of the shares of common stock that we are offering in this prospectus at an assumed public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and our estimated offering expenses.

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
	(IN THOUSANDS EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues	$ 935	$ 2,468	$ 4,583	$ 873	$ 1,389
Gross profit	642	1,378	1,880	497	731
Loss from operations	(85)	(405)	(1,401)	(183)	(1,074)
Net loss	$ (80)	$ (414)	$(1,706)	$ (192)	$(1,151)
Basic and diluted net loss per share	$ (0.01)	$ (0.02)	$ (0.08)	$ (0.01)	$ (0.06)
Weighted-average shares outstanding used in computing basic and diluted net loss per share	15,363	20,399	20,363	20,895	20,333
Pro forma basic and diluted net loss per share (unaudited)			$ (0.04)	$ (0.00)	$ (0.03)
Shares used in computing pro forma basic and diluted net loss per share (unaudited)			40,493	41,025	40,463

MARCH 31, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS)

CONSOLIDATED BALANCE SHEET DATA:			
Cash and cash equivalents	$ 84	$ 7,444	$
Working capital (deficit)	(3,489)	5,471	
Total assets	980	8,340	
Capital lease obligations less current portion	324	324	
Stockholders' equity (deficit)	(3,204)	5,796	

(1) Based on the number of shares of common stock outstanding as of May 31, 1999. Excludes shares reserved for issuance under our stock option and stock purchase plans, of which 2,160,000 shares were subject to outstanding options as of May 31, 1999. See "Management -- Compensation Plans" and "Description of Capital Stock."

Risk Factors

This offering involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus before deciding to purchase shares of our common stock.

Our Business Is Difficult to Evaluate Because Our Operating History Is Limited.

We were founded in 1995 as a supplier of a broad range of Internet marketing services and in late 1998 redirected our strategic focus to permission email. Through March 31, 1999, permission email marketing services represented less than half of our revenue. Accordingly, our operating results since the end of 1998 are not comparable to our results for prior periods. Therefore, an investor must consider the risks and difficulties frequently encountered by early-stage companies in new, unestablished and rapidly evolving markets. We cannot be certain that our business strategy will be successful or that we will adequately address these risks.

We Have a History of Losses and We Expect Future Losses.

We incurred net losses of $2.2 million from our inception through December 31, 1998 and $1.2 million for the three months ended March 31, 1999. As of March 31, 1999, we had an accumulated deficit of $3.4 million. We expect to continue to incur net losses for the foreseeable future and negative cash flow from operations through at least the year 2000.

We expect to significantly increase our operating expenses as a result of expanding our sales and marketing, product development and administrative operations and developing new strategic relationships to promote our future growth. As a result, we will need to generate significant revenues to meet these increased expenses and to achieve profitability. If we do achieve profitability, we cannot be certain that we can sustain or increase profitability in the future.

Our Future Operating Results May Fluctuate Significantly and Remain Uncertain.

Our operating results are difficult to predict. Our future quarterly operating results may fluctuate significantly and may not meet the expectations of securities analysts or investors. If this occurs, the price of our common stock would likely decline, perhaps substantially. Factors that may cause fluctuations of our operating results include the following:

- the level of market acceptance of our products and services;

- delays we may encounter in introducing new products and services;

- competitive developments;

- demand for advertising on the Internet; and - changes in pricing policies and resulting margins.

We expect that an increasing portion of our future revenues will be derived from permission email marketing products and services. The volume and timing of orders are difficult to predict because the market for our products is in its infancy and the sales cycle may vary substantially from customer to

customer. Currently, our customer contracts are only for a limited period of time, which makes revenues in any quarter substantially dependent upon contracts entered into in that quarter. Moreover, our sales are expected to fluctuate due to seasonal or cyclical marketing campaigns. We expect that revenue growth in the first and third quarters of each year may be lower than revenue growth in the second and fourth quarters of that and the preceding year. We believe this trend may occur as a result of our customers' annual budgetary, purchasing and sales cycles. To the extent significant revenues occur earlier than expected, our operating results for later quarters may not compare favorably with operating results from earlier quarters.

OUR SUCCESS DEPENDS UPON BROAD MARKET ACCEPTANCE OF PERMISSION EMAIL MARKETING SERVICES AND WE ARE UNCERTAIN IF OR WHEN SUCH MARKET ACCEPTANCE WILL OCCUR.

We do not know if our products and services will be successful. The growth of the Internet remains fairly recent and advertising on the Internet even more so. The market for permission email marketing services is in its infancy, and we are not certain whether our target customers will widely adopt and deploy this technology. Even if they do so, they may not choose our products for technical, cost, support or other reasons. Adoption of permission email marketing services, particularly by those entities that have historically relied upon traditional means of direct marketing, such as telemarketing and direct mail, requires the broad acceptance of a new and substantially different approach to direct marketing. We believe that the promotion of the concept of permission email marketing will require us to engage in an intensive marketing and sales effort to educate prospective customers regarding the uses and benefits of our products and services. Enterprises that have already invested substantial resources in other advertising methods may be reluctant or slow to adopt our new approach.

Our future growth also depends on the commercial success of our YesMail Network and the products that comprise our network, such as eTrack and eCampaign, and the products we plan to introduce by the end of the third quarter of 1999, such as eTarget, ePredict and eManage. If our customers do not widely adopt and purchase our products, our business will suffer.

SEVERAL KEY MEMBERS OF OUR MANAGEMENT TEAM HAVE ONLY RECENTLY JOINED US AND IF THEY ARE UNABLE TO EFFECTIVELY INTEGRATE THEMSELVES INTO OUR BUSINESS OR WORK TOGETHER AS A MANAGEMENT TEAM, OUR BUSINESS WILL SUFFER.

Several key members of our management team have joined us since January 1, 1999, including David M. Tolmie, our Chief Executive Officer and President, David B. Menzel, our Chief Financial Officer and Vice President, Finance and Administration, Peder Jungck, our Chief Technology Officer, Michael R. Mooradian, our Vice President, Sales and Anthony Priore, our Vice President, Marketing. If these key employees cannot effectively integrate themselves into our business or work together as a management team to enable us to carry out our permission email strategy, our business will suffer.

WE RELY ON SHORT-TERM CONTRACTS FOR SUBSTANTIALLY ALL OF OUR PERMISSION EMAIL CUSTOMERS AND IF WE DO NOT SECURE NEW CONTRACTS FROM EXISTING OR NEW CUSTOMERS, OUR BUSINESS WILL SUFFER.

Substantially all of our direct marketing customers purchase our permission email services under short-term contracts. Customers can therefore terminate these contracts on short notice without penalty. Our revenues would suffer if we are unable to secure new contracts from existing customers or obtain new customers. We expect to continue to derive a substantial majority of our revenues from short-term contracts such as these.

OUR UNPREDICTABLE SALES CYCLE DEPENDS ON FACTORS OUTSIDE OUR CONTROL AND MAY CAUSE OUR REVENUES TO VARY SIGNIFICANTLY.

Our sales cycle has varied considerably from customer to customer and several customers have taken many months to evaluate our products before making their purchase decisions. The unpredictable sales cycles for our products may cause our revenues and operating results to vary significantly from period to period. We spend a lot of time educating and providing information to our prospective customers regarding the use and benefits of our products. We believe that our sales cycle will continue to vary until there is broader market acceptance of permission email marketing services.

COMPETITION IN THE MARKET FOR INTERNET ADVERTISING AND DIRECT MARKETING IS INTENSE AND COULD ADVERSELY AFFECT OUR BUSINESS.

The market for Internet advertising and direct marketing is intensely competitive, rapidly changing and highly fragmented. We expect that competition will increase significantly in the near-term because of the attention the Internet has received as a means of advertising and direct marketing and because there are no significant barriers to entry. Our primary long-term competitors may not have entered the market yet because our market is new. Competition could result in price reductions, changes in the way services are priced, reduced gross margin and loss of market share, any of which could cause our business to suffer.

Many of our current and potential competitors have greater name recognition, longer operating histories, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than we do. Some of our potential competitors are among the largest and most well-capitalized companies in the world. In addition, some of our competitors may include Web site owners who own permission email lists. We expect to face competition from these and other competitors, including Internet portals, traditional list brokers, banner advertising managers, independent list managers, incentive-based subscriber lists and customer management and retention service companies. For a more detailed discussion of our competition, please see "Business -- Competition."

OUR FAILURE TO DEVELOP OUR SALES, MARKETING AND SUPPORT ORGANIZATION WOULD LIMIT OUR GROWTH.

If we fail to substantially expand our direct and indirect sales and marketing operations, our growth will be limited. Our products and services require a sales effort targeted at several people within our prospective customers. We have recently expanded our direct sales force and plan to hire additional sales personnel. We might not be able to hire, train or retain the kind and number of sales and marketing personnel we are targeting because competition for qualified sales and marketing personnel

is intense. In addition, we will increasingly rely on advertising agencies and direct marketers to resell our products and services. If we do not effectively manage or grow this indirect sales and marketing channel, our business could suffer.

FAILURE TO DEVELOP ADDITIONAL RELATIONSHIPS WITH NETWORK AFFILIATES WOULD LIMIT OUR GROWTH.

We believe that our success in penetrating our target markets and increasing our revenues depends on our ability to develop and maintain relationships with our network affiliates who provide us with access to permission email lists. We believe these relationships are important to facilitate market acceptance of our products and enhance our sales, marketing and distribution capabilities. If we fail to develop these relationships, our growth would be limited. In addition, we rely on third parties to assist us in computer programming, product development and subscriber list management. Reliance on third parties for these services exposes us to risks outside of our control, including the timing of new product introduction and customer relationships in the event these third parties do not meet deadlines or fail to appropriately manage data.

We May Experience Difficulties Managing Our Expected Growth.

Our ability to successfully offer our products and services and implement our business plan in the rapidly evolving market for permission email marketing services requires an effective planning and management process. We continue to increase the scope of our operations and have grown our headcount substantially. In addition, we have only recently engaged several key members of our executive management team. These factors have placed, and our anticipated future operations will continue to place, a significant strain on our management systems and resources. We expect that we will need to continue to improve our operational and financial and managerial controls and reporting systems and procedures, and will need to continue to expand, train and manage our work force.

We Run the Risk of System Failure That Could Adversely Affect Our Business.

The continuing and uninterrupted performance of our network is critical to our success. Customers may become dissatisfied by any system failure that interrupts our ability to provide our services to them, including failures affecting the ability to deliver marketing messages quickly and accurately to the targeted audience. Sustained or repeated system failures would reduce significantly the attractiveness of our solutions to our customers. Our business would suffer by any damage or failure that interrupts or delays our operations.

We rely on third-party service providers to provide access to the Internet and to support our operations. Our support arrangements with these providers are short-term and may be cancelled on short notice. In the event these arrangements are terminated, we may not be able to find alternative

service providers on a timely basis or on terms acceptable to us, or at all, which in turn would harm our business.

Our operations depend on our ability to protect our computer systems against damage from a variety of sources, including telecommunications failures, malicious human acts and natural disasters. Substantially all of our operations and computer systems are located at a single facility leased by us in Vernon Hills, Illinois. The occurrence of any of the above factors affecting our ability to maintain uninterrupted system performance would harm our business. Despite network security measures, our servers are vulnerable to computer viruses and disruptions from unauthorized tampering with our computer systems. We do not carry business interruption insurance to compensate for losses that may occur as a result of any of these events. Despite precautions, unanticipated problems affecting our systems could cause interruptions in the delivery of our solutions in the future. Our data storage centers incorporate redundant systems, consisting of additional servers, but the primary system does not switch over to the backup system automatically.

In addition, if our products and services or our customers are affected by problems associated with inaccurate calculations with respect to the Year 2000, or if we experience reduced sales as potential customers divert resources to effect their own Year 2000 compliance, our business will suffer. For a further discussion of Year 2000 issues, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Readiness Disclosure."

Protection of Our Intellectual Property Is Limited.

Our ability to successfully compete is substantially dependent upon our internally developed technology, which we protect through a combination of copyright, trade secret and trademark law. We have no issued patents or patent applications pending. However, we may not be able to adequately protect our proprietary rights which may harm our business. Unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Policing unauthorized use of our products is difficult, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. For a more detailed description of the protection of our intellectual property, please see "Business -- Intellectual Property Rights."

Our Proprietary Technology May Be Subject to Infringement Claims.

There is a substantial risk of litigation regarding intellectual property rights in our industry. A successful claim of product infringement against us and our failure or inability to license the infringed or similar technology could harm our business. We expect that our products may be increasingly subject

to third-party infringement claims as the number of our competitors grows. We cannot be certain that third parties will not make a claim of infringement against us with respect to our products and technology. Any claims, with or without merit, could:

- be time-consuming to defend;

- result in costly litigation;

- divert management's attention and resources;

- cause delays in delivering products and services;

- require the payment of monetary damages which may be tripled if the infringement is found to be willful;

- result in an injunction which would prohibit us from offering a particular product or service; or - require us to enter into royalty or licensing agreements.

Royalty or licensing agreements, if required, may not be available on acceptable terms, if at all. For additional information, please see "Business -- Intellectual Property Rights."

RAPID TECHNOLOGICAL CHANGES COULD CAUSE OUR PRODUCTS TO BECOME OBSOLETE OR REQUIRE US TO REDESIGN OUR PRODUCTS.

The market for Internet advertising and permission email marketing services is characterized by rapid technological change, frequent new product introductions, changes in customer requirements and evolving industry standards. If we are unable to develop and introduce products or enhancements in a timely manner to meet these technological changes, we may not be able to successfully compete. Moreover, our products may become obsolete in which event we may not be a viable business. In addition, we may experience delays in releasing new products and product enhancements in the future. Material delays in introducing new products and enhancements may cause customers to forego purchases of our products and purchase those of our competitors.

WE MUST BE ABLE TO SUCCESSFULLY INTEGRATE ACQUISITIONS BECAUSE WE MAY ACQUIRE COMPANIES OR SUBSCRIBER LISTS.

From time to time, we expect to evaluate opportunities to grow through acquisitions of or investments in complementary companies, products or technologies. If we acquire a company, we could have difficulty in assimilating that company's personnel, operations, products or technology. In addition, the key personnel of the acquired company may decide not to work for us. If we make acquisitions of products or technology, we could have difficulty in assimilating the acquired technology or products into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. Moreover, our profitability may suffer because of acquisition-related costs or amortization costs for acquired goodwill and other intangible assets. Furthermore, we may have to incur debt or issue equity securities to pay for any future acquisitions, the issuance of which could be dilutive to us or our existing stockholders. If we are unable to successfully address any of these risks, our business could be harmed.

OUR BUSINESS COULD SUFFER IF WE LOSE THE SERVICES OF KEY PERSONNEL OR ARE UNABLE TO HIRE ADDITIONAL PERSONNEL.

We need to hire a significant number of additional sales, support, marketing and product development personnel to expand our business. If we fail to attract qualified personnel or retain current employees, our revenues may not increase and could decline. Competition for these individuals is intense, and we may not be able to attract, assimilate or retain additional highly qualified personnel in the future. Our future success also depends upon the continued service of our executive officers and other key sales, marketing and support personnel. In addition, our products and technologies are complex and we are substantially dependent upon the continued service of our existing engineering personnel. Not all of our officers or key employees are bound by an employment agreement. Our relationships with these officers and key employees are at will. Moreover, we do not have "key person" life insurance policies covering any of our employees.

THE FAILURE OF THIRD PARTIES TO TIMELY AND EFFICIENTLY COMPLETE REQUIRED DEVELOPMENT WORK COULD HARM OUR BUSINESS.

Our business is dependent on third parties for Web programming and product development. In the event these third parties do not complete this development work pursuant to our schedule, cost and capability expectations, our business could suffer.

THE LOSS OF OUR RIGHT TO USE SOFTWARE LICENSED TO US BY THIRD PARTIES COULD HARM OUR BUSINESS.

We license technology that is incorporated into our products from third parties. Any interruption in the supply or support of any licensed software could disrupt our operations and delay our sales, unless and until we can replace the functionality provided by this licensed software. Because our products incorporate software developed and maintained by third parties, we depend on these third parties to deliver and support reliable products, enhance their current products, develop new products on a timely and cost-effective basis and respond to emerging industry standards and other technological changes.

Our Business Will Suffer If Our Target Customers Do Not Accept Internet Solutions.

Our future revenues and profits, if any, depend upon the widespread acceptance and growth of commerce using the Internet. Rapid growth in the use of the Internet has emerged relatively recently. As a result, the growth of e-commerce may not continue to develop at historical rates, and a sufficiently broad base of consumers may not adopt, and continue to use, the Internet and other online services as a medium of commerce. In addition, the Internet may not be accepted as a viable long-term commercial marketplace and medium of commerce for a number of reasons, including potentially inadequate development of the necessary network infrastructure or delayed development of enabling technologies and performance improvements.

Our success will depend upon third parties maintaining the Internet infrastructure to provide a reliable network backbone with the necessary speed, data capacity, security and hardware necessary for reliable Internet access and services. To the extent that the Internet continues to experience increased numbers of users, frequency of use or increased bandwidth requirements of users, the Internet infrastructure may not be able to support the demands placed on it and the performance or reliability of the Internet could suffer.

The Internet could lose its viability due to delays in the development or adoption of new standards and protocols required to handle increased levels of Internet activity and traffic, or due to increased governmental regulation. Further, critical issues concerning the Internet, including security, reliability, privacy, data corruption, cost, ease of use, accessibility, quality and speed of service, remain unresolved and could negatively affect the use of the Internet for business 11 applications. Changes in or insufficient availability of telecommunications services that support the Internet also could result in slower response times and negatively affect the use of the Internet generally.

Our Products and Services May Be Subject to Privacy Concerns That Limit Our Success.

Our technology collects and utilizes data derived from user activity in the YesMail Network. Our network enables the use of personal profiles, in addition to other mechanisms, to deliver targeted marketing materials, to help compile demographic information and to limit the frequency with which an advertisement is shown to the user. The effectiveness of our technology and the success of our business could be limited by any reduction or limitation in the use of personal profiles. These personal profiles contain bits of information keyed to a specific server, file pathway or directory location that are stored in the user's hard drive. Personal profiles are placed on the user's hard drive without the user's knowledge or consent, but can be removed by the user at any time through the modification of the user's browser settings. In addition, currently available applications can be configured to prevent personal profiles from being stored on their hard drive. Some commentators, privacy advocates and governmental bodies have suggested limiting or eliminating the use of personal profiles. In the event this occurs, our business would likely suffer.

WE ARE SUBJECT TO GOVERNMENT REGULATION AND LEGAL UNCERTAINTIES OF DOING BUSINESS ON THE INTERNET.

Laws and regulations that apply to Internet communications, commerce and advertising are becoming more prevalent. These regulations could affect the cost of communicating on the Internet and negatively affect the demand for our direct marketing solutions or otherwise harm our business. Recently, the United States Congress enacted Internet legislation regarding children's privacy, copyright and taxation. A number of other laws and regulations may be adopted covering issues such as user privacy, pricing, acceptable content, taxation and quality of products and services. This legislation could hinder growth in the use of the Internet generally and decrease the acceptance of the Internet as a communications, commercial and direct marketing medium. In addition, the growing use of the

Internet has burdened the existing telecommunications infrastructure and has caused interruptions in telephone service. Telephone carriers have petitioned the government to regulate and impose fees on Internet service providers and online service providers in a manner similar to long distance carriers. The European Union recently adopted a directive addressing data privacy that may result in limits on the collection and use of user information.

The laws governing the Internet remain largely unsettled, even in areas where there has been some legislative action. It may take years to determine whether and how existing laws including those governing intellectual property, privacy, libel and taxation apply to the Internet and Internet advertising. In addition, the growth and development of the market for Internet commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad, that may impose additional burdens on companies conducting business over the Internet. Our business could suffer with the adoption or modification of laws or regulations relating to the Internet, or the application of existing laws to the Internet. For additional discussion of potential governmental intervention, please see "Business -- Government Regulation."

We May Face Claims for Certain Activities of Our Customers.

Our customers' promotion of their products and services may not comply with federal, state and local laws. A wide variety of laws and regulations govern the content of advertisements and regulate the sale of products and services. There is also uncertainty as to the application of these laws to the emerging world of advertising on the Internet. We cannot predict whether our role in facilitating these marketing activities would expose us to liability under these laws. We may face civil or criminal liability for unlawful advertising or other activities of our customers. If we are exposed to this kind of liability, we could be required to pay substantial fines or penalties, redesign our business methods, discontinue some of our services or otherwise expend resources to avoid liability. Any costs incurred as a result of that liability or asserted liability could harm our business.

The Price of Our Common Stock Is Expected to Be Volatile.

You may not be able to resell your shares at or above the initial public offering price due to a number of factors, including:

- actual or anticipated quarterly variations in our operating results;

- changes in expectations of future financial performance or changes in estimates of securities analysts;

- announcements of technological innovations by us or our competitors;

- departures of key personnel;

- future sales of our common stock;

- announcement of significant claims or legal proceedings; and - conditions affecting the Internet industry.

The trading price of our common stock may be volatile. The market for technology and Internet-related companies has experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These fluctuations may negatively affect the trading price of our common stock, regardless of our actual operating performance.

Our Officers, Directors and Affiliated Entities Will Have Significant Control of Us.

We anticipate that our executive officers, directors and entities affiliated with them will, in the aggregate, beneficially own approximately % of our outstanding common stock following the completion of this offering. These stockholders, if acting together, would be able to significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions.

We Have Anti-takeover Defenses That Could Prevent Us from Being Acquired.

Provisions of our Certificate of Incorporation, our Bylaws, and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. For additional information on these anti-takeover provisions, please see "Description of Capital Stock."

Future Sales of Common Stock May Depress Our Stock Price.

If our stockholders sell substantial amounts of our common stock, including common stock issued upon the exercise of outstanding options, in the public market following this offering, the market price of our common stock could fall dramatically. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

The number of shares of common stock available for sale in the public market is limited by restrictions under federal securities law and by certain "lock-up" agreements that our stockholders have entered into with the underwriters. The lock-up agreements restrict our stockholders from selling or otherwise disposing of any of their shares for a period of 180 days after the date of this prospectus without the prior written consent of Deutsche Bank Securities Inc. Deutsche Bank Securities Inc. may, however, in its sole discretion and without notice, release all or any portion of the shares from the restrictions in the lock-up agreements. For additional information on future sales of our common stock, please see "Shares Eligible for Future Sale."

Special Note Regarding Forward Looking Statements and Industry Data

We have made forward looking statements in this prospectus that are subject to risks and uncertainties. Forward looking statements include information concerning our possible or assumed results of operations. In addition, when we use such words as "believes," "expects," "plans," "future," "intends," "anticipates" or similar expressions, we are making forward looking statements. You should note that an investment in our securities involves risks and uncertainties that could affect future financial results. You should not place undue reliance on these forward looking statements, which apply only as of the date of this prospectus. Our actual results could differ materially from those anticipated in these forward looking statements as a result of factors, including those set forth in "Risk Factors" and elsewhere in this prospectus.

This prospectus contains statistical data regarding Internet usage and the advertising and marketing industry that we obtained from industry publications, including reports generated by the Direct Marketing Association, Forrester Research, the Gartner Group and Jupiter Communications. These industry publications generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. While we believe that these publications are reliable, we have not independently verified their data.

Use of Proceeds

Our net proceeds from the sale of the shares of common stock we are offering in this prospectus at an assumed public offering price of $ per share, are estimated to be $, or $ if the underwriters' over-allotment option is exercised in full and after deducting the underwriting discounts and commissions and estimated offering expenses. We expect to use the net proceeds from this offering for general corporate purposes, including working capital. Pending use of the net proceeds of this offering, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities.

Dividend Policy

We have never declared or paid cash dividends to our stockholders. We currently intend to retain all available funds and any future earnings for use in the operation of our business and we do not anticipate declaring or paying cash dividends for the foreseeable future.

Corporate Information

Superhighway Consulting, Inc. was incorporated in Illinois in April 1995, and we were incorporated in Delaware in October 1998. We merged with Superhighway in March 1999. Our principal executive offices are located at 565 Lakeview Parkway, Suite 135, Vernon Hills, Illinois 60061. Our telephone number at that location is (847) 918-9292. We also maintain a Web site which is located at

www.yesmail.com. Information contained in our Web site does not constitute a part of this prospectus. WebPromote is our registered trademark. This prospectus also contains other trademarks of ours including, yesmail, eCampaign, eConnect, eManage, ePredict, eTarget, eTrack, yesmail.com and YesMail Network. All other trademarks or trade names used in this prospectus are the property of their respective owners.

Capitalization

The actual column in the following table sets forth our actual capitalization as of March 31, 1999. The pro forma column in the following table reflects:

- the effectiveness of a -for-one reverse split of the outstanding shares of common stock prior to the closing of this offering;

- the conversion of each outstanding share of preferred stock into common stock, which will occur upon the closing of this offering;

- the issuance of 6,385,455 shares of common stock in May 1999; and - the issuance of 13,745,460 shares of series A preferred stock in May 1999.

The pro forma as adjusted column in the following table gives effect to the receipt of the net proceeds from the sale of the shares of common stock that we are offering in this prospectus at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and estimated offering expenses. Please see "Use of Proceeds."

The following table does not include shares of common stock reserved for issuance under our stock option and stock purchase plans, of which 2,160,000 shares were subject to outstanding options as of May 31, 1999. See "Management -- Compensation Plans" and Note 11 of Notes to Consolidated Financial Statements.

MARCH 31, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS)

Capital lease obligations, less current portion.....	$ 324	$ 324	$
Stockholders' equity (deficit):			
Preferred Stock, $0.0001 par value, 15,000,000 shares authorized, no shares issued and outstanding actual and pro forma; shares authorized, no shares issued and outstanding pro forma as adjusted.....	--	--	
Common stock, $0.0001 par value, 60,000,000 shares authorized, 25,000,000 shares issued and outstanding actual; 60,000,000 shares authorized, 45,130,915 shares issued and outstanding pro forma; shares authorized, shares issued and outstanding pro forma as adjusted.....	3	5	
Notes receivable from stockholders.....	--	(3,831)	
Additional paid-in capital.....	158	12,987	
Accumulated deficit.....	(3,365)	(3,365)	
Total stockholders' equity (deficit).....	(3,204)	5,796	
Total capitalization.....	$(2,880)	$ 6,120	$

Dilution

Our pro forma net tangible book value as of March 31, 1999 was $5.8 million or approximately $0.13 per share of common stock. "Net tangible book value" per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of common stock outstanding. After giving effect to the sale of the shares of common stock that we are offering in this prospectus at an assumed initial public offering price of $ per share and after deducting the underwriting discounts and commissions and estimated offering expenses payable, our pro forma net tangible book value as of March 31, 1999 would have been $ or approximately $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors in this offering. The following table illustrates this dilution on a per share basis:

Assumed public offering price per share..... $ Pro forma net tangible book value per share as of March 31, 1999..... $ Increase per share attributable to new investors..... Net tangible book value per share after the offering..... Dilution in net tangible book value per share to new investors..... $ The following table summarizes on a pro forma basis, as of May 31, 1999, the differences between the existing stockholders and new investors with respect to number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE	PER SHARE
Existing stockholders.....	45,130,915	%	$12,832,573	%	$0.28
New investors.....					$
Total.....		100%	$	100%	

The foregoing discussion and tables are based upon the number of shares actually outstanding as of May 31, 1999 and exclude shares of common stock reserved for issuance under our stock option and stock purchase plans, of which 2,160,000 shares of common stock were subject to outstanding options as of May 31, 1999. Please see "Capitalization," "Management -- Compensation Plans" and "Description of Capital Stock."

Selected Consolidated Financial Data

The selected consolidated statement of operations data for the period from April 7, 1995 through December 31, 1995 and the selected consolidated balance sheet data as of December 31, 1995 have been derived from our unaudited financial statements. The selected consolidated statement of operations data set forth below for the periods from January 1, 1996 to December 31, 1998 and the selected consolidated balance sheet data as of December 31, 1998 have been derived from our audited financial statements included elsewhere in this prospectus. The selected consolidated results of operations data for the three months ended March 31, 1998 and 1999 and the selected consolidated balance sheet data as of March 31, 1998 and 1999 are derived from unaudited consolidated financial

statements included elsewhere in this prospectus that have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, contain all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of our consolidated operating results for such periods and its financial condition as of such date. The historical results are not necessarily indicative of results to be expected for any future period. The data has been derived from financial statements that have been prepared in accordance with generally accepted accounting principles and should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	PERIOD FROM INCEPTION (APRIL 7, 1995) THROUGH DECEMBER 31,	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
STATEMENT OF OPERATIONS DATA:						
Revenues	$ 13	$ 935	$ 2,468	$ 4,583	$ 873	$ 1,389
Cost of revenues	--	293	1,090	2,703	376	657
Gross profit	13	642	1,378	1,880	497	732
Operating expenses:						
Sales and marketing	--	292	960	1,751	386	902
General and administrative	26	237	466	929	143	669
Research and development	--	198	357	601	150	234
Total operating expenses	26	727	1,783	3,281	679	1,805
Loss from operations	(13)	(85)	(405)	(1,401)	(182)	(1,073)
Interest expense	--	(4)	(18)	(45)	(8)	(55)
Other expense	--	--	--	(250)	--	--
Minority interest	--	9	9	(10)	(2)	(23)
Net loss	$ (13)	$ (80)	$ (414)	$(1,706)	$ (192)	$(1,151)
Basic and diluted net loss per share(1)	$ 0.00	$ (0.01)	$ (0.02)	$ (0.08)	$ (0.01)	$ (0.06)
Shares used in computing basic and diluted net loss per share(1)	12,346	15,363	20,399	20,363	20,895	20,333
Pro forma basic and diluted net loss per share (unaudited)(1)(2)				$ (0.04)	$ 0.00	$ (0.03)
Shares used in computing pro forma basic and diluted net loss per share						

(unaudited)(1)(2).....				40,493	41,025	40,463

	DECEMBER 31,				MARCH 31,	
	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS)					
BALANCE SHEET DATA:						
Cash and cash equivalents.....	$ 10	$ 9	$ 2	$ 26	$ 89	$ 84
Working capital (deficit).....	4	(52)	(448)	(2,263)	(635)	(3,489)
Total assets.....	27	200	284	643	351	980
Capital lease obligations, less current portion....	--	12	18	153	16	324
Stockholders' deficit.....	(13)	(38)	(347)	(2,053)	(539)	(3,204)

(1) Computed by dividing loss attributable to common stockholders by shares used in basic and diluted net loss per share. See Note 3 of Notes to Consolidated Financial Statements for an explanation of the determination of the number of shares used in computing basic and diluted net loss per share.

(2) Pro forma basic and diluted net loss per share gives effect to the assumed conversion of all outstanding shares of preferred stock into common stock and the issuance of common stock subject to repurchase as if the conversion and issuance had occurred on January 1, 1998 or, if later, the date of original issuance.

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

Except for historical information, the discussion in this prospectus contains forward-looking statements that involve risks and uncertainties. These forward-looking statements include, among others, those statements including the words, "expects," "anticipates," "intends," "believes" and similar language. Our actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to the risks discussed in the section titled "Risk Factors" in this prospectus.

Overview

We provide permission email direct marketing services. We were founded in 1995 as Superhighway Consulting and were originally focused on providing a wide array of Internet marketing services. From 1995 through 1997, the majority of our revenue was derived from directory submission Internet services and business advertising on the Internet.

After identifying the opportunity for permission email direct marketing, we began to refocus our strategy towards permission email in 1998. To implement our permission email strategy, we engaged a new executive management team in late 1998 and early 1999. As a result of our new focus, we have built a network of over 5 million self-selected individuals, who have given express permission to receive promotional messages via email on specific categories of interest. Our current strategy is to focus our resources on our permission email business by continuing to build our network of subscribers and our customer base. Our change in business focus has resulted in permission email growing from approximately 5% of revenue in the first quarter of 1998 to approximately 40% of revenue in the first quarter of 1999. We expect permission email to represent an increasing portion of our revenue in future periods. Due to the change in our business focus, we do not believe that our results of operations for periods prior to the first quarter of 1999 are comparable to future periods.

We derive revenue by providing Internet marketing services including charging fees for sending permission email, placing advertising on Web sites and providing services to Web site owners. Revenue is recognized when emails are sent to subscribers, when advertisements are placed on Web sites and when services are performed. Our customers are primarily companies developing Internet marketing strategies and their interactive advertising agencies.

We expect to derive an increasing proportion of our revenue from permission email. We deliver email messages to members of our YesMail Network, which consists of our own permission email list and those of our network affiliates. Our network affiliates receive either a fixed fee for or a percentage of revenue derived from the delivery of email messages to consumers on the lists they provide. Substantially all of our direct marketing customers purchase our permission email services under short-term contracts. Customers can therefore terminate these contracts on short notice without penalty. Our revenues would suffer if we are unable to secure new contracts from existing customers or obtain new customers. We expect to continue to derive a substantial majority of our revenues from short-term contracts.

Gross margins from permission email are lower than gross margins from the other Internet marketing services we provide due to the higher costs associated with acquiring and managing permission email lists. As a result of our change in focus to permission email, our gross margin declined significantly in the first quarter of 1999 compared to 1998. For the next several quarters, we expect our gross margins to continue to decline as permission email becomes a higher percentage of total revenue. We do not believe that our gross margins for 1999 are comparable to our gross margins for prior periods because revenue from permission email did not represent a significant portion of our revenue in prior periods.

We have incurred significant losses since inception and as of March 31, 1999, we had an accumulated deficit of $3.4 million. We expect to increase spending on sales and marketing as we expand our sales force, increase our subscriber base and promote awareness of our brand. We also expect substantially higher general and administrative and research and development expenses as we expand our infrastructure to support our expected growth and as we continue to develop new products and enhancements to our existing products. As a result of these increases, we expect to incur significant losses for the foreseeable future.

In view of the rapidly evolving nature of our business, our limited operating history and our recent focus on permission email, we believe that period-to-period comparisons of our revenue and operating results, including our gross margin and operating expenses as a percentage of total revenues, are not meaningful and should not be relied upon as an indication of future performance. We do not believe that our historical growth rates are indicative of future results.

Results of Operations

Three Months Ended March 31, 1998 and 1999

Revenues. Our revenues consist of fees from providing Internet marketing services, including the delivery of permission email direct marketing messages to individual members in our network, as well as banner advertising and other Internet marketing services. Total revenues were $873,000 and $1.4 million for the three months ended March 31, 1998 and 1999, respectively. The increase in revenues was primarily due to the increased number of permission email messages we sent in addition to an increase in the number of advertising clients to whom we provided permission email services.

Cost of Revenues. Cost of revenues consists of expenses related to providing Internet marketing services and includes payments made to our network affiliates, fees paid to Web site owners or their representatives and personnel costs associated with our Internet marketing services. Cost of revenues were $376,000 and $657,000 for the three months ended March 31, 1998 and 1999, respectively. The increase in cost of revenues was primarily due to the increase in sales volume. Gross margins decreased from 57% for the three months ended March 31, 1998 to 53% for the three months ended March 31, 1999. This decrease was primarily the result of increased revenues associated with our permission email strategy because payments we make to network affiliates are greater as a percentage of revenues than other costs of revenues. We expect our cost of revenues to increase in both absolute dollars and as a percentage of revenue as we continue to focus on permission email.

Sales and Marketing. Sales and marketing expenses consist of personnel and related costs for our direct sales force and marketing staff and marketing programs, including trade shows, advertising and public relations. Sales and marketing expenses were $386,000 and $902,000 for the three months ended March 31, 1998 and 1999, respectively. The increase was primarily due to increases in the number of direct sales personnel and increased marketing expenditures targeted at building our permission email list. We expect sales and marketing expenses will increase substantially in absolute dollars over the next year as we hire additional sales and marketing personnel and initiate additional marketing programs.

Research and Development. Research and development expenses consist primarily of personnel and related costs for our development and technical support efforts. To date, all research and development costs have been expensed as incurred. Research and development expenses were $150,000 and $234,000 for the three months ended March 31, 1998 and 1999, respectively. The increase was primarily due to increased research and development personnel and consulting costs associated with

the development of our Web site and the building of our permission email strategy. We believe significant investment in research and development is essential to our future success and expect that research and development expenses will increase in absolute dollars in future periods.

General and Administrative. General and administrative expenses consist primarily of personnel and related costs for general corporate functions, including finance, accounting, human resources, facilities and legal. General and administrative expenses were $143,000 and $669,000 for the three months ended March 31, 1998 and 1999, respectively. The increase was due primarily to an increase in the number of general and administrative personnel and increased legal and accounting costs associated with our growth. We expect general and administrative expenses to increase in absolute dollars in future periods as we hire additional personnel and incur additional costs related to the growth of our business and our operations as a public company.

Interest Expense. Interest expense consists of interest paid on capital lease and debt obligations. Interest expense was $8,000 and $55,000 for the three months ended March 31, 1998 and 1999, respectively. The increase was the result of increased borrowings, primarily from a $1.0 million bridge loan issued in January 1999.

Minority Interest. Minority interest consists of the third party ownership interest in our 70% owned subsidiary, Starting Point, LLC.

Income Taxes. No provision for federal and state income taxes was recorded as we incurred net operating losses from inception through March 31, 1999. As of March 31, 1999, we had approximately $1.4 million of federal and state net operating loss carryforwards which expire in varying amounts beginning in 2010. As a result of various equity transactions during 1999, we believe that we may have undergone an "ownership change" as defined in section 382 of the Internal Revenue Code. Accordingly, the utilization of a portion of the net operating loss carryforwards may be limited. Due to the uncertainty regarding the ultimate utilization of the net operating loss carryforwards, we have not recorded any benefit for losses and a valuation allowance has been recorded for the entire amount of the net deferred tax asset. In addition, sales of our stock, including shares sold in this offering, may further restrict our ability to utilize our net operating loss carryforwards.

Years Ended December 31, 1996, 1997 and 1998

Revenues. Total revenues were $935,000, $2.5 million and $4.6 million for the years ended December 31, 1996, 1997 and 1998, respectively. The increase in revenues in 1998 compared to 1997 was primarily due to increases in the number of advertising clients and the increased number of permission email messages we sent. The increase in revenues in 1997 compared to 1996 was primarily attributable to increases in the number of advertising clients partially offset by decreases in the number of Web development projects.

Cost of Revenues. Cost of revenues were $293,000, $1.1 million, and $2.7 million for the years ended December 31, 1996, 1997 and 1998, respectively. The increase in 1998 compared to 1997 primarily resulted from increased sales volumes, including payments to our network affiliates. The increase in

cost of revenues in 1997 compared to 1996 was primarily due to the increase in personnel costs.

Sales and Marketing. Sales and marketing expenses were $292,000, $960,000 and $1.8 million in 1996, 1997 and 1998, respectively. These increases were primarily due to increases in the number of direct sales personnel and increased marketing expenditures targeted at building our permission email strategy.

Research and Development. Research and development expenses were $199,000, $357,000 and $601,000 in 1996, 1997 and 1998, respectively. The increase in research and development expenses from 1997 to 1998 was primarily due to increased personnel and consulting costs associated with the development of our Web site and the building of our permission email strategy. The increase in research and development expenses from 1996 to 1997 was primarily due to increased personnel and consulting costs associated with our banner advertising services.

General and Administrative. General and administrative expenses were $237,000, $466,000 and $929,000 in 1996, 1997 and 1998, respectively. These increases were due primarily to an increase in the number of general and administrative personnel and increased legal and accounting costs.

Interest Expense. Interest expense was approximately $4,000, $18,000 and $45,000 in 1996, 1997 and 1998, respectively. These increases were the result of increased borrowings to fund our working capital needs.

Other Expense. Other expense of $250,000 for the year ended December 31, 1998 consists of the accrual of the costs related to a claim by a former employee. In May 1999, this claim was settled for approximately $250,000.

Income Taxes. No provision for federal and state income taxes was recorded as we incurred net operating losses from inception through December 31, 1998. As of December 31, 1998, we had approximately $1.4 million of federal and state net operating loss carryforwards which expire in varying amounts beginning in 2010. As a result of various equity transactions during 1999, we believe that we may have undergone an "ownership change" as defined in section 382 of the Internal Revenue Code. Accordingly, the utilization of a portion of the net operating loss carryforwards may be limited. Due to the uncertainty regarding the ultimate utilization of the net operating loss carryforwards, we have not recorded any benefit for losses and a valuation allowance has been recorded for the entire amount of the net deferred tax asset. In addition, sales of our stock, including shares sold in this offering, may further restrict our ability to utilize our net operating loss carryforwards.

Quarterly Operating Results

The following table presents our historical unaudited quarterly results of operations for our most recent five quarters. This data is unaudited and derived from our audited annual Consolidated Financial Statements and Notes thereto appearing elsewhere in this prospectus. In the opinion of management, such quarterly financial information has been prepared on the same basis as our annual financial statements and includes all adjustments, consisting only of normal recurring adjustments,

necessary to present fairly the financial results set forth therein. Such statement of operations data should be read in conjunction with the Consolidated Financial Statements and related Notes thereto in this prospectus. Our results of operations have fluctuated and are likely to continue to fluctuate significantly from quarter to quarter. Results of operations for any previous periods are not necessarily comparable to future periods.

	THREE MONTHS ENDED				
	MAR. 31, 1998	JUN. 30, 1998	SEP. 30, 1998	DEC. 31, 1998	MAR. 31, 1999
	(IN THOUSANDS)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$ 873	$ 1,173	$ 1,126	$ 1,411	$ 1,389
Cost of revenues	376	766	782	779	657
Gross profit	497	407	344	632	732
Operating expenses					
Sales and marketing	387	291	342	732	902
General and administrative	143	240	195	351	669
Research and development	150	126	122	202	234
Total operating expenses	680	657	659	1,285	1,805
Loss from operations	(183)	(250)	(315)	(653)	(1,073)
Interest expense	(8)	(10)	(8)	(19)	(55)
Other expense	--	--	--	(250)	--
Net loss before taxes	(191)	(260)	(323)	(922)	(1,128)
Minority interest	(2)	(7)	(11)	10	(23)
Net loss	$ (193)	$ (268)	$ (334)	$ (912)	$(1,151)

	THREE MONTHS ENDED				
	MAR. 31, 1998	JUN. 30, 1998	SEP. 30, 1998	DEC. 31, 1998	MAR. 31, 1999
AS A PERCENTAGE OF NET SALES:					
Revenues	100%	100%	100%	100%	100%
Cost of revenues	43	65	70	55	47
Gross profit	57	35	30	45	53
Operating expenses					
Sales and marketing	44	25	30	52	65
General and administrative	17	20	17	25	48
Research and development	17	11	11	14	17

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  Total operating expenses.....................      78         56         58         91
130
  Loss from operations.........................     (21)       (21)       (28)       (46)
(77)
  Interest expense.............................      (1)        (1)        (1)        (1)
(4)
  Other expense................................      --         --         --        (18)
--
  Net loss before taxes........................     (22)       (22)       (29)       (65)
(81)
  Minority interest............................      --         (1)        (1)         1
(2)
  Net loss.....................................     (22)%      (23)%      (30)%      (64)%
(83)%
```

Our operating results are expected to fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors may include:

- seasonality of direct marketing expenditures which are typically higher in the second and fourth quarters and lower in the first and third quarters;

- the level of market acceptance of our products and services;

- delays we may encounter in introducing new products and services;

- competitive developments;

- demand for advertising on the Internet;

- changes in pricing policies and resulting margins;

- changes in the growth rate of Internet usage;

- the growth rate of our network affiliates;

- changes in the mix of products and services sold;

- changes in the mix of sales channels through which products and services are sold;

- costs related to acquisitions of technology or businesses; and - economic conditions generally as well as those specific to the Internet and related industries.

As a strategic response to a changing competitive environment, we may from time to time make certain pricing, service, marketing or acquisition decisions that could harm our business.

In addition, we expect that our revenue will be subject to seasonal fluctuations because direct marketers typically run fewer campaigns during the first and third calendar quarters of each year. In addition, expenditures by marketers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns.

Liquidity and Capital Resources

From inception to January 1999, we have primarily funded our growth through short-term borrowings and capital leases. In January 1999, we completed a $1.0 million bridge financing, which was convertible into series A preferred stock at the lender's option. In March 1999, we received $600,000 in advances from three of our stockholders. In May 1999, we completed a financing and issued approximately 13.7 million shares of series A preferred stock, including shares issuable upon conversion of the bridge loan and shares issued in exchange for the cancellation of the $600,000 in advances from our stockholders, for gross proceeds of $9.0 million. As of May 31, 1999, we had $6.2 million in cash and cash equivalents and had borrowed $320,000 under credit lines.

Net cash used in operating activities was $21,000 and $65,000 for the years ended December 31, 1996 and 1997, respectively, primarily the result of net losses of $80,000 and $414,000, which were partially offset by increases in accounts payable and accrued expenses. Net cash provided by operating activities was $935 for the year ended December 31, 1998, the result of a net loss of $1.7 million, which was offset by increases in accounts payable and accrued expenses. Net cash used in operating activities was $1.4 million for the three months ended March 31, 1999 primarily the result of the net loss of $1.2 million.

Net cash used in investing activities was $45,000, $70,000 and $102,000 for the years ended December 31, 1996, 1997 and 1998 respectively and $49,000 for the three months ended March 31, 1999. Cash used in investing activities was primarily related to purchases of property and equipment.

Net cash provided by financing activities was, $65,000, $127,000 and $126,000 for the years ended December 31, 1996, 1997 and 1998, respectively, and $1.5 million for the three months ended March 31, 1999. Cash provided by financing activities in 1997 and 1998 resulted from borrowings of short-term debt, and was partially offset by payments of capital leases. Cash provided from financing activities for the three months ended March 31, 1999 resulted from borrowings under the $1.0 million bridge loan and advances of $600,000 from related parties.

We do not have any material commitments for capital expenditures. We currently plan to incur approximately $2.0 million in capital expenditures during 1999.

We believe that the net proceeds from this offering, together with our cash resources and available credit facilities, will be sufficient to meet our anticipated cash needs for working capital, repayment of debt and capital expenditures for at least the next twelve months. After that time, we may need additional capital. However, we may need to raise additional funds sooner to fund our planned expansion, to develop new or enhanced products or services, to respond to competitive pressures or to make acquisitions. We cannot be certain that additional financing will be available to us on favorable terms. If adequate funds are not available on acceptable terms, we may not be able to continue or expand our business.

Year 2000 Readiness Disclosure

Many currently installed computer systems and software products are coded to accept or recognize only two digit entries in the date code field. These systems and software products will need to accept four digit entries to distinguish 21st century dates from 20th century dates. This could result in system failures or miscalculations causing disruption of operations for any company using such computer programs or hardware, including, among other things, a temporary inability to process transactions, send or receive email messages, send invoices or engage in normal business activities. As a result, many companies' computer systems may need to be upgraded or replaced in order to avoid "Year 2000" issues.

We are a comparatively new enterprise, and, accordingly, the majority of software and hardware we use to manage our business has all been purchased or developed by us within the last 24 months. While this does not uniformly protect us against Year 2000 exposure, we believe our exposure is limited because the information technology, or IT, we use to mange our business is not based upon legacy hardware and software systems. Generally, hardware and software design within the current decade and the past several years in particular has given greater consideration to Year 2000 issues. All of the software code we have internally developed to manage our network and infrastructure, is written with four digits to define the applicable year.

We are in the process of testing our internal IT and non-IT systems. The testing we have completed has primarily been performed internally and, to date, we have not retained any outside service or consultants to test or review our systems for Year 2000 compliance. Based on the testing we have performed, we believe that our software is Year 2000 compliant. We are testing our systems for Year 2000 compliance and will continue to test these systems as development of these systems progress.

In addition, we rely on software and hardware developed by third parties both for our network and internal information systems and third party network infrastructure providers to gain access to the Internet. To date, we have not done any testing of third-party software or hardware to determine Year 2000 compliance. We have, however, reviewed certifications from our key suppliers of hardware and networking equipment for our data centers that this hardware and networking equipment are Year 2000 compliant. Additionally, we have reviewed certifications from the providers of key software applications for our internal operations that their software is Year 2000 compliant. Based upon an initial evaluation of our broader list of software and hardware providers, we believe that all of these providers are in the process of reviewing and implementing their own Year 2000 compliance programs. We intend to work with these providers to address the Year 2000 issue and continue to seek assurances from them that their products are Year 2000 compliant. 25 We have not incurred any significant expenses to date, and we do not anticipate that any future costs associated with our Year 2000 remediation efforts will be material. However, if we, third party providers of hardware and software or our third party network providers fail to remedy any Year 2000 issues, the result could be lost revenues, increased operating costs, the loss of customers and other business interruptions, any of which could

harm our business. Moreover, the failure to adequately address Year 2000 compliance issues in our products and systems could result in claims of mismanagement, misrepresentation or breach of contract and related litigation, which could be costly and time consuming to defend.

We have engaged in an ongoing Year 2000 assessment, but have not yet developed any contingency plans. The results of our testing and the responses received from third party vendors and service providers will be taken into account in determining the nature and extent of any contingency plans.

Recent Accounting Pronouncements

See Note 3 of Notes to Consolidated Financial Statements for recently adopted and recently issued accounting standards.

Business

Overview

We are a leading provider of comprehensive permission email direct marketing solutions. We deliver direct email marketing messages to targeted individuals who have given their permission to receive promotional messages from direct marketers. Through our network, we can direct promotional campaigns to a targeted audience of over five million self-selected individuals. In the quarter ended March 31, 1999, we delivered over 1.3 million permission email messages for over 90 clients.

Industry Background

Emergence of the Internet and E-commerce

The Internet has emerged as an important tool for commerce and communications. Jupiter Communications estimates that at the end of 1998 there were over 77 million online users in the United States and that by the end of 2002 this number will increase to over 131 million. Email is one of the most popular Internet applications and has broadened from a simple personal messaging device to a powerful and cost-effective business tool. According to Jupiter Communications, approximately 90 billion email messages were sent in the United States in 1998.

The growing use of the Internet has led businesses to develop e-commerce strategies to drive traffic to their Web sites, attract customers and facilitate transactions. The Internet provides businesses with the ability to reach a global audience, realize economies of scale, reduce overhead and operate with minimal infrastructure, while providing consumers with increased buying power, broad selections of goods and services and convenience. Forrester Research estimates that purchases of goods and services in the United States over the Internet will increase from $51 billion in 1998 to $919 billion in 2002.

Brand Advertising Versus Direct Marketing

Within the advertising industry, there are two widely-recognized types of advertising, brand advertising and direct marketing. Brand advertising is intended to generate brand awareness and create a specific image for a particular brand. Direct marketing is intended to generate a specific consumer response or action, generally the trial of a product or service. The direct marketer attempts to maximize the number of desired responses per marketing dollar invested, thereby achieving a high return on investment. According to the Direct Marketing Association, or the DMA, of the estimated $285 billion spent on total advertising in the United States in 1998, 57% was invested in direct marketing compared to 43% spent on brand advertising.

Brand Advertising on the Internet

The Internet is evolving into an important medium for advertisers due to its interactive nature, global reach, rapidly growing audience and the significant increases in e-commerce. Current methods of Internet advertising, principally banner advertising, provide advertisers with the ability to reach broad audiences and help advertisers establish brand awareness. Jupiter Communications estimates that spending on Internet advertising will grow from $1.9 billion in 1998 to $7.7 billion in 2002. However, response rates, or click-throughs, to banner advertisements averaged approximately 0.7% as reported by Forrester Research in March 1999, indicating that this form of Internet marketing is generally ineffective for purposes of direct marketing, which requires a high rate of consumer response and trial.

Direct Marketing on the Internet

Direct marketing has traditionally been conducted through a variety of media, including direct mail. The Internet is particularly well suited as a direct marketing medium because of its ability to target consumers, receive immediate response, direct consumers to a precise point of sale and provide measurable response information and return on investment per marketing dollar. The Internet has the potential to enable direct marketers to increase consumer response rates and decrease costs-per-transaction by targeting and delivering direct marketing campaigns to particular consumers based on their profile, self-selected interests and online behavioral characteristics. Jupiter Communications reports that response rates for direct email campaigns targeted to permission-based audiences are three to ten times greater than the response rates of traditional direct mail methods and at least five times greater than the response rates to banner advertising. The following chart illustrates the average response rates for banner advertisements, traditional direct mail and permission email:

[Bar graph depicting average response rates of banner advertisements, traditional direct mail and permission email.]

Sending promotional messages electronically is 75% to 90% less expensive than traditional direct mail through the U.S. Post Office, according to the Gartner Group. By providing a more cost-effective method to reach target customers, email direct marketing can improve the direct marketer's return on

investment.

Because direct marketers can achieve higher response rates and lower costs through direct email marketing, a significant portion of the amount spent on direct response marketing is expected to shift to the Internet. In 1998, the DMA estimates that over $160 billion was spent on direct response marketing in the United States and that by 2003, $5.3 billion will be spent on Internet direct marketing in the United States.

To date, Internet direct marketing practices have primarily focused on mass mailing of promotional email messages. Although this method has been a low cost direct marketing vehicle, the unsolicited and untargeted nature of the mailings, commonly known as "spam," has resulted in negative consumer reaction, the recent introduction of regulatory legislation and very low response rates.

Opportunities for Permission Email Direct Marketing

The limitations of traditional direct mail and the negative issues associated with mass unsolicited emailing or "spam" has created a need for a cost-effective solution that enables Internet marketers to use the Internet as an efficient and effective means of direct marketing. This need is beginning to be satisfied by an email direct marketing method that involves transmitting email messages that are targeted to consumers who have expressed a prior interest in receiving email messages on specific topics. This approach is being referred to as permission email direct marketing. Permission email direct marketing:

- provides direct marketers with a targeted means of reaching a highly responsive audience at a lower cost and higher response rate than traditional direct mail or banner advertising;

- permits reliable and real-time tracking of the effectiveness of campaigns and return on investment feedback for direct marketers; and - enables the consumer to control the marketing messages they receive by sending promotional email messages only after receiving the consumer's permission.

The Yesmail Solution

We provide a comprehensive solution for permission email direct marketing through our YesMail Network. Through our network of direct marketers, network affiliates and consumers we 28 can direct a campaign to a targeted audience currently consisting of over 5 million self-selected individuals. We link each of the three constituencies within our network with proprietary technology to target, track and manage direct marketing campaigns over the Internet.

Benefits to Direct Marketers. We provide direct marketers with access to a broad reach of Internet users who have given their permission to receive promotional information in specific categories of interest. We enable direct marketers to optimize the performance of their direct marketing campaigns by reaching targeted audiences based on specific profiles and response behaviors. In addition, we provide direct marketers with comprehensive real-time tracking and reporting services to monitor the

effectiveness of their campaign. Our proprietary products and services enable direct marketers to deliver the right information to the right people at the right time, resulting in a direct marketing campaign with a high return on investment for the direct marketer.

Benefits to Network Affiliates. Our network affiliates are primarily Web sites that have developed permission-based email lists. We enable our network affiliates to generate additional revenues from their Web site visitors and customers by providing access to direct marketers, without the costs and challenges associated with building and maintaining their own direct marketing sales forces and email direct marketing technologies. Our network affiliates benefit from our proprietary technology that tracks the responses of their list members, thereby enhancing the value of their lists to direct marketers. Network affiliates also benefit from the scale and reach of our network and the organization of all network members into categories of interest and response rate histories.

Benefits to Consumers. Membership in My.YesMail enables consumers to control the flow of subscription information they receive via email. Our consumers benefit by receiving messages from merchandisers that are targeted to their specific interests. These messages inform our consumers about matters such as new product offerings and special pricing promotions. We also provide consumers with the tools necessary to organize their email subscriptions and permission lists, filter undesired promotional materials and control message frequency. We believe that our ability to create a trusted brand name for permission email messages will enable consumers to have greater confidence in the messages they receive.

Yesmail Strategy

Our objective is to be the leading provider of permission email direct marketing. The key elements of our strategy are as follows:

Provide Effective Email Direct Marketing Programs. By combining proprietary technology with our YesMail Network, we strive to enable direct marketers to maximize the return on their investment. We intend to continue to improve our ability to provide effective direct email campaigns to highly targeted and responsive audiences. We provide a comprehensive permission email direct marketing solution that enables marketers to cost-effectively target an audience that has expressed a prior interest in receiving promotional email messages on specific topics.

Maximize Targeted Reach Through a Permission-Based Network. We plan to continue to expand our network of consumers who are permission-based, direct email recipients because we believe that major marketers value broad reach through a single provider. We intend to expand our YesMail Network through a variety of relationships with our network affiliates for whom we provide services, including permission list building, management and reselling, and through an increase in the number of individuals in our own proprietary list. We also intend to improve the depth and breadth of the information we manage with respect to these individuals, principally in the area of compiling response histories.

Expand Sales, Marketing and Client Services. We believe that effective selling, marketing and client service are essential to expanding our business. We plan to significantly increase the size of our direct sales force, broaden our network affiliate development efforts and expand our advertising to direct marketer clients and their advertising agencies. We intend to continue to build on our expertise to provide permission email direct marketing services to our clients by leveraging our experienced direct marketing staff. We also plan to continue to enhance our Web site as a tool for marketing, customer service and campaign reporting.

Leverage Proprietary Technology. We intend to continue to develop, acquire or license proprietary products and technology in such areas as message targeting, response tracking, advanced messaging techniques, predictive buying behavior and permission network development. We also plan to continue using technology to deliver innovative products and services to our network affiliate partners and to individual consumers.

Build a Leading Brand. We believe that consumers will increasingly seek to obtain more control over the marketing messages they receive. We plan on leveraging our leadership position by closely associating the YesMail brand with consumer authorized messaging. We intend to implement our strategy through a program that includes maintaining strict standards for permission and privacy, supporting relevant industry initiatives and offering consumer oriented products for filtering and controlling their messages. We believe that by providing individual consumers with products and services that help them control and manage the messages they receive, we will build a positive relationship with the consumer and a leading brand.

Products and Services

The Yesmail Network

The YesMail Network is a comprehensive permission email marketing program, comprised of three constituencies: direct marketers, network affiliates and individual consumers. We provide proprietary products, technology, direct marketing expertise and a direct sales force to meet the needs of these constituencies to effectively deliver permission email marketing campaigns to a targeted audience. In the quarter ended March 31, 1999, we sent over 1.3 million permission email messages for over 90 direct marketers.

The following diagram illustrates the components of our YesMail Network:

[Graphic depicting direct marketers, network affiliates and consumers with a description of the direction of flow of messages and responses, with a list of our enabling products and technology.]

Direct Marketers. Our customers include direct marketers whose objective is to generate product sales from marketing campaigns that result in a high return on investment. Since January 1, 1999, our largest customers have included the following:

- - Allaire Corporation
- - AT&T Interactive Communication
- - BeFree
- - eShare
- - eToys
- - Fatbrain.com
- - Fingerhut
- - GoTo.com
- - Hewlett Packard
- - Infointeractive
- - McDonald's
- MinderSoft
- MotherNature.com
- NewHomeNetwork
- Office Max.com
- Refer-It.com
- Shopguide.com
- SomaMarketNet
- Swiss Colony
- The Thomas Publishing Co.
- Value America
- Verio

We initiate relationships with direct marketers principally through our direct sales force and often work in conjunction with the direct marketers' advertising or promotional agencies. We assign a marketing account executive to assist our clients in executing permission email campaigns and use our proprietary products to provide targeting, tracking and reporting services. Our pricing is currently based on a cost per thousand emails for each direct marketing message delivered. In the future, our pricing practices may include performance-based measures such as cost per response or revenue sharing.

Our permission email campaigns are developed and executed quickly, often within one week. Permission email direct marketing response time is very rapid compared to traditional direct marketing. Our clients frequently receive 75% of their responses within 48 to 72 hours of delivery. We provide our clients with relevant information required to measure the results of their campaigns, including consumer response, consumer activity on their Web sites, conversion to purchase and campaign return on investment. Our current proprietary products as well as products under development for direct marketers include:

- eTrack is a proprietary email response tracking, reporting and analysis program which direct marketers can readily and transparently incorporate into their Web pages to track individual responses from click through to as many as ten levels of response, including product purchase. Response rates and return on investment calculations are reported real time to our clients through secure access to our Web site. Historical responses to all campaigns are recorded in order to build individual response data files for each permission list member.

- eCampaign is used to design and execute multi-tier direct marketing campaigns with targeted promotional messages based on individual responses to prior messages.

- eTarget is being designed to provide selection and sampling technology to match our direct marketer client's message with the best targeted audience from the YesMail Network. eTarget will also schedule the delivery of email messages, collect payment information and automatically generate notices of messaging status.

- ePredict is being designed to utilize the database of individual response histories developed in eTrack to enable improved targeting and modeling of predictive selling. Direct marketers will benefit from the ability to target the most frequent responders within specific interest categories.

Our eTrack and eCampaign products were launched in April 1999. We expect to introduce eTarget and ePredict by the end of the third quarter of 1999.

Network Affiliates. The YesMail Network provides access to over 5 million individuals who have given their permission to receive direct marketing messages in specific categories of interest to them. We provide direct marketers access to these individuals through our own proprietary list and those of our network affiliates, primarily Web sites that have developed their own permission email lists. Our relationships with our network affiliates are primarily established through re-seller agreements as well as contractual management agreements. All network affiliates must meet our YesMail consumer permission policy requirements, which mandate that each consumer has given their prior permission to receive promotional messages and has the ongoing opportunity to retract their permission.

As of May 15, 1999, our YesMail Network provided access to the following number of individuals by interest category. The major interest categories below are further divided into over 250 subcategories. The information in the table reflects the fact that each individual may be included in multiple interest categories and may have more than one email address.

Interest Category Number of Individuals

Arts and Humanities	1,106,000
Automotive	192,000
Business	1,364,000
Careers	165,000
Computers	4,292,000
Cooking, Food and Wine	414,000
Education	1,312,000
Electronics	293,000
Entertainment and Games	1,175,000
Health	1,032,000
Home and Family	1,335,000
Internet	3,330,000
Investing and Finance	830,000
Kids	216,000
Music	1,139,000
News	439,000
Real Estate	32,000
Reference	315,000
Science and Technology	442,000
Shopping	2,912,000
Society and Culture	1,232,000
Sports and Recreation	2,512,000
Travel	391,000

Our network affiliates use our products and services to generate additional revenue from their existing customer relationships, but only with respect to their customers who have given their prior permission to receive emails. Our ePredict product is being designed to enable our network affiliates to receive further revenues for those list members who have a demonstrated history of responsiveness. Our network affiliates share the revenues we receive when we send promotional email messages to persons on their permission lists.

In the first quarter of 1999, we began to enter into managed relationships with network affiliates. We are developing our eManage product to provide subscriber acquisition and tracking capabilities with analysis of cost per member acquired. Our network affiliates can also use eManage to email messages to their current customer base using our eTarget and eTrack products.

We provide our network affiliates with proprietary products and services that enable them to:

- build and manage permission network subscribers;

- maintain permission lists;

- convert general lists to permission email lists;

- track historical responses;

- build databases on each permission list member; and - report and analyze network usage.

Participation in the YesMail Network provides our network affiliates with the reach and visibility that are important to direct marketers. By combining their permission email lists with those of other network affiliates in our YesMail Network, network affiliates can benefit from increased reach, targeting and segmentation.

YesMail Members. The individuals, or YesMail members, who receive emails from our direct marketers also benefit from the YesMail Network because we enable them to control the email messages they receive. We believe that by giving email recipients more control over their email boxes we can establish a beneficial relationship for all of the YesMail Network constituents. In May 1999, we introduced two applications, My.Interests and My.Profile, as part of the My.YesMail suite of online applications, and in the third quarter of 1999, we plan to introduce two more applications, My.Subscriptions and My.Events. These applications will provide our YesMail members with tools, to control the emails they receive, such as:

- My.Interests allows members to select from over 20 categories and over 250 subcategories. The My.Interests profile quickly and easily helps members define what messages they do and do not want to receive.

- My.Profile is an application that enables our members to select and edit the information categories and subcategories that suit their particular interests. Members can control where information relating to each category is sent, allowing them to receive emails related to their jobs at their office email address and emails related to their hobbies at home.

- My.Subscriptions is being designed to assist members in managing the lists, newsletters and sites to which they subscribe. My.Subscriptions software also is being designed to help members process subscription cancellations.

- My.Events is being designed to remind members of birthdays, anniversaries, holidays, business meetings or other events. Additionally, after the member has set up their My.Events profile, our software is being designed to automatically send them an email reminder of the event and include some suggestions that might compliment their event. For example, a birthday reminder might include a link to an online flower or greeting card merchant.

Sales and Marketing

We sell our services to direct marketers principally through our direct sales force. As of March 31, 1999, we had 15 direct sales professionals in Chicago, Atlanta, Cincinnati, Los Angeles and San Francisco. We plan to significantly increase the size of our sales force and open additional offices over the next 12 months.

Our direct sales force consists of internal representatives and field sales account executives. Our sales and marketing teams work together to target prospective clients, focusing initially on industry sectors, individuals and advertising agencies that are active users of Internet advertising and/or direct marketing programs. A sales representative, in conjunction with a marketing account executive, typically works with the key decision-makers and advertising agencies for the prospective client. Our sales and marketing personnel receive special training in direct marketing, interactive advertising, direct response marketing and Internet advertising techniques.

Our marketing program is designed to build and promote our brand and to generate qualified leads for our sales team. We do this through an integrated business to business marketing program that includes print advertising in marketing and Internet trade publications, permission direct email, direct mail and banner advertising. We also promote our business through trade show participation, speaking engagements, our weekly newsletter, WebPromote Weekly and other public relations programs.

We have implemented a program to build our brand name with individual consumers. Our goal is to establish our brand as the recognized and trusted provider of permission-based information direct to consumers' email boxes. We are building our brand and our relationships with consumers through special products, including My.YesMail, which is distributed for free through our yesmail.com Web site and our network affiliate partners. We reinforce our brand name by having our name appear in the "from" line in most of the permission direct email messages we send for our direct marketer clients. We plan additional consumer marketing programs later this year.

Technology

In offering permission email delivery services, we employ advanced custom software and hardware, combining internal expertise with industry-standard technology to create a proprietary infrastructure.

Email Technology

We have developed a scalable proprietary email solution that can create and deliver personalized emails to our targeted recipients in multiple email formats such as plain text, HTML and AOL-specific. We can also personalize the content of the message specifically to each individual. In addition to supporting high levels of email output, we also employ sophisticated automatic routing of email we

receive. Inbound traffic could include reports of undeliverable email and confirmations of customer requests to be included or excluded from an information service. Our solution allows for monitoring of all stages of an email campaign as well as the recording of key statistics regarding the campaign.

Tracking

Tracking is the mechanism by which we record a history of events that a consumer performs in response to our permission email campaign and subsequent visits to the advertiser's Web site. Because the email we send can be personalized, we are able to embed unique elements in an email message that allows our tracking technology to identify individuals even before they click- through to the advertiser. We can record each action that the individual performs on an advertiser's Web site and are able to use this information to help predict the behavior of those individuals with regard to new advertising campaigns.

Sniffing

Sniffing is the mechanism by which we gather additional data on an individual through recording freely available user information, from sources such as their browser, during viewing sessions of an advertiser's Web site. With this technology, we are able to gain additional information to help target individuals, as well as improve the success rates of our campaigns. We use sniffing to learn what email client is being used, for identifying email format capabilities such as plain text or HTML and identifying a consumer's location. This is accomplished by looking up the Internet address assigned when they connected to the Internet. We may also take this information and cross-reference it with other databases, including third-party Internet resources, and record the additional information in our databases for future targeting.

Security

Information recorded about individuals is not released to external parties. Internally, the security and privacy of this information is guarded in several ways. Our employees are on a network that is physically separate from the network that sends the emails. Access to our databases and security control points is limited to select members of our information technology group. Each action by the consumer to request to be included or excluded from an information service, to change list memberships, or to request pricing or other key data points is tracked and maintained to provide an audit trail for individuals, network affiliates and marketers in order to protect privacy and choice. Our Web-based products utilize industry-standard secure user authentication, and each function that is performed re-verifies security rights each time it is employed. We employ a proprietary user account security system to provide an additional level of security.

Data Centers and Network Access

Our computer servers are grouped into three task areas: emailing, tracking and Web serving, and corporate email and connectivity. Each area is independently connected to the Internet through separate CheckPoint Firewall-1 servers. This architecture ensures that our corporate functions remain separate from mission-critical applications and Web server traffic, while still providing backup options in case of system failure.

Our data centers use Compaq Proliant servers running Windows NT and Sun servers running the Solaris operating system. We use Microsoft SQL Server 7.0 for our transaction databases and Oracle for our financial databases. Our products are built on three tiers of functionality: user interface, execution of program code and access to stored database functions and data. By separating these tiers, each element becomes reusable and scalable to support growth.

Our Internet connectivity solution allows us to deliver emails to several of the top email recipients at a fraction of the normal delay of traditional Internet connections without having to ever go through the backbone of the Internet. We accomplish this through multiple T-1 Internet connections provided by Qwest Communications Corporation and Advanced Information Systems, Inc. We employ sophisticated monitoring technology to tract the status of our network, connectivity and throughput of our own network in addition to those through which we connect.

All of our systems are backed up on a regular schedule with onsite copies in fireproof storage. Backups are regularly rotated to offsite secure storage. We seek to ensure the maximum uptime of our network through backup electrical power systems, continuously updated and available backup hard drive systems, computer parts that can be replaced without shutdown and separate physical sites that can take over in the case of catastrophic failure.

Competition

We compete in the market for Internet advertising and email direct marketing, which is intensely competitive and rapidly changing. This market is highly fragmented with the largest companies accounting for only a small portion of the market in 1998. We expect that competition will increase significantly in the near-term because of the attention the Internet has received as a means of advertising and direct marketing and because there are no significant barriers of entry into the market. Our primary long-term competitors may not have entered the market yet because our market is new. Competition could result in price reductions, changes in the way services are priced, reduced gross margin and loss of market share, any of which could materially adversely affect our business.

Many of our current and potential competitors have greater name recognition, longer operating histories, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources. Some of our potential competitors are among the

largest and most well-capitalized companies in the world. In addition, some of our competitors may include Web site owners who choose to manage their own permission email lists. We expect to face competition from these and other competitors, including:

- Internet portals who offer direct email services to their email lists such as Excite and Yahoo!;

- traditional list brokers such as American List Counsel and Venture Communications; 35 - banner advertising managers such as DoubleClick, 24/7 Media and Flycast Communications;

- independent list managers;

- incentive-based subscriber lists such as Bonus Mail; and - customer management and retention service companies such as Digital Impact and Post Communications.

If one or more of our current or future competitors were to achieve leading positions in the industry or if they were to expand relationships with significantly larger companies through mergers, acquisitions or otherwise, our business could be seriously harmed. In addition, potential competitors may bundle or incorporate the functionality of our products into their products in a manner that eliminates the need for our products or discourages users from purchasing our products.

Intellectual Property Rights

Our success and ability to compete are substantially dependent upon our technology and intellectual property. While we rely on copyright, trade secret and trademark law to protect our technology and intellectual property, we believe that factors such as the technological and creative skills of our personnel, new product and service developments, frequent product and service enhancements and reliable product and service maintenance are more essential to establishing and maintaining an intellectual property leadership position. We have no patents or patent applications pending. Others may develop products and services that are similar or superior to ours.

We generally enter into confidentiality or license agreements with our employees, consultants and corporate partners and generally control access to and distribution of our products, documentation and other proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products, services or technology. Policing unauthorized use of our proprietary information is difficult, and the steps we have taken might not prevent misappropriation of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as do the laws of the United States.

Our products and services operate in part by collecting and utilizing data derived from user activity on the YesMail Network. This information is used to target marketing materials and to predict the performance of these materials. This creates the potential for claims to be made against us, either directly or through contractual indemnification provisions with customers, including negligence, copyright or trademark infringement, personal injury, invasion of privacy or other legal theories. In addition, others may claim rights to this information. It is also possible that if any such information

contains errors, third parties could make claims against us for losses incurred in reliance on such information. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed.

Substantial litigation regarding intellectual property rights exists in the technology industry and we expect that our products and services may be increasingly subject to third-party infringement claims as the number of competitors in our industry segments grows and the functionality of products in different industry segments overlaps. In addition, we believe that many of our competitors have filed or intend to file patent applications covering aspects of their technology that they may claim our intellectual property infringes. Any third party claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert management's attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available 36 on terms acceptable to us, if at all. A successful claim of product infringement against us could harm our business.

Government Regulation

There is a growing body of laws and regulations applicable to access to or commerce on the Internet. Due to the increasing popularity and use of the Internet, it is likely that a growing number of laws and regulations will be adopted at the international, federal, state and local level with respect to the Internet or email direct marketing services covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. Further, the growth and development of the market for email direct marketing may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations may impair the growth of the Internet or email direct marketing, which could, in turn, decrease the demand for our products and services and increase our cost of doing business, or otherwise harm our business. Moreover, the applicability to the Internet of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business or the application of existing laws and regulations to the Internet could harm our business.

Legislation has recently been enacted in several states relating to the sending of unsolicited emails, a practice commonly referred to as "spamming." The federal government and several states, including New York, are considering, or have considered, similar legislation. Although the provisions of these current and contemplated laws vary, they generally limit or prohibit both the transmission of unsolicited emails and the use of familiar spamming techniques such as the use of forged or fraudulent routing and header information. Some states, including California, require that unsolicited emails include opt-out instructions and that senders of such emails honor any opt-out requests, a requirement that is consistent with our own permission email policies. We believe that our permission email system will not be affected by such legislation because we do not send unsolicited messages and because our

current practices are intended to comply with current and proposed legislation. However, there can be no assurance that such legislation or similar legislation will not also affect permission email marketing in a way that could force us to change our business practices, particularly in light of the rapidly evolving state of the law in this area. In such event, our business could suffer.

Employees

As of March 31, 1999, we had 53 employees, including 23 in sales and marketing, 13 in general and administrative functions, 11 in operations and 6 in research and development. We are not subject to any collective bargaining agreements and believe that our employee relations are good. Competition for employees in our industry is intense and our future success depends on our ability to attract, retain and motivate highly-skilled employees.

Facilities

Our principal executive offices are located in Vernon Hills, Illinois, where we lease approximately 8,700 square feet under the terms of a lease that expires in October 2003. We intend to open a business and sales office in the San Francisco, California and New York areas in the third quarter of 1999. We are currently seeking additional space in the Chicago area to meet our needs and believe it will be available on commercially reasonable terms.

Management

Executive Officers and Directors

Our executive officers and directors and their ages as of May 15, 1999, are as follows:

Name Age Position(s)

David M. Tolmie	43	Chief Executive Officer, President and Director
David B. Menzel	37	Chief Financial Officer and Vice President, Finance and Administration
Mark D. Boyce	41	Vice President, Product Management and Operations
Peder J. Jungck	32	Chief Technology Officer
Michael R. Mooradian	41	Vice President, Sales
Anthony Priore	41	Vice President, Marketing
John G. Vandegrift	32	List Partner Program Advisor and Director
Kenneth D. Wruk	31	Vice President, Strategic Alliances and Chairman of the Board of Directors
Gian M. Fulgoni(1)(2)	51	Director
Alexander F. Hern(1)	35	Director
Michael A. Santer(1)(2)	33	Director
Robert W. Shaw(2)	51	Director

(1) Member of Audit Committee (2) Member of Compensation Committee David M. Tolmie has served as Chief Executive Officer and President since joining yesmail.com on January 1, 1999 and has been a member of the Board of Directors since May 1999. From September 1997 until January 1999, Mr. Tolmie was with Platinum Venture Partners, where he served as Chief Executive Officer in Residence of their e-commerce and Internet services group. From December 1993 until September 1997, Mr. Tolmie was Senior Vice President of Operations at Bally Total Fitness, Inc., a nationwide health and fitness company. From September 1990 until December 1993, Mr. Tolmie was President of Foundation Properties, a real estate development, sales and marketing company. From December 1985 until September 1990, Mr. Tolmie was a Corporate Vice President at Bally Total Fitness, Inc. From December 1983 until November 1985, Mr. Tolmie was a consultant at McKinsey & Co., an international management consulting firm. From August 1980 to December 1983, Mr. Tolmie was a Marketing Manager with General Mills, Inc., a consumer products company. Mr. Tolmie holds a B.A. with distinction in economics from the University of Virginia and an M.B.A. from Harvard University.

David B. Menzel has served as Chief Financial Officer and Vice President, Finance and Administration since joining us in April 1999. From August 1994 until April 1999, Mr. Menzel was the Chief Financial Officer of Campbell Software, an enterprise application software company. From January 1984 until July 1994, Mr. Menzel was in the Audit and Financial Consulting division of Arthur Andersen. Mr. Menzel holds a B.S. in accounting and a Masters in accountancy, both from Florida State University.

Mark D. Boyce joined us in December 1998 as Vice President, Product Management and Operations. From September 1996 until October 1998, Mr. Boyce was head of the Internet division for the Aberdeen Group, an information services company. From January 1993 until August 1996, Mr. Boyce was President of Synthesis, an Internet services company. From 1987 until January 1993, Mr. Boyce was a Vice President of Marketing for Anixter, Inc., an international distributor of networking products. Mr. Boyce holds a B.A. in economics from Colgate University and an M.B.A. from Dartmouth College.

Peder J. Jungck has served as Chief Technology Officer since joining us in February 1999. From March 1997 until February 1999, Mr. Jungck was Chief Information Officer of Remington Associates, Ltd., an Internet consulting firm. From June 1994 until March 1997, Mr. Jungck was Vice President of Production and Engineering at TerraGlyph Interactive Studios, L.P., a multimedia entertainment company. Mr. Jungck holds a B.A. in mathematics and computer science from Beloit College.

Michael R. Mooradian has served as Vice President, Sales since joining us in May 1999. From August 1996 until May 1999, Mr. Mooradian was Vice President of Worldwide Sales for the Giga Information Group, an information technology research company. From January 1996 until July 1996, Mr. Mooradian was Vice President of Sales for Timeline, Inc., a financial reporting software company. From July 1991 until January 1996, Mr. Mooradian was a Regional Director at Comshare, Inc., an enterprise software company. Mr. Mooradian holds a B.S. in business administration from DePaul University.

Anthony Priore joined us in March 1999 as Vice President, Marketing. From May 1998 to December 1998, Mr. Priore was Executive Vice President and Managing Director at Chicago Creative Partnership, an advertising agency. From September 1995 until May 1998, Mr. Priore was Vice

President of Marketing at Peapod, Inc., an e-commerce grocery delivery company. From September 1991 to September 1994, Mr. Priore was Vice President at Leo Burnett, an international advertising agency. Mr. Priore holds a B.S. in journalism and an M.S.A., from Northwestern University.

John G. Vandegrift has served as List Partner Program Advisor since April 1999 and as a member of our Board of Directors since July 1997. From January 1999 until March 1999, Mr. Vandegrift was the Interim Chief Executive Officer of Frictionless Commerce, Inc., an Internet software company. From December 1997 until December 1998, Mr. Vandegrift was Marketing Senior Executive with Compaq Computer Corp. From May 1993 to July 1998, Mr. Vandegrift was Executive Vice President of Marketing and Business Development and then President of TAC Systems, a communications company. Mr. Vandegrift holds a B.S. from Texas A&M University and a M.S. from the University of Alabama.

Kenneth D. Wruk is one of our co-founders and has served as Chairman of the Board of Directors since our inception in November 1995. From December 1992 until November 1995, Mr. Wruk was a lead software engineer at Safeco Corporation, a cellular communication company. Mr. Wruk holds a B.S. in electrical engineering and an M.B.A., from Northern Illinois University.

Gian M. Fulgoni has served as a member of our Board of Directors since March 1999. Since November 1998, Mr. Fulgoni has been Chief Executive Officer of Lancaster Enterprises, LLC, an investment firm. From 1986 until November 1998, Mr. Fulgoni was Chief Executive Officer of Information Resources, Inc., a market research company. Mr. Fulgoni continues to serve as a member of the board of directors of Information Resources, Inc., a position that he has held since 1981. Mr. Fulgoni has also served as a member of the board of directors of Platinum Technology, Inc., a software company, since 1990. Mr. Fulgoni holds a B.S. with honors, in physics from Manchester University and a M.A. in marketing from Lancaster University.

Alexander F. Hern has been a member of our Board of Directors since February 1999. Mr. Hern is the founder and general partner of Strategic Acquisition Ventures, Ltd., a venture capital firm. Mr. Hern was a co-founder of Inktomi Corporation, a publicly traded company. From 1996 until January 1998, Mr. Hern served as Chairman of the Board and Chief Executive Officer of Military Commercial Technologies, Inc., a military technology company.

Michael A. Santer has been a member of our Board of Directors since February 1999. Mr. Santer is a co-founder and has been a general partner of Platinum Venture Partners, a venture capital firm, since its inception in February 1992. Mr. Santer holds a B.S. in management information systems from the University of Dayton and a Masters of Management from the J.L. Kellogg School of Management at Northwestern University.

Robert W. Shaw served as a member of our Board of Directors since April 1999. Since November 1998, Mr. Shaw has been a member of the board of directors and Chief Executive Officer of USWeb/ CKS, an internet marketing services company. From May 1992 until August 1998, Mr. Shaw was Executive Vice President at Oracle Corporation, a software company. From 1989 until 1992, Mr. Shaw was a partner at Booz Allen & Hamilton, a global management and consulting firm. From 1985 until 1989, Mr. Shaw

was the Managing Partner of the information technology practice at Coopers & Lybrand (currently PricewaterhouseCoopers LLP), an international accounting firm. Mr. Shaw holds a B.A. in business administration from the University of Texas.

Board Composition

We currently have authorized seven directors. Each director is elected at the annual general meeting of our stockholders, by a vote of the holders of a plurality of the voting power represented at such meeting. Each director holds office until the annual general meeting of our stockholders and until his or her successor has been elected. The executive officers serve at the discretion of the Board. There are no family relationships among any of our directors or executive officers.

Board Committees

Our Audit Committee reviews, acts on and reports to our Board of Directors with respect to various auditing and accounting matters, including the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. Messrs. Fulgoni, Hern and Santer are the members of our Audit Committee.

Our Compensation Committee establishes salaries, incentives and other forms of compensation for officers and other employees. This Committee also administers our incentive compensation and benefit plans. Messrs. Fulgoni, Santer and Shaw are the members of the Compensation Committee.

Director Compensation

Except for reimbursement of reasonable expenses incurred in connection with serving as a director and the grant of stock options, directors are not compensated for their service as directors. In May 1999, we granted each of Messrs. Fulgoni and Shaw, non-employee directors of ours, an option to purchase 200,000 shares of common stock. These options vest quarterly over a period of two years. At the discretion of our Board of Directors, we may issue additional options to our directors at 100% of the fair market value of our common stock, as reported on the Nasdaq National Market, at the close of trading on the date of the grant.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is an officer or employee of yesmail.com. No interlocking relationship exists between our Board of Directors or Compensation Committee and the board of directors or compensation committee of any other company, nor has such an interlocking relationship existed in the past.

Employment Contracts

Mr. Tolmie is party to an employment agreement dated March 12, 1999, effective as of January 1, 1999. Under the agreement, we agreed to pay Mr. Tolmie an annual salary of $150,000 and a performance bonus of up to $50,000. Mr. Tolmie also purchased 900,000 shares and 2,400,000 shares of our common stock pursuant to two restricted stock purchase agreements. These shares are subject to repurchase by us until vested. The 900,000 purchased shares shall vest, pro rata, semi-annually over four years, commencing May 18, 2000. The 2,400,000 purchased shares shall vest as to 900,000 shares on January 1, 2000, and 300,000 of the shares shall vest at the end of each six month period thereafter, provided, however, all 2,400,000 shares shall vest 40 seven months from the day our stock begins trading on the Nasdaq National Market. In the event Mr. Tolmie is terminated without cause he will be entitled to receive a severance of $100,000.

Mr. Menzel is party to an employment agreement with us, dated April 2, 1999. Under the agreement, we agreed to pay Mr. Menzel an annual salary of $140,000, a performance bonus of $50,000 and a discretionary bonus of up to $50,000, and Mr. Menzel purchased 650,000 shares of our common stock pursuant to a restricted stock purchase agreement. The purchased shares shall vest, pro rata, semi-annually over four years, commencing October 26, 1999. These shares are subject to repurchase by us until vested. We have also agreed to pay Mr. Menzel a special bonus of $150,000 in three equal installments on the six month, twelve month, and eighteenth month anniversary of his date of hire; provided, however, Mr. Menzel may be required to repay all or a part of this special bonus in some circumstances. In the event Mr. Menzel is terminated without cause, he will be entitled to receive severance equal to six months of his base salary and any unpaid amounts pursuant to the special bonus.

Mr. Boyce is party to an employment agreement, dated May 27, 1999. Under the agreement, we agreed to pay Mr. Boyce an annual salary of $150,000 and a performance bonus of up to $37,500, and Mr. Boyce purchased 650,000 shares of our common stock pursuant to a restricted stock purchase agreement. The purchased shares shall vest, pro rata, semi-annually over four years, commencing July 1, 1999. The shares remain subject to repurchase by us until vested. In the event that Mr. Boyce is terminated without cause, he will be entitled to receive severance equal to six months of his base salary.

Mr. Jungck is party to an employment agreement, dated February 15, 1999. Under the agreement, we agreed to pay Mr. Jungck an annual salary of $140,000 and a performance bonus of up to $30,000, and Mr. Jungck purchased 650,000 shares of our common stock pursuant to a restricted stock purchase agreement. The purchased shares shall vest, pro rata, semi-annually over four years, commencing August 15, 1999. In the event that Mr. Jungck is terminated without cause, he will be entitled to receive severance equal to six months of his base salary.

Mr. Mooradian is party to an employment agreement, dated April 17, 1999. Under the agreement, we agreed to pay Mr. Mooradian an annual salary of $150,000 and a performance bonus of up to $150,000, and Mr. Mooradian was granted an option to purchase 650,000 shares of our common stock, at an exercise price of $0.60 per share, pursuant to our stock option plan. The option shall vest, pro rata, semi-annually over four years. In the event that Mr. Mooradian is terminated without cause, he will be entitled to receive severance equal to six months of his base salary.

Mr. Priore is party to an employment agreement, dated March 3, 1999. Under the agreement, we agreed to pay Mr. Priore an annual salary of $150,000 and a performance bonus of $30,000, and Mr. Priore purchased 650,000 shares of our common stock pursuant to a restricted stock purchase agreement. The purchased shares shall vest, pro rata, semi-annually over four years, commencing September 8, 1999. The shares remain subject to repurchase by us until vested. In the event that Mr. Priore is terminated without cause, he will be entitled to receive severance equal to six months of his base salary.

Mr. Vandegrift is party to an employment agreement, dated March 31, 1999. Under the agreement, we agreed to pay Mr. Vandegrift an annual salary of $144,000 and a quarterly performance bonus of up to $36,000, and Mr. Vandegrift purchased 300,982 shares and 184,473 shares of our common stock pursuant to two restricted stock purchase agreements. The 300,982 purchased shares vested on March 25, 1999. As to the 184,473 purchased shares, 11,530 shares shall vest monthly, commencing April 30, 1999 and 30,745 shall vest at the end of each three months if Mr. Vandegrift meets pre-defined incentive goals. These 184,473 shares are subject to repurchase by us until vested. Mr. Vandegrift is also entitled to receive up to $1,000 per month for nine months as reimbursement for relocation and temporary living expenses. In the event Mr. Vandegrift is terminated without cause, he will be entitled to receive severance equal to one month salary and two months expense reimbursement. 41

Executive Compensation

The following table sets forth the compensation earned for services rendered to us in all capacities for fiscal 1998, by our former Chief Executive Officer and President.

Summary Compensation Table

ANNUAL COMPENSATION NAME AND PRINCIPAL POSITIONS YEAR SALARY BONUS Kenneth D. Wruk(1)..... 1998 $34,382 $46,470 Former Chief Executive Officer and President (1) Mr. Wruk resigned from his position as Chief Executive Officer and President in January 1999.

Messrs. Tolmie, Menzel, Boyce, Jungck, Mooradian, Priore and Vandegrift were hired as executive officers subsequent to December 1, 1998 and are compensated at annual rates of $150,000, $140,000, $150,000, $140,000, $150,000, $150,000 and $144,000, respectively. Please see "-- Employment Contracts."

Option Grants in Last Fiscal Year

We did not grant options to any of our executive officers in fiscal 1998. However, in May 1999 we issued shares of our common stock to six of our executive officers pursuant to restricted stock purchase agreements, and we granted Mr. Mooradian an option to purchase our common stock pursuant to our stock option plan. Please see "Related Party Transactions" and "-- Employment Contracts."

Compensation Plans

1999 Stock Option Plan.

Our 1999 Stock Option Plan provides for the grant of incentive stock options to employees and nonstatutory stock options and share purchase rights to employees, directors and consultants. A total of shares of common stock have been reserved for issuance under our 1999 Stock Option Plan, of which options to purchase 2,160,000 shares of common stock were outstanding as of May 31, 1999. The number of shares of common stock reserved for issuance under this plan will be subject to an annual increase on each anniversary beginning equal to the lesser of (a) shares, (b) % of the outstanding shares on such date or (c) an amount determined by the Board. The 1999 Stock Option Plan is currently administered by the Board of Directors, although the Board may designate certain committees to administer the 1999 Stock Option Plan with respect to different groups of service providers.

Options and shares purchase rights granted under the 1999 Stock Option Plan will vest as determined by the relevant administrator, and if not assumed or substituted by a successor corporation will accelerate and become fully vested in the event we are acquired. The exercise price of options and share purchase rights granted under the 1999 Stock Option Plan will be as determined by the relevant administrator, although the exercise price of incentive stock options must be at least equal to the fair market value of our common stock on the date of grant. Options granted under the 1999 Stock Option Plan generally vest over a four-year period. The Board of Directors may amend, modify or terminate the 1999 Stock Option Plan at any time as long as such amendment, modification or termination does not impair vesting rights of plan participants. The 1999 Stock Option Plan will terminate in 2009, unless terminated earlier by the Board of Directors.

1999 Employee Stock Purchase Plan.

Our 1999 Employee Stock Purchase Plan, or the Purchase Plan, provides our employees with an opportunity to purchase our common stock through accumulated payroll deductions. This plan will become effective upon the closing of this offering. A total of shares of common stock have been reserved for issuance under the Purchase Plan, none of which have been issued. The number of shares reserved for issuance under the Purchase Plan will be subject to an annual increase on each anniversary beginning equal to the lesser of (a) shares, (b) % of the outstanding shares on such date or (c) an amount determined by the Board. The Purchase Plan will be administered by the Board of Directors or by a committee appointed by the Board. The Purchase Plan permits eligible employees to purchase common stock through payroll deductions of up to % of an employee's compensation, up to a maximum of $ for all purchases ending within the same calendar year. Employees are eligible to participate if they are employed by us for at least 20 hours per week and more than five months in any calendar year. Unless the Board of Directors or its committee determines otherwise, each offering period will run for six months. The first offering period will commence on the date of this prospectus, and new offering

periods will commence every six months thereafter. In the event we are acquired, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the offering period then in progress will be shortened by setting a new exercise date. The price at which common stock will be purchased under the Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the applicable offering period, whichever is lower. Employees may end their participation in the offering period at any time, and participation automatically ends on termination of employment. Generally, the Board of Directors may amend, modify or terminate the Purchase Plan at any time as long as such amendment, modification or termination does not impair the rights of plan participants. The Purchase Plan will terminate at 2009, unless terminated earlier in accordance with its provisions.

Indemnification of Directors and Officers

Our Certificate of Incorporation limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for (i) any breach of their duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) unlawful payments of dividends or unlawful stock repurchases or redemption, or (iv) any transaction from which the director derived an improper personal benefit. Such limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our Certificate of Incorporation and Bylaws provide that we shall indemnify our directors and executive officers and may indemnify other officers and employees and our agents to the fullest extent permitted by law. We believe that indemnification under our Bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our Bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Bylaws would permit indemnification.

We have entered into agreements to indemnify our directors and executive officers, in addition to indemnification provided for in our Bylaws. These agreements, among other things, 43 provide for indemnification of our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of yesmail.com, arising out of such person's services as a director or executive officer of ours, any subsidiary of ours or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

Related Party Transactions

Loan from Director

In December 1998, we borrowed $1.0 million from Alexander F. Hern pursuant to a promissory note. In connection with this transaction, we issued Mr. Hern a warrant to purchase shares of our common stock in the event we did not comply with the terms of the transaction. On May 18, 1999, Mr. Hern terminated the promissory note and the warrant in exchange for an aggregate of 1,527,273 shares of our series A preferred stock.

Acquisition of Superhighway Consulting

Under an Agreement and Plan of Merger, dated March 29, 1999, Superhighway Consulting, Inc. was merged with and into us. Upon consummation of the merger, we issued an aggregate of 20,000,000 shares of our common stock to the former shareholders of Superhighway Consulting, Inc. These former shareholders of Superhighway Consulting, Inc. included the following officers and directors:

Name Shares Issued

Kenneth D. Wruk	5,740,741
Kevin Manley	5,740,741
Keith Speer	3,888,888
John Weiss	3,888,888

In connection with the merger, some of our stockholders were granted registration rights. Please see "Description of Capital Stock -- Registration Rights."

Option Among Stockholders

Pursuant to an agreement among our founding stockholders in March 1999, Messrs. Tolmie, Hern and Santer are obligated to transfer shares of our common stock to other founding stockholders, including Messrs. Wruk, Manley, Speer and Weiss. For additional information regarding this option among stockholders, please see "Principal Stockholders" and Note 1 to Notes to Consolidated Financial Statements.

Advances from Related Parties

In March 1999, we borrowed an aggregate of $600,000 from three individuals, including $300,000 from David M. Tolmie and $200,000 from Alexander F. Hern. On May 18, 1999, the advances were exchanged for an aggregate of 916,364 shares of our series A preferred stock.

Restricted Stock Issuances

In May 1999, we sold an aggregate of 6,385,455 shares of our common stock to 6 employees at a price of $0.60 per share pursuant to restricted stock purchase agreements. Our employees purchased these shares in exchange for notes issued to us, which are secured by the shares purchased. The notes also provide for full recourse against the borrower as to 75% of the amount of the note. The notes bear interest at 5.22% per annum and are due and payable on the earlier of the sale of the underlying common stock, May 2008 or termination of employment. These shares of common stock are subject to repurchase options granted to us by the holders of the shares. For additional information regarding the repurchase options, please see "Management -- Employment Contracts." The purchasers of these shares are listed in the following table:

Name Shares Purchased

David M. Tolmie	3,300,000
David B. Menzel	650,000
Mark D. Boyce	650,000
Peder J. Jungck	650,000
Anthony Priore	650,000
John G. Vandegrift	485,455

Series a Preferred Stock Financing

On May 18, 1999, we issued and sold an aggregate of 13,745,460 shares of our series A preferred stock to investors at a per share price of approximately $0.65. Upon the closing of this offering, each share of series A preferred stock will automatically convert into one share of common stock. The investors in the financing included the following officers, directors and principal stockholders and their immediate family members and related entities:

Name Shares Purchased

Platinum Ventures II (Michael A. Santer is a general partner)	3,054,546
Alexander F. Hern	534,546
David M. Tolmie	381,818
Gian Fulgoni	381,818
Webco and Co. (Michael A. Santer is a general partner)	305,455
Donald Boyce (Mark D. Boyce's father)	153,000
John G. Vandegrift	152,727
John Tolmie (David M. Tolmie's brother)	152,727
Robert W. Shaw	152,727
Paul Tolmie (David M. Tolmie's brother)	76,364
Joann Tolmie (David M. Tolmie's mother)	76,364
Anthony Priore	76,364
Michael R. Mooradian	38,182
David B. Menzel	27,927

Principal Stockholders

The following table sets forth certain information regarding beneficial ownership of our common stock as of May 31, 1999, by - each person known by us to be the beneficial owner of more than 5% of the outstanding common stock;

- our former Chief Executive Officer;

- each of our directors; and - all of our executive officers and directors as a group.

Except as otherwise noted, the address of each person listed in the table is c/o yesmail.com, Inc., 565 Lakeview Parkway, Suite 135, Vernon Hills, Illinois 60061. The table includes all shares of common stock issuable within 60 days of May 31, 1999 upon the exercise of options and other rights beneficially owned by the indicated stockholders on that date. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting and investment power with respect to the shares. To our knowledge, except under applicable community property laws or as otherwise indicated, the person named in the table have sole voting and sole investment control with respect to all shares beneficially owned. The applicable percentage of ownership for each stockholder is based on 45,130,915 shares of common stock outstanding as of May 31, 1999, together with applicable options for that stockholder. Shares of common stock issuable upon exercise of options and other rights beneficially owned are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options and other rights, but are not deemed outstanding for computing the percentage ownership of any other person.

	SHARES BENEFICIALLY OWNED	PERCENTAGE BENEFICIALLY OWNED	
OWNER	NUMBER	PRIOR TO OFFERING	AFTER OFFERING
Kenneth D. Wruk(1)	5,740,741	12.7	
Kevin Manley(1)	5,740,741	12.7	
Michael A. Santer(2)(3)(4)	4,830,001	10.7	
Keith Speer(1)	3,888,888	8.6	
John Weiss(1)	3,888,888	8.6	
David M. Tolmie(2)(5)	3,881,818	8.6	
Platinum Ventures II(6)	3,054,546	6.8	
David Brewer(7)	2,710,910	6.0	
John G. Vandegrift(8)	638,182	1.4	
Gian Fulgoni(9)(10)	406,818	*	
Alexander F. Hern(2)(11)	2,004,546	4.4	
Robert W. Shaw(12)(13)	177,727	*	
All executive officers and directors as a group (12 persons)(14)	20,422,306	45.2	

* Less than 1% of the outstanding shares of common stock.

(1) Messrs. Wruk, Manley, Speer and Weiss are our founders. Includes the following shares which the stockholder has the right to purchase from other stockholders at the time of the public offering pursuant to a founders agreement dated March 29, 1999, assuming a $ price per share at the close of the first day our shares of common stock are publicly traded. See "Related Party Transactions" and Note 1 to Notes to Consolidated Financial Statements.

Name Shares Subject to Options

Kenneth D. Wruk..... Kevin Manley..... Keith Speer..... John Weiss.....

(2) Includes the following shares which the stockholder is obligated to transfer to other stockholders at the time of the public offering pursuant to a founders agreement dated March 29, 1999 assuming a $ price per share at the close of the first day our shares of common stock are publicly traded. See "Related Party Transactions" and Note 1 to Notes to Consolidated Financial Statements.

Name Shares Subject to Options

Michael A. Santer..... David M. Tolmie..... Alexander F. Hern.....

(3) Mr. Santer's address is c/o Platinum Venture Partners, 555 Twin Dolphin Drive, Suite 400, Redwood City, California 94065.

(4) Includes 3,054,546 shares held by Platinum Ventures II and 305,455 shares held by Webco and Co. Mr. Santer is a general partner of both Platinum Ventures II and Webco and Co. and disclaims beneficial ownership of the shares held by these entities except with respect to his pecuniary interest.

(5) Includes 3,300,000 shares subject to yesmail.com's right of repurchase during a vesting period of four years and accelerated vesting in some circumstances.

(6) Platinum Ventures II's address is 555 Twin Dolphin Drive, Suite 400, Redwood City, California 94065.

(7) Mr. Brewer's address is 301 University Avenue, Suite 440, Palo Alto, California 94301.

(8) Includes 485,455 shares subject to yesmail.com's right of repurchase during a vesting period of four years and accelerated vesting in some circumstances.

(9) Mr. Fulgoni's address is c/o Lancaster Enterprises, 65 E. Bellevue, Chicago, Illinois 60611.

(10) Includes 25,000 shares subject to options which are exercisable within 60 days of May 31, 1999.

(11) Mr. Hern's address is 4350 W. Cypress, Suite 440, Tampa, Florida 33607.

(12) Mr. Shaw's address is c/o US Web Corporation, #2 Harrison Street, Top Floor, San Francisco, California 94105.

(13) Includes 25,000 shares subject to options which are exercisable within 60 days of May 31, 1999.

(14) Includes 6,385,455 shares subject to yesmail.com's right of repurchase during a vesting period of four years and accelerated vesting in some circumstances. Also includes 50,000 shares subject to options which are exercisable within 60 days of May 31, 1999.

Description of Capital Stock

General

Upon the completion of this offering, we will be authorized to issue 60,000,000 shares of common stock, $0.0001 par value, and shares of undesignated preferred stock, $0.0001 par value. The following description of our capital stock does not purport to be complete and is subject to and qualified in its entirety by our Certificate of Incorporation and Bylaws, which are included as exhibits to the Registration Statement of which this Prospectus forms a part, and by the provisions of applicable Delaware law.

Common Stock

As of May 31, 1999, there were 45,130,915 shares of common stock outstanding which were held of record by 88 stockholders.

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available for that purpose. See "Dividend Policy." In the event of a liquidation, dissolution or winding up of yesmail.com, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and nonassessable.

Preferred Stock

The Board of Directors has the authority, without action by the stockholders, to designate and issue preferred stock in one or more series and to designate the rights, preferences and privileges of each series, any or all of which may be greater than the rights of the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of the common stock until the Board of Directors determines the specific rights of the holders of such preferred stock. However, the effects might include, among other things, restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock and delaying or preventing a change in control without further action by the stockholders. Immediately prior to the closing no shares of preferred stock will be outstanding, and we have no present plans to issue any shares of preferred stock.

Registration Rights

As of May 31, 1999, the holders of 38,745,460 shares of our common stock or their transferees are entitled to rights with respect to the registration of these shares under the Securities Act. These rights are provided under the terms of agreements between us and the holders of these securities. Subject to limitations in agreements, if we register any of our common stock either for our own account or for the account of other security holders, these holders are entitled to include their shares of common stock in that registration, subject to the ability of the underwriters to limit the number of shares included in the offering. We will be responsible for paying all registration expenses, and the holders selling their shares will be responsible for paying all selling expenses.

Delaware Anti-takeover Law and Certain Charter and Bylaw Provisions

Certain provisions of Delaware law and our Certificate of Incorporation and Bylaws could make more difficult our acquisition by means of a tender offer, a proxy contest or otherwise and the removal of incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control to first negotiate with us. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweighs the disadvantages of discouraging such proposals because, among other things, negotiation of such proposals could result in an improvement of their terms.

Stockholder Meetings.

Under our Restated Certificate of Incorporation and Restated Bylaws, the Board of Directors, the Chairman of the Board and the President may call special meetings of stockholders but the stockholders may not call a special meeting.

Requirements for Advance Notification of Stockholder Nominations and Proposals.

Our Restated Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board of Directors or a committee thereof.

Delaware Anti-takeover Law.

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the "business combination" or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Undesignated Preferred Stock.

The authorization of undesignated preferred stock makes it possible for the Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of yesmail.com. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is .

Nasdaq National Market Listing

We have applied to list our common stock on The Nasdaq National Market under the symbol "YESM."

Shares Eligible for Future Sale

If our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of outstanding options) in the public market following this offering, the market price of our common stock could fall dramatically. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

The number of shares of common stock available for sale in the public market is limited by restrictions under federal securities law and by certain "lock-up" agreements that our stockholders have entered into with the underwriters. The lock-up agreements restrict our stockholders from selling or otherwise disposing of any of their shares for a period of 180 days after the date of this prospectus without the

prior written consent of Deutsche Bank Securities Inc. Deutsche Bank Securities Inc. may, however, in its sole discretion and without notice, release all or any portion of the shares from the restrictions in the lock-up agreements.

Upon completion of this offering, we will have outstanding shares of common stock (based upon shares outstanding as of May 31, 1999), assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options after May 15, 1999. Taking into account the lock-up agreements and assuming Deutsche Bank Securities Inc. does not release stockholders from these agreements, the following shares will be eligible for sale in the public market at the following times:

- beginning on the effective date of the offering, only the shares sold in the offering will be immediately available for sale in the public market;

- beginning 180 days after the effective date of the offering, approximately 6,385,455 shares will be eligible for sale pursuant to Rules 144 and 701 of the Securities Act;

- an additional 25,000,000 shares will become eligible for sale pursuant to Rule 144 beginning in March 2000;

- an additional 13,745,460 shares will become eligible for sale pursuant to Rule 144 beginning in May 2000.

Any common stock that has been purchased or may be purchased in this offering by our "affiliates," as defined in Rule 144 of the Securities Act, will be subject to the volume and other selling limitations under Rule 144 of the Securities Act. All of the shares eligible for sale at the 180th day after the date of this prospectus or afterward will be subject initially to certain volume and other limitations under Rule 144 of the Securities Act.

On or prior to the 180th day following the date of this prospectus, we intend to register for resale an additional shares of common stock reserved for issuance under our employee stock plans based upon the number of shares reserved for issuance as of May 31, 1999. In addition, the holders of approximately 38,745,460 shares of common stock have the right to require us to register their shares for sale to the public. If these holders cause a large number of shares to be registered and sold in the public market, our stock price could fall materially.

Underwriting

Subject to the terms and conditions of the underwriting agreement dated the date hereof, the underwriters named below, through their representatives Deutsche Bank Securities Inc., Thomas Weisel Partners LLC and Volpe Brown Whelan & Company, LLC have severally agreed to purchase from yesmail.com the following respective numbers of shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus.

Number of Underwriter Shares

Deutsche Bank Securities Inc..... Thomas Weisel Partners LLC..... Volpe Brown Whelan & Company, LLC.....

Total

The underwriting agreement provides that the obligations of the several underwriters to purchase the shares of common stock offered hereby are subject to conditions. The underwriters are obligated to purchase all of the shares of common stock offered hereby, other than those covered by the over-allotment option described below, if any of these shares are purchased.

The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus and to dealers at a price that represents a concession not in excess of $ per share under the public offering price. The underwriters may allow, and these dealers may re-allow, a concession not in excess of $ per share to other dealers. After the initial public offering, the offering price and other selling terms may be changed by the representatives of the underwriters.

We have granted to the underwriters an option, exercisable not later than 30 days after the date of this prospectus, to purchase up to additional shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the common stock offered hereby. To the extent that the underwriters exercise the option, each of the underwriters will become obligated, subject to conditions, to purchase approximately the same percentage of additional shares of common stock as the number of shares of common stock to be purchased by it in the above table bears to . We will be obligated, pursuant to the option, to sell these shares to the underwriters to the extent the option is exercised. If any additional shares of common stock are purchased, the underwriters will offer additional shares on the same terms as those on which the shares are being offered.

We have agreed to indemnify the underwriters against some specified types of liabilities, including liabilities under the Securities Act.

Each of our officers, directors and stockholders has agreed not to offer, sell, contract to sell or otherwise dispose of, or enter into any transaction that is designed to, or could be expected to, result in the disposition of any portion of, any common stock for a period of 180 days after the effective date of the registration statement of which this prospectus is a part without the prior written consent of Deutsche Bank Securities Inc. This consent may be given at any time without public notice. We have entered into a similar agreement.

The representatives of the underwriters have advised us that the underwriters do not intend to confirm sales to any account over which they exercise discretionary authority.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of the common stock. Specifically, the underwriters may over-allot shares of the common stock in connection with this offering, thus creating

a short position in the common stock for their own account. Additionally, to cover these over-allotments or to stabilize the market price of the common stock, the underwriters may bid for, and purchase, shares of the common stock in the open market. Finally, the representatives, on behalf of the underwriters, also may reclaim selling concessions allowed to an underwriter or dealer if the underwriting syndicate repurchases shares distributed by that underwriter or dealer. Any of these activities may maintain the market price of the common stock at a level above that which might otherwise prevail in the open market. The underwriters are not required to engage in these activities and, if commenced, may end any of these activities at any time.

Eight individuals affiliated with Deutsche Bank Securities Inc. are the beneficial owners of 208,527 shares of our common stock and Volpe Brown Whelan & Company, LLC and one individual affiliated with Volpe Brown Whelan & Company, LLC are the beneficial owners of 76,364 shares of our common stock. Pursuant to the rules of the National Association of Securities Dealers, Inc., their interest in these shares is presumed to be underwriting compensation. Accordingly these shares cannot be sold, transferred, assigned, pledged or hypothecated by any person for a period of one year after the effective date of this offering, except to officers or partners of the underwriters and members of the selling group and their officers or partners.

Thomas Weisel Partners LLC, one of the representatives of the underwriters, was organized and registered as a broker-dealer in December 1998. Since December 1998, Thomas Weisel Partners LLC has been named as a lead or co-manager on 37 filed public offerings of equity securities, of which 16 have been completed, and has acted as a syndicate member in an additional 14 public offerings of equity securities. Thomas Weisel Partners LLC does not have any material relationship with us or any of our officers, directors or other controlling persons, except with respect to its contractual relationship with us pursuant to the underwriting agreement entered into in connection with this offering.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares for our vendors, employees, family members of employees and other third parties. The number of shares of common stock available for sale to the general public will be reduced to the extent these reserved shares are purchased. Any reserved shares that are not purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

Pricing of This Offering

Prior to this offering, there has been no public market for our common stock. Consequently, the initial public offering price for our common stock will be determined by negotiation among yesmail.com and the representatives of the underwriters. Among the factors to be considered in determining the public offering price will be:

- prevailing market conditions;

- our results of operations in recent periods;

- the present stage of our development;

- the market capitalizations and stages of development of other companies that yesmail.com and the representatives of the underwriters believe to be comparable to yesmail.com; and - estimates of yesmail.com's business potential.

Legal Matters

The validity of our common stock offered hereby will be passed upon by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Pillsbury Madison & Sutro LLP, San Francisco, California, is acting as counsel for the underwriters in connection with legal matters relating to the shares of common stock offered hereby. Jeffrey D. Saper, a member of Wilson Sonsini Goodrich & Rosati, Professional Corporation, is Secretary of the Company. As of the date of this prospectus, members of Wilson Sonsini Goodrich & Rosati, Professional Corporation, own 305,454 shares of our common stock, and an investment partnership associated with Wilson Sonsini Goodrich & Rosati, Professional Corporation owns 152,728 shares of our common stock.

Experts

Arthur Andersen LLP, independent auditors, have audited our consolidated financial statements at December 31, 1997 and 1998, and for each of the years in the three-year period ended December 31, 1998 as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Arthur Andersen LLP's report, given upon the authority of such firm as experts in accounting and auditing.

Where You Can Find More Information

We have has filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits filed as a part thereof, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the common stock offered hereby, reference is made to the registration statement and to the exhibits filed as a part thereof. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete and are qualified in their entirety by reference to each such contract, agreement or other document which is filed as an exhibit to the registration statement. The registration statement, including the exhibits and schedules thereto, may be inspected without charge at the principal office of the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, or at the Regional Offices of the SEC at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, Suite 1300, New

York, New York 10048. Our SEC filings are also available to the public from the SEC's Web site at www.sec.gov. In addition, such material will be available for inspection at the offices of The Nasdaq Stock Market, Inc., at 1735 K Street, N.W., Washington D.C. 20006. Copies of such material may be obtained by mail from the Public Reference Branch of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

Yesmail.com, Inc.

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Report of Independent Public Accountants..... F-2 Consolidated Financial Statements: Consolidated Statements of Operations for the Years Ended December 31, 1996, 1997 and 1998, and for the three months ended March 31, 1998 and 1999 (unaudited)..... F-3 Consolidated Balance Sheets as of December 31, 1997 and 1998, and as of March 31, 1999 (unaudited)..... F-4 Consolidated Statements of Stockholders' Deficit for the Years Ended December 31, 1995 1996, 1997 and 1998, and for the three months ended March 31, 1999 (unaudited)..... F-5 Consolidated Statements of Cash Flows for the Years Ended December 31, 1996, 1997 and 1998, and for the three months ended March 31, 1998 and 1999 (unaudited)..... F-6 Notes to Consolidated Financial Statements..... F-7

Report of Independent Public Accountants

To the Board of Directors of yesmail.com, inc.:

We have audited the accompanying consolidated balance sheets of yesmail.com, inc. (a Delaware corporation) as of December 31, 1997 and 1998, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of yesmail.com, inc. as of December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Arthur Andersen Llp

Chicago, Illinois June 4, 1999

Yesmail.com, Inc.

Consolidated Statements of Operations

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
Revenues	$ 934,856	$ 2,468,022	$ 4,583,354	$ 873,069	$ 1,388,842
Cost of revenues	292,776	1,089,585	2,702,872	375,998	657,398
Gross margin	642,080	1,378,437	1,880,482	497,071	731,444
Operating expenses:					
Sales and marketing expenses	291,999	959,813	1,751,208	386,361	901,559
General and administrative expenses	236,761	466,208	929,209	143,360	669,148
Research and development costs	198,548	357,068	600,848	150,112	234,479
Total operating expenses	727,308	1,783,089	3,281,265	679,833	1,805,186
Operating loss	(85,228)	(404,652)	(1,400,783)	(182,762)	(1,073,742)
Other expense:					
Interest expense	(3,590)	(18,098)	(45,075)	(8,025)	(54,616)
Other	--	--	(250,000)	--	--
Total other expense	(3,590)	(18,098)	(295,075)	(8,025)	(54,616)
Net loss before minority interest	(88,818)	(422,750)	(1,695,858)	(190,787)	(1,128,358)
Minority interest	8,821	8,716	(10,547)	(1,707)	(22,818)
Net loss	$ (79,997)	$ (414,034)	$(1,706,405)	$ (192,494)	$(1,151,176)
Net loss per share:					
Basic and diluted	$ (0.01)	$ (0.02)	$ (0.08)	$ (0.01)	$ (0.06)
Weighted average shares -- basic and diluted	15,362,760	20,398,613	20,362,929	20,895,062	20,333,333

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

Yesmail.com, Inc.

Consolidated Balance Sheets

	DECEMBER 31,		MARCH 31,
	1997	1998	1999 (UNAUDITED)
Current assets:			
Cash	$ 1,841	$ 26,212	$ 83,765
Accounts receivable, net of allowance of $26,000, $56,000 and $106,000	176,259	242,757	260,453
Deposits and prepaid expenses	3,786	19,348	11,182
Total current assets	181,886	288,317	355,400
Property and equipment, net	101,640	353,871	607,435
Other assets	750	750	16,788
Total assets	$ 284,276	$ 642,938	$ 979,623
Current liabilities:			
Accounts payable	$ 185,353	$ 1,391,509	$ 1,047,777
Short-term debt	149,241	342,870	365,505
Note payable to shareholder	--	--	1,000,000
Due to related parties	76,721	56,788	600,000
Obligations under capital leases, current portion	17,647	87,165	145,245
Accrued payroll and payroll related expenses	74,043	213,291	226,984
Deferred revenue	119,021	114,301	51,187
Accrued legal settlement	--	250,000	250,000
Other current liabilities	8,216	94,602	156,810
Total current liabilities	630,242	2,550,526	3,843,508
Obligations under capital leases, less current portion	18,079	152,743	324,304
Minority interest	(17,537)	(6,990)	15,828
Stockholders' deficit:			
Series A convertible preferred stock, $.0001 par value; 15,000,000 shares authorized; no shares issued and outstanding	--	--	--
Common stock, $.0001 par value; 60,000,000 shares authorized; 22,222,222, 22,222,222, and 25,000,000 shares issued	2,222	2,222	2,500
Common stock in treasury, 1,327,160, 2,222,222, and no shares at cost	(602)	(1,030)	--
Additional paid-in capital	159,260	159,260	158,452
Accumulated deficit	(507,388)	(2,213,793)	(3,364,969)
Total stockholders' deficit	(346,508)	(2,053,341)	(3,204,017)
Total liabilities and stockholders' deficit	$ 284,276	$ 642,938	$ 979,623

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

Consolidated Statements of Stockholders' Deficit

	PREFERRED STOCK		COMMON STOCK		TREASURY STOCK		ADDITIONAL PAID IN	ACCUMULATED	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	DEFICIT	TOTAL
Balance at December 31, 1995	--	--	12,345,679	$1,235	--	--	$ (235)	(13,357)	$ (12,357)
Stock awarded to employees for services	--	--	9,876,543	987	--	--	54,013	--	55,000
Treasury stock purchase	--	--	--	--	(2,469,136)	(1,120)	--	--	(1,120)
Net loss	--	--	--	--	--	--	--	(79,997)	(79,997)
Balance at December 31, 1996	--	--	22,222,222	2,222	(2,469,136)	(1,120)	53,778	(93,354)	(38,474)
Stock awarded to employees by principal stockholders	--	--	--	--	--	--	39,000	--	39,000
Treasury stock awarded to employees for services	--	--	--	--	1,141,976	518	66,482	--	67,000
Net loss	--	--	--	--	--	--	--	(414,034)	(414,034)
Balance at December 31, 1997	--	--	22,222,222	2,222	(1,327,160)	(602)	159,260	(507,388)	(346,508)
Treasury stock purchase	--	--	--	--	(895,062)	(428)	--	--	(428)
Net loss	--	--	--	--	--	--	--	(1,706,405)	(1,706,405)
Balance at December 31, 1998	--	--	22,222,222	2,222	(2,222,222)	(1,030)	159,260	(2,213,793)	(2,053,341)
Treasury stock retired (unaudited)	--	--	(2,222,222)	(222)	2,222,222	1,030	(808)	--	--
Issuance of common stock for cash (unaudited)	--	--	5,000,000	500	--	--	--	--	500
Net loss (unaudited)	--	--	--	--	--	--	--	(1,151,176)	(1,151,176)
Balance at March 31, 1999 (unaudited)	--	--	25,000,000	$2,500	--	--	$158,452	$(3,364,969)	$(3,204,017)

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

Consolidated Statements of Cash Flows

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
Cash Flows from Operating Activities:					
Net loss	$ (79,997)	$(414,034)	$(1,706,405)	$(192,494)	$(1,151,176)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities --					
Depreciation	16,015	49,443	101,783	16,632	57,329
Stock issuance for compensation	55,000	106,000	--	--	--
Minority interest	(8,821)	(8,716)	10,547	1,707	22,818
Changes in operating assets and liabilities --					
Accounts receivable	(119,176)	(48,142)	(66,498)	14,141	(17,696)
Deposits and prepaid expenses	(4,469)	668	(15,562)	416	(7,872)
Accounts payable and accrued expenses	108,125	143,123	1,681,790	238,867	(267,831)
Deferred revenue	12,517	106,504	(4,720)	(2,296)	(63,114)
Net cash provided by (used in) operating activities	(20,806)	(65,154)	935	76,973	(1,427,542)
Cash Flows from Investing Activities:					
Purchases of property and equipment	(45,040)	(69,639)	(102,232)	--	(49,348)
Net cash used in investing activities	(45,040)	(69,639)	(102,232)	--	(49,348)
Cash Flows from Financing Activities:					
Borrowings from related parties	66,110	--	--	--	543,212
Payment to related parties	--	(12,878)	(19,933)	(10,900)	--
Proceeds from issuance of note to shareholder	--	--	--	--	1,000,000
Borrowings of short term debt	--	263,561	312,259	62,259	50,000
Repayments of short term debt	--	(114,320)	(118,630)	(36,192)	(27,365)
Repurchase of stock	(1,120)	--	(428)	--	--
Proceeds from issuance of common stock	--	--	--	--	500
Principal payments under capital lease obligations	(403)	(8,935)	(47,600)	(5,179)	(31,904)
Net cash provided by (used in) financing activities	64,587	127,428	125,668	9,988	1,534,443
Net Increase (Decrease) in Cash	(1,259)	(7,365)	24,371	86,961	57,553
Cash, beginning of year	10,465	9,206	1,841	1,841	26,212
Cash, end of year	$ 9,206	$ 1,841	$ 26,212	$ 88,802	$ 83,765
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the period for interest	$ 3,590	$ 18,098	$ 45,075	$ 8,025	$ 30,258
Noncash Transactions:					
Equipment acquired under capital leases	$ 12,237	$ 32,827	$ 251,782	$ 10,760	$ 261,545

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

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED)

1. the Company and Description of Business

yesmail.com, inc. (the "Company") provides Internet marketing services to companies that conduct part or all of their business through e-commerce. The Company's services include targeted direct email campaigns to specific members in the YesMail Network who have given express permission to receive direct marketing messages in specific categories of interest. The Company also offers a variety of services focused on delivering Internet users to a particular Web site.

Superhighway Consulting, Inc. ("SCI", doing business as WebPromote) was founded in 1995 and was merged with WP Holding, Inc. ("WP Holding") on March 29, 1999, in a stock for stock transaction (the "Merger"), with the SCI stockholders receiving 80% of the outstanding shares of WP Holding. WP Holding had no operations prior to the Merger, and therefore, for accounting purposes the Merger is viewed as a 30.86 for one stock split by the Company on March 29, 1999. In connection with the Merger, SCI and certain stockholders of WP Holding entered into a Founders' Agreement, which, among other things, gives the former SCI stockholders the right to retain the first $16 million in value of the Company upon subsequent sale, merger or initial public offering. The $16 million represented the negotiated value of SCI as of the date of the Merger.

The financial statements reflect the historical accounts of SCI, with the number of SCI shares retroactively adjusted to reflect the stock split referred to above. On May 10, 1999, WP Holding changed its name to yesmail.com, inc.

Starting Point, L.L.C. ("Starting Point"), which is 70% owned by the Company, manages and operates an Internet directory and search resource. Starting Point owns a list of permission e-mail addresses and sells Web site banner advertisements for its Web site.

2. Liquidity and Financing Considerations

The Company has sustained net losses since its inception. The Company's ability to meet its obligations in the ordinary course of business is dependent upon its ability to establish profitable operations or to obtain additional funding through public or private equity financing, collaborative or other arrangements with corporate sources, and, ultimately, to establish profitable operations.

The Company's operating plan is to rapidly expand its sales and marketing, product development and administrative operations and to develop new strategic relationships to promote the Company's future growth. This will likely result in negative cash flow from operations at least through the year 2000. The Company raised $9 million of equity capital in May 1999 (see Note 11), but will likely need to raise

additional capital prior to the end of 1999. As discussed in Note 11, the Company is preparing for an initial public offering of stock. In the opinion of management, alternative financing from new or existing investors will be available to the Company if the initial public offering is delayed or canceled.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany balances and transactions have been eliminated in the consolidation process.

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED)

Interim Financial Statements (Unaudited)

In the opinion of the Company's management, the March 31, 1998 and 1999 unaudited interim consolidated financial statements include all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of such financial statements. The results of operations for the three months ended March 31, 1999 are not necessarily indicative of the results to be expected for the entire year.

Use of Estimates

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

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, for leasehold improvements, the shorter of the lease term or the estimated useful life of the asset, as follows:

```
Computer equipment.............................        1 - 2 years
Computer software..............................        1 - 2 years
Telephone equipment............................        2 - 5 years
```

```
Furniture and fixtures.............................        5 - 7 years
Leasehold improvements.............................        1 - 5 years
```

Maintenance and repairs are charged to expense as incurred and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statement of operations for the period in which it is realized.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are determined based on temporary differences between the financial statement and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. A provision for income tax expense is recognized for income taxes payable for the current period, plus the net changes in deferred tax amounts.

Revenue Recognition

The Company earns revenues from its customers by (i) charging fees for sending targeted email to its owned and represented subscribers, (ii) placing advertisements on Web sites and (iii) providing services to Web site owners. Revenue is recognized when emails are transmitted to subscribers, as advertisements are placed on Web sites, and when services are performed.

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) Deferred revenue represents liabilities for services not yet rendered or for advertisements not yet placed.

The Company becomes obligated to make payments to third-party Web sites, which have contracted with the Company to be part of the YesMail Network, in the period the email messages are delivered. Such expenses are classified as cost of revenues in the consolidated statements of operations.

Research and Development Costs

Costs incurred in the development of its Web site, products, and related applications to be used in connection with the Company's services have been expensed to operations as incurred through the year ended December 31, 1998. In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") No. 98-1, "Software for Internal Use," which provides guidance on

accounting for the cost of computer software developed or obtained for internal use. The Company adopted SOP No. 98-1 on January 1, 1999. As a result, the Company has continued to expense its development costs as incurred as the rapid pace of technological change results in an estimated useful life of such software of one year or less.

Advertising Costs

The Company expenses the cost of advertising and promoting its services as incurred. Such costs are included in sales and marketing on the consolidated statement of operations and totaled approximately $199,000, $571,000, $699,000, $163,000, and $259,000 for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999, respectively.

Financial Instruments and Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, accounts receivable, accounts payable, short-term debt, obligations under capital leases and accrued liabilities. At December 31, 1997 and 1998, the fair market value of these instruments approximated their financial statement carrying amount because of the short term maturity of these instruments. The Company does not require collateral for accounts receivable, but does evaluate customer creditworthiness and establish allowances as necessary based on management estimates of collectibility.

Impairment of Long-lived Assets and Long-lived Assets to Be Disposed of

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Stock-based Compensation

The Company accounts for stock-based compensation arrangements with employees in accordance with provisions of Accounting Principles Board ("APB"), Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) SFAS No. 123, "Accounting for Stock-Based Compensation." Under APB No. 25, compensation expense is based on the difference, if any, on the measurement date, between the estimated fair value of the Company's stock and the exercise price of options to purchase that stock or price paid for shares of stock. For directors and consultants receiving stock-based compensation, the Company complies with the provisions of SFAS No. 123.

Net Loss Per Share

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings per Share." Under the provisions of SFAS No. 128, basic net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common and common equivalent shares outstanding during the period. However, as the Company generated net losses in all periods presented, common equivalents shares, composed of incremental common shares issuable upon the exercise of warrants are not reflected in diluted net loss per share because such shares are anti-dilutive.

Other Comprehensive Income

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting comprehensive income and its components in financial statements. Other comprehensive income, as defined, includes all changes in equity (net assets) during a period from nonowner sources. To date, the Company has not had any transactions that are required to be reported in comprehensive income.

Recently Issued Accounting Pronouncements

In June 1997, the Financial Accounting Standard Board ("FASB") issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for the way companies report information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The disclosures prescribed in SFAS No. 131 are effective for the year ended December 31, 1998. The Company has determined that it does not have any separately reportable business segments.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which defines derivatives, requires that all derivatives be carried at fair value, and provides for hedge accounting when certain conditions are met. SFAS No. 133 is effective for the Company in

2001. Although the Company has not fully assessed the implications of SFAS No. 133, the Company does not believe that the adoption of this statement will have a material impact on the Company's financial position or results of operations.

4. Related-party Transactions

The Company had amounts payable to certain stockholders for expenses incurred on behalf of the Company in the amounts of $76,721 and $56,788 as of December 31, 1997 and 1998, respectively. These amounts were fully paid by January 1999.

Subsequent to December 31, 1998, the Company obtained advances from certain stockholders totaling $600,000. These advances have been classified as due to related parties in the

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) accompanying consolidated balance sheet. All advances were converted to series A preferred stock on May 18, 1999 as described further in Note 11.

Starting Point pays a management fee to its minority member for services related to operating and managing the business. Management fees paid to the minority member were $5,000, $22,500, $81,000, $23,000 and $18,000 for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999, respectively.

5. Property and Equipment

Property and equipment are summarized as follows:

	DECEMBER 31,		MARCH 31,
	1997	1998	1999
Computer equipment	$117,029	$ 268,384	$ 537,911
Computer software	24,793	126,147	153,666
Telephone equipment	16,851	57,528	57,528
Furniture and fixtures	10,878	10,878	10,878
Leasehold improvements	--	60,628	74,475
	169,551	523,565	834,458
Accumulated depreciation	(67,911)	(169,694)	(227,023)
	$101,640	$ 353,871	$ 607,435

6. Short-term Debt

The Company has lines of credit with two banks, providing for maximum borrowings of $370,000 as of both December 31, 1998 and March 31, 1999. Interest rates ranged from 9.25% to 14.75%, with a weighted average rate of 9.37% as of December 31,1998. One line of credit matures on July 15, 1999 and the other line of credit has no expiration date. Outstanding borrowings under the lines of credit were $149,241, $298,955 and $322,972, as of December 31, 1997 and 1998 and March 31, 1999. Borrowings are personally guaranteed by certain stockholders.

On March 12, 1998 the Company borrowed $50,000 from a bank at an interest rate of 10.0% that matures on July 15, 1999. The balance of the note was $43,915 and $42,533 as of December 31, 1998 and March 31, 1999. The loan is collateralized by all of the assets and property of the Company.

7. 401(k) SAVINGS PLAN In September 1997, the Company established a 401(k) Savings Plan (the "Plan") that covers substantially all employees. Under the Plan, employees are permitted to contribute a portion of gross compensation not to exceed standard limitations provided by the Internal Revenue Service. The Company maintains the right to match employee contributions, but for the years ended December 31, 1997 and 1998 and for the three months ended March 31, 1999, no Company matching contributions were made.

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED)

8. Commitments and Contingencies

Leases

The Company leases office space and equipment under noncancelable operating and capital leases with various expiration dates through the year 2003. Rent expense amounted to approximately, $19,000, $51,000, $86,000, $17,000 and $43,000 for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999, respectively.

Future minimum lease payments under noncancelable capital leases and operating leases as of December 31, 1998 are as follows:

	CAPITAL LEASES	OPERATING LEASES
1999	$112,683	$102,850
2000	74,916	105,935
2001	42,440	109,113
2002	39,601	103,091
2003	24,295	86,172
Total minimum lease payments	$293,935	$507,161

```
Less -- Amount representing interest.....................   (54,027)
Present value of capital lease obligations.................   239,908
Less -- Current portion....................................   (87,165)
Long-term portion.......................................... $152,743
```

Litigation

In connection with the termination of employment of a stockholder, the Company exercised its right to repurchase the stockholder's shares in accordance with the Shareholders' Agreement described in Note 9. The former stockholder has filed a lawsuit contesting the repurchase amount. During 1998, the Company recorded a reserve of $250,000 in other expense in the accompanying financial statements. Subsequent to year end, the case was settled for approximately $250,000.

Additionally, the Company is, at times, subject to pending and threatened legal actions and proceedings. After reviewing pending and threatened actions and proceedings with counsel, management believes that the outcome of such actions or proceedings is not expected to have a material adverse effect on the financial position or results of operations of the Company.

9. Common Stock

In June 1997, the Company's Board of Directors authorized a four for one stock split. In January 1998, the Board of Directors authorized a five hundred for one stock split. In connection with the Merger, the financial statements reflect a 30.86 for one stock split on March 29, 1999. The consolidated financial statements have been restated to reflect these stock splits.

During June 1997, two principal stockholders awarded shares from their holdings of common stock of the Company to employees. Additionally, the Company granted stock awards from treasury stock to several employees in lieu of cash compensation. In both instances, compensation expense was recorded for the entire amount of the awards based upon the estimated fair value of the stock at the time of the issuance.

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) In February 1999, the Company retired all treasury shares outstanding.

The stock of SCI, prior to the Merger, was subject to a Shareholders' Agreement which gave SCI the right to repurchase the stock, at a formula price, from stockholders who terminated employment with SCI. The Shareholders' Agreement also gave SCI the right of first refusal to repurchase shares offered to a third party. The Shareholders' Agreement was terminated in connection with the Merger with WP Holding.

10. Income Taxes

As of December 31, 1998, the Company had net operating loss carryforwards of approximately $1,423,000, which begin to expire in the year 2010.

As a result of various equity transactions during 1999, the Company believes that it may have undergone an "ownership change" as defined in section 382 of the Internal Revenue Code. Accordingly, the utilization of a portion of the net operating loss carryforwards may be limited. Due to the uncertainty regarding the ultimate utilization of the net operating carryforwards, the Company has not recorded any benefit for losses and a valuation allowance has been recorded for the entire amount of the net deferred tax asset. In addition, sales of the Company's stock, including shares sold in the Company's initial public offering, may further restrict its ability to utilize its net operating loss carryforwards.

The difference between the income tax benefit at the federal statutory rate of 34% and the Company's effective tax rate is due primarily to recognition of a full valuation allowance to offset the deferred tax assets.

The estimated tax effects of significant temporary difference and carryforwards that give rise to deferred income tax assets as of December 31, 1998, are as follows:

Deferred income tax assets --	
Net operating loss carryforwards	$ 554,787
Accrued liabilities and other	453,448
Gross deferred income tax assets	1,008,235
Less: valuation allowance	(839,316)
Deferred income tax liabilities --	
Deferred revenue	(156,629)
Depreciation on property and equipment	(12,290)
Gross deferred income tax liabilities	(168,919)
Net deferred tax assets	$ --

The Company has recorded a valuation allowance against gross deferred tax assets due to uncertainties surrounding their realization. The amount of net deferred tax assets considered realizable, however, could be increased in the future if estimates of future taxable income are increased.

11. Subsequent Events

Bridge Loan/warrant

On December 28, 1998, the Company agreed to issue a warrant to an individual in connection with a loan of $1.0 million ("Bridge Loan"), which was to be converted into series A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) convertible preferred stock at the option of the holder. The warrant was only exercisable upon an event of default. No value was ascribed to the warrant. The proceeds from the loan were received and the warrant was issued in January 1999. On May 18, 1999, the loan was converted into 1,527,273 shares of series A convertible preferred stock in connection with the Company's private equity placement (see Note 11) and the warrant was canceled.

Stock Option Plan

On April 1, 1999, the Company adopted the 1999 Stock Plan (the "Stock Plan") which provides for the grant of up to 8,600,000 incentive or non-statutory stock options or shares of restricted stock to employees, directors and consultants ("Optionee") of the Company. On May 17, 1999, the Board of Directors increased the number of authorized options to 9,800,000. Options granted under the Stock Plan generally vest ratably over a period of four years and expire ten years from the date of grant. If an Optionee ceases employment with or service to the Company ("Termination"), the Optionee may exercise any vested option at the time of Termination within such period of time specified in the option agreement. In the absence of a specified time in the option agreement, the option remains exercisable for three months following the Optionee's Termination. Unvested options revert to the Stock Plan at the date of the Termination. If, after Termination, the Optionee does not exercise the options within the time specified, the Option shall terminate and the shares revert to the Stock Plan.

In May, 1999, the Company issued an aggregate of 6,385,455 shares of restricted common stock to officers for $0.60 per share. In the event of a change of control (as defined in the Restricted Stock Purchase Agreement), 25% of the shares purchased vest (in addition to any shares vested at such time). In connection with such issuance, the officers paid for the stock by issuing notes payable to the Company that are secured by the shares of the Company's common stock purchased. The secured notes receivable bear interest at 5.22% per annum with the entire principal balance of the note, together with all accrued and unpaid interest, due and payable on the earlier of (a) the sale of the underlying common stock, (b) May 10, 2008 or (c) termination of employment. The Company has recourse against the signers of the notes for 75% of the principal and all accrued interest. The notes receivable from the stockholders will be classified as a reduction of equity. The shares generally vest over a four-year period; however, 2,400,000 shares vest seven months from the occurrence of an initial public offering. The stock is restricted in that any unvested shares are subject to repurchase rights by the Company upon the occurrence of certain events or conditions, such as employment termination, at the original purchase price.

During April and May 1999, the Company issued 650,000 incentive stock options and 1,510,000 non-qualified stock options with an exercise price of $0.60 per share, which vest over two to four years.

Convertible Preferred Stock

On May 18, 1999, the Company issued 13,745,460 shares of $.0001 par value series A convertible preferred stock at $.6548 per share ("Subscription Price") for gross proceeds of $9.0 million, including the $1 million Bridge Loan and the $600,000 of stockholder advances previously received. The Bridge Loan and stockholder advances were converted to 2,443,637 shares of preferred stock.

Yesmail.com, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (INFORMATION RELATING TO MARCH 31, 1998 AND 1999 IS UNAUDITED) Each share of preferred stock is non-voting and convertible to common stock at any time, at the option of the holder and mandatorily upon an initial public offering that exceeds a threshold, or sale of the business. Dividends on the preferred stock are earned at a rate of $0.05 per share per annum (approximating an 8% yield), and are only payable upon certain dividend accrual events, such as a sale. Holders of the preferred stock are entitled to a liquidation preference in the event of any liquidation and such holders have the right to approve certain transactions.

Initial Public Offering

On June 4, 1999, the Company's Board of Directors authorized the Company to file a registration statement with the Securities and Exchange Commission for the purpose of an initial public offering of the Company's common stock. Upon the completion of this offering, if requirements set forth in its Certificate of Incorporation are met, the Company's preferred stock will be converted into 13,745,460 shares of common stock, and all outstanding shares of preferred stock will be canceled and retired.

[On Inside Cover

Photograph of peoples' hands raised to indicate that they are saying "yes" to receiving permission email messages. A brief description of the YesMail Network is provided. As an inset to the page is a chart which shows the comparative response rates, documented by 3rd party sources, for permission email, direct mail and banner advertising.]

[On Fold Out Flap Inside the Cover

Chart which diagrams the flow of direct marketing messages from direct marketers, through the YesMail Network, to consumers with arrows showing the direction of messages and resulting responses. The YesMail Network, technology and products are listed to illustrate their roles in enabling the process of targeting, delivering and tracking permission email messages.]

[On Inside Back Cover

A case study of a real permission email campaign, with illustration/photo of client Web site/logo. In summary form, the case study explains the campaign objectives, implementation and results. On the right hand border of the page is a panel with logos of some companies with whom yesmail.com works.]

YOU MAY RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE INFORMATION DIFFERENT FROM THAT CONTAINED IN THE PROSPECTUS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR SALE OF COMMON STOCK MEANS THAT INFORMATION CONTAINED IN THIS PROSPECTUS IS CORRECT AFTER THE DATE OF THIS PROSPECTUS. THIS PROSPECTUS IS NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY THESE SHARES IN ANY CIRCUMSTANCES UNDER WHICH THE OFFER OR SOLICITATION IS UNLAWFUL.

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UNTIL , 1999 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS THAT BUY, SELL OR TRADE IN THESE SHARES OF COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. DEALERS ARE ALSO OBLIGATED TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS. SHARES

[Logo]

COMMON STOCK PROSPECTUS DEUTSCHE BANC ALEX. BROWN

Thomas Weisel Partners Llc

VOLPE BROWN WHELAN & COMPANY , 1999

Part Ii

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses, other than the underwriting discounts and commissions, payable by the Registrant in connection with the sale of the securities being registered. All amounts shown are estimates except for the SEC registration fee and the NASD filing fee.

SEC registration fee	$12,800
NASD filing fee	5,100
NASDAQ National Market Fees	*
Blue Sky qualification fees and expenses	*
Printing and engraving expenses	*
Accountant's fees and expenses	*
Legal fees and expenses	*
Miscellaneous	$ *
Total	*

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law permits a corporation to include in its charter documents, and in agreements between the corporation and its directors and officers, provisions expanding the scope of indemnification beyond that specifically provided by the current law.

Article 8 of the Registrant's Restated Certificate of Incorporation provides for the indemnification of directors to the fullest extent permissible under Delaware law.

Article 6 of the Registrant's Bylaws provides for the indemnification of officers, directors and third parties acting on behalf of the Registrant if such person acted in good faith and in a manner reasonably believed to be in and not opposed to the best interest of the Registrant, and, with respect to any criminal action or proceeding, the indemnified party had no reason to believe his or her conduct was unlawful.

The Registrant has entered into indemnification agreements with its directors and executive officers, in addition to indemnification provided for in the Registrant's Bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

Item 15. Recent Sales of Unregistered Securities.

On May 10, 1999, the Registrant sold an aggregate of 6,385,455 shares of its common stock to 6 employees in exchange for cash and notes in an aggregate amount of approximately $3.8 million pursuant to restricted stock purchase agreements.

On May 18, 1999, the Registrant sold an aggregate of 13,745,460 shares of its series A preferred stock to an aggregate of 72 persons in exchange for an aggregate of $9.0 million, including $7.4 million in cash and $1.6 million of conversion of indebtedness.

On March 29, 1999, the Registrant issued 20,000,000 shares of its common stock to an aggregate of 7 persons pursuant to the terms of an agreement and plan of merger.

On March 25, 1999, the Registrant issued 5,000,000 shares of its common stock to an aggregate of 5 persons pursuant to the terms of a subscription agreement for an aggregate of $500.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Registrant believes that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(2) thereof, Regulation D promulgated thereunder or Rule 701 pursuant to compensatory benefit plans and contracts relating to compensation as provided under such Rule 701. The recipients in such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationships with the Registrant, to information about the Registrant.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits.

Exhibit Number Description of Document

1.1*	Form of Underwriting Agreement
3.1	Third Amended and Restated Certificate of Incorporation of yesmail.com, inc., dated May 20, 1999
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant to be filed upon the closing of the offering
3.3	Restated Bylaws of the Registrant
4.1*	Specimen Common Stock Certificate
4.2	Registration Rights Agreements dated May 18, 1999
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation
10.1	Form of Indemnification Agreement between the Registrant and

	each of its directors and officers
10.2	Form of Restricted Stock Purchase Agreement
10.3*	1999 Stock Option Plan and form of agreements thereunder
10.4*	1999 Employee Stock Purchase Plan
10.5	Office/Service Center Lease dated May 12, 1998
10.6	Software License Agreement between the Registrant and Revnet dated June 4, 1999
10.7	Employment Agreement dated March 12, 1999, for David M. Tolmie
10.8	Employment Agreement dated April 2, 1999, for David B. Menzel
10.9	Employment Agreement dated May 27, 1999, for Mark D. Boyce
10.10	Employment Agreement dated February 15, 1999, for Peder J. Jungck
10.11	Employment Agreement dated April 17, 1999, for Michael R. Mooradian
10.12	Employment Agreement dated March 3, 1999, for Anthony Priore
10.13	Employment Agreement dated March 31, 1999, for John G. Vandegrift
23.1	Consent of Arthur Andersen LLP, Independent Public Accountants
23.2	Consent of Counsel (see Exhibit 5.1)
24.1	Power of Attorney (see page II-6)
27.1	Financial Data Schedule

* To be filed by amendment (b) Financial Statement Schedules. II-2 Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h)

under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto, duly authorized, in the City of Vernon Hills, Illinois, on June 7, 1999.

yesmail.com, inc.

By: /s/ DAVID M. TOLMIE David M. Tolmie Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Tolmie and David Menzel, and each of them his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendment or post-effective amendment to this Registration Statement on Form S-1 or abbreviated registration statement (including, without limitation, any additional registration filed pursuant to Rule 462 under the Securities Act of 1933) with respect hereto and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature Title Date

/s/ DAVID M. TOLMIE - ---------- David M. Tolmie	Chief Executive Officer and Director (Principal Executive Officer)	June 7, 1999
/s/ DAVID B. MENZEL - ---------- David B. Menzel	Chief Financial Officer (Principal Financial and Accounting Officer)	June 7, 1999
/s/ KENNETH D. WRUK - ---------- Kenneth D. Wruk	Chairman of the Board of Directors	June 7, 1999

/s/ GIAN FULGONI Director June 7, 1999 Gian Fulgoni /s/ ALEXANDER HERN Director June 7, 1999 Alexander Hern /s/ MICHAEL A. SANTER Director June 7, 1999 Michael A. Santer /s/ ROBERT W. SHAW Director June 7, 1999 Robert W. Shaw /s/ JOHN VANDEGRIFT Director June 7, 1999 John Vandegrift

Report of Independent Public Accountants

To the Board of Directors of yesmail.com, inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of yesmail.com, inc. included in this Form S-1 and issued our report thereon dated June 4, 1999. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Rule 12-09 Valuation Reserve schedule is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a part of the basic financial statements. This schedule has been subject to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Chicago, Illinois June 4, 1999

Yesmail.com Inc.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998 AND FOR THE QUARTERS ENDED MARCH 31, 1998 AND 1999

Allowance for Doubtful Accounts

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
Beginning Balance.....	3,981	25,707	25,707	25,707	55,871
Provisions for allowance.....	44,845	87,513	60,076	29,292	49,999
Write offs against the allowance.....	(23,119)	(87,513)	(29,912)	(14,384)	--
Ending Balance.....	25,707	25,707	55,871	40,615	105,870

Exhibit Index

Exhibit Number Description of Document

1.1*	Form of Underwriting Agreement.....
3.1	Third Amended and Restated Certificate of Incorporation of

	yesmail.com, inc., dated May 20, 1999.....
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant to be filed upon the closing of the offering.....
3.3	Restated Bylaws of the Registrant.....
4.1*	Specimen Common Stock Certificate.....
4.2	Registration Rights Agreements dated May 18, 1999.....
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.....
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and officers.....
10.2	Form of Restricted Stock Purchase Agreement
10.3*	1999 Stock Option Plan and form of agreements thereunder....
10.4*	1999 Employee Stock Purchase Plan.....
10.5	Office/Service Center Lease dated May 12, 1998.....
10.6	Software License Agreement between the Registrant and Revnet dated June 4, 1999.....
10.7	Employment Agreement dated March 12, 1999, for David M. Tolmie.....
10.8	Employment Agreement dated April 2, 1999, for David B. Menzel.....
10.9	Employment Agreement dated May 27, 1999, for Mark D. Boyce.....
10.10	Employment Agreement dated February 15, 1999, for Peder Jungck
10.11	Employment Agreement dated April 17, 1999, for Michael R. Mooradian.....
10.12	Employment Agreement dated March 3, 1999, for Tony Priore
10.13	Employment Agreement dated March 31, 1999, for John G. Vandegrift.....
23.1	Consent of Arthur Andersen, LLP, Independent Public Accountants.....
23.2*	Consent of Counsel (see Exhibit 5.1).....
24.1	Power of Attorney (see page II-6).....
27.1	Financial Data Schedules.....

* To be filed by amendment </TEXT>