

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported) July 9, 2001

INDIVIDUAL INVESTOR GROUP, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-10932

13-3487784

(State or Other Jurisdiction
of Incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

125 Broad Street, 14th Floor, New York, New York

10004

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code

(212) 742-2277

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Item 2. Acquisition or Disposition of Assets

On July 9, 2001, Individual Investor Group, Inc. (the "Company") completed the transactions contemplated by an agreement ("Agreement") with The Kiplinger Washington Editors, Inc. ("Kiplinger"), the publisher of Kiplinger's Personal Finance Magazine ("KPFM"). Pursuant to the Agreement, the Company, among other things:

- o sold to Kiplinger the subscriber list to the Company's Individual Investor Magazine ("II");
- o agreed, until July 9, 2006, not to use the name "Individual Investor" for print periodical publishing or list rental purposes, except in connection with the Company's Individual Investor's Special Situations Report newsletter; and
- o agreed to provide certain consulting services to Kiplinger until July 9, 2002.

In return, Kiplinger:

- o agreed to provide II subscribers with KPFM, at no additional cost to II subscribers, for the number of issues of II that such subscribers have paid for but have not been served, representing approximately \$2.6 million of deferred subscription liability of the Company; and

- o paid the Company \$3.5 million in cash, a portion of which was placed in escrow to secure certain obligations.

Following this transaction, the Company still retains all of its other assets, including its America's Fastest Growing Companies™ family of stock indexes, its online operations, its Special Situations Report newsletter, its trademarks and equity investments.

In connection with this transaction, the Company reduced its employee headcount by approximately 90% in order to focus on its stock index licensing operations and the low-cost maintenance of its online operations, which include www.individualinvestor.com and www.SHORTInterest.com. Additionally, the Company will immediately seek to sublet 18,000 square feet of its office space. In May 2001, the Company sublet the other 17,000 square feet of its headquarters office space and pursuant to the sublet, the Company is entitled to receive annual rent of approximately \$607,000, escalating to approximately \$642,000 over the term of the sublease.

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Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

- (b) Pro Forma Financial Information*
- (c) Exhibits

Exhibit
Number Description
- - - - -

- 4.1 Agreement, dated July 9, 2001, between Individual Investor Group, Inc. and The Kiplinger Washington Editors, Inc.
- 10.1 Escrow Agreement, dated July 9, 2001, between Individual Investor Group, Inc., The Kiplinger Washington Editors, Inc. and Riggs National Bank of Washington, D.C.
- 10.2 Escrow Agreement, dated July 11, 2001, between Individual Investor Group, Inc., The Kiplinger Washington Editors, Inc. and the First Union National Bank

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*Pro forma financial statements as required pursuant to Article 11 of Regulation S-X shall be filed by amendment not later than 60 days after the date that the initial report on Form 8-K must be filed.

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SIGNATURES

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

Dated: July 18, 2001 INDIVIDUAL INVESTOR GROUP, INC.

By: /s/ Gregory E. Barton

Gregory E. Barton
President

EXHIBIT INDEX

Exhibit Number	Description
- - - - -	- - - - -
4.1	Agreement, dated July 9, 2001, between Individual Investor Group, Inc. and The Kiplinger Washington Editors, Inc.
10.1	Escrow Agreement, dated July 9, 2001, between Individual Investor Group, Inc., The Kiplinger Washington Editors, Inc. and Riggs National Bank of Washington, D.C.
10.2	Escrow Agreement, dated July 11, 2001, between Individual Investor Group, Inc., The Kiplinger Washington Editors, Inc. and the First Union National Bank

Agreement

AGREEMENT made this 9th day of July, 2001 by and between Individual Investor Group, Inc., a Delaware corporation with principal offices located at 125 Broad Street, New York, N.Y. 10004 (hereinafter referred to as "Seller"), and The Kiplinger Washington Editors, Inc., a Delaware corporation ("Purchaser"), with principal offices located at 1729 H Street, N.W. Washington, DC 20006.

WITNESSETH:

WHEREAS, Seller is the publisher of Individual Investor Magazine, ("II")

WHEREAS, Purchaser is the publisher of Kiplinger's Personal Finance magazine ("KPFM");

WHEREAS, Seller is planning to cease publication of II after publication and distribution of the August 2001 issue;

WHEREAS, Seller desires to sell and Purchaser desires to buy certain assets of the business of Seller (as hereinafter defined), upon the terms and subject to the conditions hereinafter set forth; and

WHEREAS, Seller is willing to provide certain services to Purchaser in connection with the assets to be purchased;

NOW THEREFORE, in consideration of the promises and of the representations and agreements of the parties hereafter set forth, the parties hereto agree as follows:

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ARTICLE I

Purchase and Sale

1.01 Transfer of Assets. Seller hereby sells, assigns, transfers, and delivers to Purchaser, and Purchaser hereby purchases, accepts and receives from Seller, all of Seller's right, title and interest in and to the following assets:

(a) All files and records in electronic, paper or any other format or media that relate to subscribers or other purchasers of II in possession of and/or controlled by Seller and/or in the possession of Communications Data Service, Inc. ("CDS"), including but not limited to Active Subscribers, Expired Subscribers, and Bad Pay Subscribers, all promotional campaigns, list rental history, newsstand record and the like as more fully described in Schedule 1.01(a) hereto (collectively, the foregoing assets are sometimes referred to as the "Assets"). All said files and records shall be in the form maintained by Seller and /or CDS.

(b) Seller will, for a period of ninety (90) days after the date hereof, (i) provide Purchaser with reasonable access to all files and records in electronic, paper or any other media or format in the possession or control of Seller that relate to the sale of past, current or future advertising, including but not limited to names, address, telephone numbers and e-mail addresses of advertisers and their agencies, volume of advertising purchased or proposed, credit experience, agency commission, and the like and (ii) permit Purchaser to make complete copies and/or extracts from said files and records for Purchaser's use.

(c) Seller agrees to prepare a letter on its letterhead in the form of Exhibit A, to all of its subscribers announcing the cessation of publication of II and the endorsement and selection of KPFM to fulfill remaining issues. The

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cost of printing and sending this letter shall be borne by Purchaser. The timing and method of distribution of this letter shall be determined by Purchaser.

1.02 Obligations of Purchaser. (a) Fulfillment. Purchaser will provide subscribers of II with KPFM, without additional costs to subscribers, for the number of issues of II that said subscribers have paid for, but have not been served. Seller shall publish and distribute the July 2001 and August 2001 issues of II before the date hereof.

(b) Refunds. Purchaser, through CDS, will make refunds of the balance of deferred subscription revenue for direct to publisher subscribers who request a refund from the Refund Escrow Fund as set forth in the Escrow Agreement attached hereto as Exhibit C. The cost of providing refunds billed by CDS and

the refunds will be paid from the Refund Escrow Fund. If the Escrow Fund is exhausted, Purchaser and Seller will each pay one-half (1/2) of (i) additional refunds of the balance of deferred subscription revenue for direct to publisher subscribers who request a refund and (ii) the cost of providing refunds billed by CDS. Subscribers who request refunds who are agent sold (not direct to publisher subscribers) will be advised to contact their respective agents to obtain a refund or an alternative magazine. Purchaser will remit to each agent for each such subscriber requesting a refund that portion of the net subscription price (gross subscription price less agent commission) received by II that is still in deferred subscription revenue. The costs to Purchaser for said remittances to agents will be paid from the Refund Escrow Fund as set forth in the Escrow Agreement attached hereto as Exhibit C. If the Refund Escrow Fund is exhausted, Purchaser and Seller will each pay one-half (1/2) of additional said remittances to agents.

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(c) Purchaser is assuming no other obligations except as explicitly set out in Sections 1.02(a) and 1.02(b).

1.03 Seller's Covenant Not to Compete. After the date hereof and for a period of five (5) years thereafter, Seller agrees that it (i) will not directly or indirectly (except in association or under agreement with Purchaser) use the name Individual Investor for print periodical publishing or list rental purposes, except for the use of the name "Individual Investor's Special Situations Report" in connection with a monthly newsletter, (ii) will not authorize any third party to use the name Individual Investor for print periodical publishing, and (iii) will, at Purchaser's reasonable request and expense, assist Purchaser in preventing a third party from using the name Individual Investor for print periodical publishing. Seller has obtained and delivered to Purchaser, an agreement from American Association of Individual Investors ("AII") in which AII agrees that, for a period of five (5) years that AII will not license the name Individual Investor to any other entity in the field of consumer personal finance for use on a magazine or other print publication.

1.04 Consulting Agreement. Seller agrees, for a period commencing on the date of execution of this Agreement and continuing for a (1) year period, to provide consulting services as follows: At Purchaser's reasonable request, Seller shall assist Purchaser in connection with the transition of II subscribers to KPFFM, renewal of former II subscribers to KPFFM, analysis of II advertising accounts and campaigns, and list rental efforts related to the former II list. Such services shall be provided by Seller on an as needed basis by such of Seller's personnel as Seller shall assign to work with representatives of Purchaser, and shall be performed in the manner so as not to unreasonably interfere with Seller's operations. Seller shall not be required to retain or hire personnel or independent contractors in order to provide Purchaser the services required by this Section and Seller shall not be required to spend any specific amount of time in performing such services.

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1.05 Assets Included In Sale. Only the assets specifically transferred to Purchaser pursuant to this Agreement are included in this Sale and all other assets of Seller are retained by Seller.

ARTICLE II

Consideration

2.01 Purchase Price. (a) In consideration of the transfer of the Assets to Purchaser, the covenant not to compete, the provision of consulting service, and the due performance by the Seller of its obligations hereunder, Purchaser shall (i) assume the obligations set forth in section 1.02 hereof and (ii) pay to Seller the sum of Three Million Five Hundred Thousand Dollars (\$3,500,000) (the "Purchase Price"), subject to the escrow provisions contained in sections 9.04 of this Agreement. Subject to the escrow provision of Section 9.04, payment of the purchase price shall be made simultaneously with the execution hereof by bank wire transfer or by certified or official bank check payable through the Federal Reserve System with funds good and available on the date of Closing as follows:

(i) One Hundred Twenty-Five Thousand Dollars (\$125,000) of the Purchase Price shall be paid to Rubin, Winston, Diercks, Harris & Cooke, LLP, to hold in escrow until the parties have selected an escrow agent to administer the Refund Escrow Fund, as defined in Section 9.04 with the balance of the funds, if any, in escrow one hundred eighty (180) days from the date hereof to be remitted to

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Seller; (ii) Five Hundred Thousand Dollars (\$500,000) to be paid to Riggs National Bank of Washington, D.C. as Escrow Agent pursuant to the Escrow Agreement as defined in Section 9.03 ; and (iii) Two Million Eight Hundred Seventy-five Thousand Dollars (\$2,875,000) shall be paid to Seller.

(b) Purchaser and Seller agree that the purchase price shall be allocated as set forth in Schedule 2.01(b).

ARTICLE III

Representations and Warranties of Seller

Seller hereby represents and warrants to Purchaser as follows:

3.01 Organization, etc. Seller is a corporation organized, existing and in good standing under the laws of the state of Delaware. Seller has full corporate power and authority to own the Assets.

3.02 Authorization of Agreement. Seller has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions provided for herein. The execution and delivery of this Agreement by Seller and the performance by Seller of all of its obligations hereunder have been duly authorized by all necessary corporate action. This Agreement has been duly and validly authorized, executed and delivered on behalf of Seller and constitutes a valid and binding obligation of Seller enforceable against Seller in accordance with its terms. No consent, authorization or approval of, or exemption by, any governmental or public body or authority is required in connection with the execution, delivery and performance by Seller of this Agreement or any of the instruments or agreements herein referred to, or the taking of any action herein contemplated.

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3.03 Properties. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will transfer to Purchaser legal, valid and marketable title to all of the Assets, free and clear of all claims, liens, charges and encumbrances of any kind or nature whatsoever.

3.04 Litigation and Compliance with Law. (a) Seller has not received notice of, nor has it any knowledge of, any law, rule or regulation, whether existing or proposed, or any suit, action proceeding, investigation, or inquiry, pending or threatened, which would in any materially adverse way interfere with the use of the Assets substantially as carried on at present.

Neither this Agreement nor its consummation will create any default or forfeiture under any agreement or writing to which Seller is a party or subject to or by which it is or may be bound, or in any violation of any law, rule or regulation of any government, or board, bureau, commission or agency thereof, or create or result in the creation or imposition of any lien or charge upon any of the Assets which would have a material adverse effect on the Assets.

3.05 Financing Statements. No currently effective financing statement under the Uniform Commercial Code which has been secured by the Assets to be acquired pursuant to this Agreement and which names Seller as debtor has been filed in any jurisdiction, and Seller has not signed any such financing statement or any security agreement authorizing any secured party thereunder to file any such financing statement.

3.06 Disclosure. To the best of Seller's knowledge, no representation or warranty by Seller in this Agreement and no written statement, exhibit, schedule, certificate or other document heretofore or hereafter furnished by Seller or on its behalf pursuant to this Agreement or in connection with the transactions contemplated hereby contains, or will contain, as of the Closing Date, any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein not misleading.

3.07 Seller represents and warrants that: (a) the agreement of Seller to enter into this Agreement is not the product of duress and (b) its economic circumstances are not the result of any wrongful conduct of Purchaser.

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ARTICLE IV

Purchaser's Representations and Warranties

Purchaser hereby represents and warrants to Seller as follows:

4.01 Corporate Standing. Purchaser is a corporation duly organized,

validly existing and in good standing under the laws of the State of Delaware.

4.02 Authorization of Agreement. Purchaser has full corporate power to execute and deliver this Agreement and to consummate the transactions provided for herein. The execution and delivery of this Agreement by Purchaser and the performance by Purchaser of all its obligations to be performed hereunder have been duly authorized by all necessary corporate action. This Agreement has been duly and validly authorized, executed and delivered on behalf of Purchaser and constitutes a valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms. No consent, authorization or approval of, or exemption by, any governmental or public body or authority is required in connection with the execution, delivery and performance by Purchaser of this Agreement or any of the instruments or agreements herein referred to, or the taking of any action herein contemplated.

4.03 General. If this Agreement is terminated for any reason, all data, information, files, records and copies of documents and other materials obtained by Purchaser from Seller in connection with this Agreement shall be returned to Seller and Purchaser shall continue to hold all information obtained there from in confidence and will not use such material for any purpose, except to the extent that such information either is, or becomes, published or a matter of public knowledge (other than knowledge gained as a result of discussions with Seller's personnel in connection with this transaction or otherwise), or hereafter becomes known to Purchaser from third parties who Purchaser has no reason to believe are in a confidential relationship with Seller, or through independent efforts of Purchaser or its employees.

ARTICLE V

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ARTICLE VI

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ARTICLE VII

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ARTICLE VIII

Transaction Procedures

8.01 Processing of Orders.

(a) All subscription mail (including new and renewal orders, agent tapes and orders, checks and money orders, changes of address, etc.) received by Seller, its agents or fulfillment suppliers from the date of execution of this Agreement set forth above shall not be processed. This subscription mail shall be turned over to Purchaser after receipt.

(b) Seller hereby agrees to: (i) suspend collection efforts for credit subscribers and (ii) suspend all renewal promotion.

(c) The list rental orders received by Seller and shipped by the date of the execution of this Agreement set forth above, shall be the property of the Seller who shall be solely responsible for collection of said orders. Orders not received and shipped by the date of execution of this Agreement set forth above shall be the exclusive property of Purchaser.

(d) Seller will cooperate with Purchaser in empowering Purchaser to endorse and deposit subscription and list rental (provided that they are the property of Purchaser as set forth in Section 8.01(c)) checks or money orders to Purchaser's account that are received in subscription or other mail after the date of execution of this Agreement.

(e) Neither party will file a Form 8594 with the Internal Revenue Service in connection with this transaction without the prior written consent of the other party, which consent shall not be unreasonably withheld.

ARTICLE IX

Deliveries

9.01 Deliveries. (a) Simultaneously with the execution hereof, Seller shall:

(1) Deliver to Purchaser certified resolutions of the Board of Directors of Seller authorizing Seller to enter into this Agreement and to consummate the transactions covered by this Agreement and of the authority of the persons executing all other instruments or writing of conveyance, transfer and assignment.

(2) Deliver to Purchaser an opinion of Graubard Miller, counsel to Seller, in the form attached hereto as Schedule 9.02(a)(2), dated the date hereof and addressed to Purchaser.

(3) Convey and transfer to Purchaser all of the Assets by good and sufficient bills of sale or other instruments of conveyance running to Purchaser. The transfer of the Assets by magnetic tape or by such other medium

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as Purchaser may reasonably require shall take place at CDS's facility in Iowa or at such other location as may be reasonably specified by Purchaser. Seller shall deliver to Purchaser all Assets (other than those held by CDS) in its possession and /or control within five (5) days after the date hereof.

(4) Deliver to Purchaser a statement from CDS that the II active subscriber list consists of at least 432,000 subscribers who will receive the August 2001 issue of II.

(5) Deliver to Purchaser a statement from CDS describing all list orders not shipped by the date of execution of this Agreement.

(6) Deliver to Purchaser the June 30, 2001 expired inventory and related copy liability report for II.

(7) Deliver to Purchaser a Bill of Sale executed by Seller in the form set forth in Schedule 9.01(a)(7).

(8) Deliver to Purchaser a copy of a communication from Seller to CDS instructing CDS (i) that as of the date of execution of this Agreement, Seller has sold its current subscriber, expired subscriber and bad pay subscriber lists and related fulfillment data and any list rental orders not shipped as of the date of execution of this Agreement to Purchaser, (ii) instructing CDS to follow the instructions of Purchaser with respect to said lists and orders, including but not limited to instructions to CDS from Purchaser regarding merging the Individual Investor lists and data with Purchaser's lists and data, (iii) instructing CDS to deposit in an account for the benefit of Purchaser cash, credit card payments, checks and money orders received on or after the date of execution of this Agreement for payments for subscriptions to Individual Investor and for payments for list rental orders not shipped by the date of execution of this Agreement.

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(9) Deliver to Purchaser copies of the July 2001 and August 2001 issues of II and the Form 3541 for second class postage expense for the July 2001 and August 2001 issues of II mailed to subscribers.

(10) Deliver to Purchaser a fully executed agreement between Seller and American Association of Individual Investors, Inc. ("AAII") as described in Section 1.03 hereof, together with acknowledgement by AAII that the payment to AAII required thereunder has been received.

(11) Deliver to Purchaser a statement from CDS acknowledging that it is holding all files that it has previously held for Seller for the account of Purchaser, including without limitation Seller's current subscriber list of not less than 432,000 subscribers, Seller's expired subscriber list of not less than 795,000 subscribers (which may include duplicates), Seller's bad pay list of approximately 250,000 names, and Seller's list rental file.

(b) Simultaneously with the execution of this Agreement and after receipt by Purchaser of the documents described in 9.01(a)(1), (2), (4), (5), (6), (7), (8), (9), (10) and (11), Purchaser shall:

(1) Deliver to Seller certified resolutions of the Executive Committee or Board of Directors of Purchaser authorizing Purchaser to enter into this Agreement and to consummate the transactions covered by this Agreement, and of the authority of the persons executing all documents delivered to Seller hereunder; and

(2) Pay to Seller Three Million Five Hundred Thousand Dollars

(\$3,500,000.00) as specified in Section 2.01, in the manner prescribed therein, subject to escrow provisions of Sections 9.03 and 9.04 hereof.

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9.03 Escrow Agreement. Five Hundred Thousand Dollars (\$500,000.00) of the Purchase Price shall be placed in escrow with Riggs National Bank in Washington, D.C., in accordance with the Escrow Agreement attached hereto as Exhibit B. In the event that New York State Department of Taxation and Finance notifies Seller or Purchaser that an amount in excess of \$500,000 is owed to the State of New York by Seller on account of the transaction contemplated by this Agreement or otherwise, then Seller shall within two (2) business days of receipt of such notice pay such additional amount to the State of New York and deliver to Purchaser proof of such payment.

9.04. Refund Provisions. The parties agree that all refunds required to be paid to II subscribers by Purchaser pursuant to this Agreement shall be made by CDS, first by drawing down up to One Hundred Twenty-five Thousand Dollars (\$125,000.00) from the Refund Escrow Fund established pursuant to the Escrow Agreement attached hereto as Exhibit C. Any charges billed by CDS in connection with the processing of such refunds shall also be paid from the Refund Escrow Fund. The cost of any refunds or CDS charges in excess of such escrow fund shall be shared equally by Seller and Purchaser, and Seller shall pay its share to Purchaser within five (5) business days of receipt of a supporting documentation from CDS or Purchaser.

ARTICLE X

Obligations of Seller After Closing

10.01. Notification Requirements. (a) Within five (5) business days from the date hereof, Seller will use its best efforts to notify in writing all of II's vendors, and (b) within two (2) business days from the date hereof, Seller will notify all of II's subscription agents of the cessation of publication of II, and shall advise all coop and subscription agents that no further new subscriptions for II will be accepted, except for continuous service renewals which will now receive KPFM.

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10.02. Forwarding Subscription Mail. All subscription mail related to II, (including new and renewal orders, check and money orders, changes of address, etc.) received by Seller and its agents from the date of Closing to twelve months after the date hereof shall not be processed and shall be shipped UPS to Purchaser at 1729 H Street, N.W., Washington, D.C. 20006 (Attention: Carol LePere) on a weekly basis. Any mail received by Purchaser not specifically related to subscriptions and list rentals shall be forwarded to Seller. Seller agrees that, if Purchaser so request, Seller shall have its 800 subscriber line at CDS forwarded to Kiplinger's 800 subscriber line at CDS for purposes of handling calls from II subscribers for a period of ninety (90) days.

10.03. Seller's Retention of Subscriber Files. After transfer of II subscriber files to Purchaser and notification by Purchaser of its satisfactory receipt of said files, Seller will not maintain or authorize any other party to maintain any duplicate matter, active, expire, pander or list rental subscriber files related to II.

ARTICLE XI

Assumption of Liabilities and Indemnification

11.01 Indemnity by Purchaser. Purchaser shall indemnify and hold Seller and its permitted successors and assigns harmless from and against any and all claims, losses, liabilities and expenses (including reasonable fees and disbursements of counsel) suffered or incurred by Seller and its permitted successors and assigns due to any breach not expressly waived in writing by Seller occurring or arising out of or in any of the representations, warranties, covenants or agreement of Purchaser made to Seller in this Agreement.

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11.02 Indemnity by Seller. Seller shall indemnify and hold Purchaser and its permitted successors and assigns harmless from and against any and all claims, losses, liabilities and expenses (including reasonable and disbursements counsel) suffered or incurred by Purchaser and its permitted successors and assigns due to (a) the failure of Seller to discharge or pay any liability, obligation, indebtedness, expense of, or claim against Seller not expressly assumed by Purchaser pursuant to this Agreement, and (b) any breach (not expressly waived in writing by Purchaser) occurring or arising out of or in any of the representations, warranties, covenants or agreements of Seller made to

Purchaser in this Agreement or in any certificates, covenants, or agreements provided pursuant to or in implementation of this Agreement.

11.03 Procedures with Respect to Indemnity. The indemnitee shall give the indemnitor prompt notice of any claim, demand, assessment, suit, or proceeding to which the indemnity set forth in Section 11.01 or 11.02 applies. The indemnitor shall have the right to control the defense or settlement of any such action subject to the provisions set forth below, but the indemnitee may, at its election, participate in the defense of any action or proceeding at its sole cost and expense. Should the indemnitor fail to defend any such action, then, in addition to any other remedies the indemnitee may settle (provided it shall give the indemnitor not less than fifteen (15) days' prior written notice of the terms thereof and permit the indemnitor then to undertake such defense) or defend such action or proceeding through counsel of its own choosing and may recover from the indemnitor the amount of such settlement, demand, or any judgment or decree and all of its costs and expenses, including reasonable fees and disbursements of counsel. The indemnitor will not compromise or settle any claim without the prior written consent of the indemnitee, which shall not be unreasonably withheld, provided, however, that if such approval is withheld the liability of the indemnitor shall be limited to the total sum represented in the amount of the proposed compromise or settlement and the amount of the indemnitee's counsel fees incurred in defending such claim, as permitted by the preceding sentence, accrued at the time said approval is withheld.

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ARTICLE XII

General Provisions

12.01 Expenses of the Parties. All expenses involved in the preparation and consummation of this Agreement, including without limitation, all fees and expenses of agents, representatives, counsel and accountants, shall be borne solely by the party that shall have incurred the same and the other party shall have no liability with respect thereto, provided however, that all sales, use or similar tax, if any, payable by reason of the sale, transfer or delivery of the Assets to Purchaser shall be the sole responsibility of Seller who hereby agrees to hold harmless and indemnify Purchaser from and against any and all loss, liability, cost or expense, including reasonable counsel fees, based upon or arising out of Seller's failure to pay any of such taxes. Seller agrees that it is solely responsible for any and all compensation owed to The Jordan Edmiston Group, Inc. as a result of the transaction contemplated hereby. Purchaser agrees that it is solely responsible for any and all compensation owed to Richard L LePere, Inc. as a result of the transaction contemplated hereby.

12.02 Survival of Covenants, Representations and Warranties. The representations and warranties contained in Sections 3.01 and 3.02 hereof shall survive the Closing for a period of five (5) years. All other provisions hereof, which by their terms, are to be performed after the Closing and the several representations, warranties and agreements of the parties herein contained shall survive the Closing for a period of three (3) years from the date of Closing and shall not be affected or invalidated by reason of any inspection or examination which has been made by or on behalf of any party nor by reason of any disclosure made to any party but not specifically set forth or referred to in this Agreement; and any and all of such representations, warranties and agreements

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shall be fully effective irrespective of any such inspection examination or disclosure, and each party shall be entitled to rely and shall be presumed to have relied, on each and all of such representations, warranties and agreements made by the other party.

12.03 Covenant of Further Assurances. From time to time after the Closing, Seller shall, at Purchaser's request, and without further consideration, execute, acknowledge and deliver to Purchaser any and all instruments and other writings and do all other acts or things reasonably requested by Purchaser in order to evidence and effectuate the consummation of any of the transactions contemplated by this Agreement. Purchaser shall do likewise at Seller's request.

12.04 Notices. Any notice, request, demand, waiver or consent required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery if delivered by person or on the next business day after the date of delivery to a national overnight courier service, if delivered through such services to the following addresses or to such other address as any party may request by notifying in writing the other party to this Agreement in accordance with the Section 12.04:

If to Purchaser:

The Kiplinger Washington Editors, Inc.

1729 H Street, N.W.
Washington, D.C. 20006
Attn: Mr. Corbin M. Wilkes
Vice President for Finance

with a copy to:

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Rubin, Winston, Diercks, Harris & Cooke, L.L.P.
Sixth Floor
1155 Connecticut Avenue, N.W.
Washington, D.C. 20036
Attn: Walter E. Diercks, Esquire

If to Seller:

Individual Investor Group, Inc.
125 Broad Street, 14th Floor
New York, NY 10004
Attn: Gregory E. Barton
President

With a copy to:

Graubard Miller
600 Third Avenue
New York, N.Y. 10016
Attn: Peter M. Ziemba, Esq.

12.05 Entire Agreement; Waiver, Amendments; Construction. This Agreement, including the attached exhibits, all of which are made a part hereof by this reference, and the documents and instruments delivered pursuant hereto contain the entire agreement between the parties hereto and supercedes any and all prior agreements, arrangements or understandings relating to the subject matter hereof, all of which are merged herein. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. No representations, warranties, covenants or conditions, express or implied, other than as set forth herein, have been made by any party. No waiver or extension of time for performance of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be construed as a further or continuing waiver or extension of any such term, provision or condition of this Agreement. This Agreement cannot be changed or terminated orally, and no waiver, extension or consent shall be

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effective unless evidenced by an instrument in writing duly executed by the party who is sought to be charged with having granted the same. The Article or Section headings of this Agreement are for convenience or reference only and do not form a part hereof and do not in any way modify, interpret or construe the intentions of the parties. This Agreement shall be governed and construed and enforced in accordance with, and subject to, the internal laws of the State of New York without regard to principles of conflicts of laws.

12.06 Parties in Interest. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heir, successors and assigns, except that neither party shall assign its rights or obligations under this Agreement to any person without the consent of the other person or by operation of law. Nothing in the immediately preceding sentence shall prohibit Purchaser from assigning its rights and obligations under this Agreement to a wholly-owned subsidiary of Purchaser. Nothing in this Agreement, expressed or implied, is intended to or shall confer on any person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement. This Agreement may be executed in one or more counterparts and all such counterparts shall constitute one and the same instrument.

12.07 Access to Information. In order to facilitate the resolution of any claims made against Seller with respect to the Assets after the date hereof, or for any reasonable purpose, for a period of seven (7) years, Purchaser shall (i) retain the files and information that comprise the Assets and (ii) upon reasonable notice, afford the officers, employees and authorized agents and representatives of Seller reasonable access (including the right to make photocopies) during normal business hours, to such files and information.

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[Signature Page to Agreement dated July 9, 2001
by and between Individual Investor Group, Inc.
and The Kiplinger Washington Editors, Inc.]

Individual Investor Group, Inc.

/s/ Howard B. Lorch
By: _____

Howard B. Lorch
Name: _____

VP - Controller
Title: _____

Purchaser:

The Kiplinger Washington Editors, Inc.

/s/ Theodore J. Miller
By: _____

Theodore J. Miller
Name: _____

Sr. V.P., Publishing
Title: _____

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made this 9th day of July 2001, between The Kiplinger Washington Editors, Inc. (the "Purchaser"), Individual Investor Group, Inc. (the "Seller"), and Riggs Bank N.A. (the "Escrow Agent").

Recitals:

WHEREAS, the Purchaser and the Seller have entered into an Agreement, dated the date hereof (the "Purchase Agreement"), pursuant to which the Purchaser will purchase certain assets of the Seller.

WHEREAS, the Purchaser and the Seller wish to provide for certain escrow arrangements contemplated by the Purchase Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Deposit into Escrow Account. Concurrently with the execution and delivery hereof and of the Purchase Agreement, the Buyer has delivered to the Escrow Agent the sum of Five Hundred Thousand Dollars (\$500,000.00) for deposit in an account, from which the Escrow Agent alone has the power of withdrawal (the "Escrow Account"), to be held by the Escrow Agent under and subject to the terms and provisions of this Agreement. Receipt of the funds so deposited is hereby acknowledged by the Escrow Agent. The Purchaser and the Seller respectively do hereby confirm the Purchase Agreement and promise and agree to take such action in connection with the effectuation and administration of this Agreement as shall be reasonable and proper to fulfill their respective duties and obligations under the Purchase Agreement.

2. Investment. Escrow Agent shall invest (and reinvest as appropriate) all sums held in the Escrow Account in the RIGGS U.S. Treasury Fund, a money market account maintained in the Trust Department of the Escrow Agent for which Riggs & Co or an affiliate provides investment advisory and other services (and for which Riggs & Co or an affiliate may receive fees). All interest or other income received from the investment and reinvestment of the funds in the Escrow Account, less losses, if any, incurred on such investment and reinvestment, shall be held by the Escrow Agent in the Escrow Account.

3. Income. All income earned on the Escrow Account shall be for the account of Seller as nominee. The Tax Identification Number of Seller is 13-3487784. Federal law may require withholding on income earned in the absence of the Escrow Agent's receipt of a Tax Identification Number for the beneficial owner.

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4. Disbursements from the Escrow Account.

(a) Purchaser agrees to notify the New York State Department of Taxation and Finance ("Tax Commission") of the transaction contemplated by the Purchase Agreement (the "Transaction") in accordance with Section 1141(c) of Article 28 of the New York State Sales and Use Tax Law (the "Tax Law") and to comply with all applicable requirements of the Tax Law and any regulations issued thereunder. Purchaser further agrees to provide the Escrow Agent and Seller copies of (i) the form AU-196.10 used to notify the Tax Commission of the impending Transaction, (ii) the return receipt or other evidence reflecting the date of the Tax Commission's receipt of such form, (iii) any form AU-196.2 received by the Purchaser from the Tax Commission relating to the impending Transaction and (iv) any written notification received by the Purchaser from the Tax Commission of the amount of taxes, if any, due from the Seller for which the Purchaser will be held liable under the Tax Law (the "Tax Notification").

(b) The Escrow Agent shall be authorized to make disbursements out of the Escrow Account in accordance with the following, but not otherwise. Within five (5) days after receipt of a copy of the Tax Notification, the Escrow Agent shall:

(i) pay to the Tax Commission the amount of taxes, if any, due from Seller set forth in the Tax Notification in accordance with the instructions contained therein and provide Seller and Purchaser evidence that such amount has been paid; and then

(ii) pay to Seller the balance of the funds remaining in the Escrow Account (after payment of any taxes due from Seller), if any, together with interest accrued thereon.

5. Responsibility.

(a) The duties and responsibilities of the Escrow Agent shall be

limited to those expressly set forth in this Agreement. No implied duties of the Escrow Agent shall be read into this Agreement. The Escrow Agent shall have no duty to determine the performance or non-performance of any term, covenant or condition of the Asset Purchase Agreement or any other contract or agreement between the Purchaser and the Seller.

(b) The Escrow Agent is authorized, in its sole discretion, to disregard any and all notices or instructions given by any other party hereto or by any other person, firm or corporation, except only such notices or instructions as are herein provided for and orders or process of any court entered or issued with or without jurisdiction.

(c) If any property subject hereto is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment, or decree shall be made or entered by any court affecting such property or any party hereto, then and in any of such events the Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree as it is so advised by legal counsel of its own choosing, and if it complies with any such order, writ, judgment or decree it shall not be liable to

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any party hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside, or vacated.

6. Reliance.

(a) In performing its duties hereunder, the Escrow Agent is entitled to rely upon the authenticity of all documents transmitted to it by the parties to this Agreement and on the truth and accuracy of the information contained in said documents, except those instances where the information contained in said documents is so patently false or incorrect that failure to recognize same would be tantamount to gross negligence or willful misconduct.

(b) The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the appropriate party or parties, including without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by its duly authorized representative. The Escrow Agent may request such certificates, opinions or other documents evidencing such authorizations, as it deems reasonably necessary.

7. Limitation of Liability.

(a) The Escrow Agent shall not be responsible or liable for any act or failure to act hereunder except in the case of its gross negligence or willful misconduct. The Escrow Agent may act in good faith reliance upon the advice of counsel satisfactory to it in reference to any matter connected with the Escrow Account and shall not be responsible or liable for any act taken or omitted by it in good faith in accordance with such advice. The Escrow Agent shall have no responsibility whatsoever with respect to the recitals contained herein or in any other document or documents exchanged between the Purchaser and the Seller.

(b) The Purchaser and the Seller each hereby release the Escrow Agent from any claim, demand, loss, or liability, that the Purchaser or the Seller may respectively have or bring, becoming due, arising under, out of, as a result of, in connection with or related to, this Agreement or the Escrow Agent's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Escrow Agent's gross negligence or willful misconduct.

(c) In no event shall the Escrow Agent be liable for any consequential, special, punitive, or indirect loss or damage that any party to this Agreement may incur or suffer in connection with this Agreement.

8. Indemnification. The Purchaser and the Seller jointly and severally agree to indemnify the Escrow Agent and its officers, directors and employees for, and hold the Escrow Agent and its officers, directors and employees harmless against, any and all claims, demands, losses, liabilities, or expenses (including reasonable attorneys' fees and expenses) of any person or entity

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becoming due, arising under, out of, as a result of, in connection with, or related to this Agreement or the Escrow Agent's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Escrow Agent's gross negligence or willful misconduct, and a lien to secure this indemnification is hereby created on any funds now or hereafter deposited

in the Escrow Account in favor of the Escrow Agent.

9. Escrow Statement. The Escrow Agent will furnish monthly statements of transactions in the Escrow Account and quarterly asset statements.

10. Costs and Fees. All costs of initiating, maintaining and terminating the Escrow Account and of modifying, amending, or terminating this Agreement, including without limitation the fees of legal counsel with whom the Escrow Agent may find it necessary to consult, shall be paid by the Seller. The fees of the Escrow Agent for its services shall be as follows:

Acceptance Fee	\$1,000.00
Annual Administration Fee	\$2,000.00
Income	2% of income earned
Out-of-Pocket	As incurred

The amount of \$3,000.00 is due upon execution of this Agreement. To the extent that funds held in the Escrow Account are invested in mutual funds to which Riggs & Co. or an affiliate provides investment advisory and other services, the above 2% fee will be waived. If extraordinary duties are requested, an additional charges may be made commensurate with time and responsibilities involved to execute such duties. The amount of any such additional charges shall be disclosed promptly to the Seller and the Purchaser. A lien to secure payment of such costs, fees and charges is hereby created on any funds now or hereafter deposited in the Escrow Account in favor of the Escrow Agent.

11. Disputes. In the event any dispute should arise with respect to this Agreement or the funds deposited hereunder, whether such disputes arise between the Purchaser and the Seller and others or between the Purchaser and the Seller, it is understood and agreed that the Escrow Agent shall have the absolute right to elect to do either of the following: (i) withhold and stop all further proceedings in and performance of this Agreement or (ii) file in interpleader and obtain an order from the court requiring the parties to the dispute to interplead and litigate in such court their several claims and rights among themselves. In the event such interpleader suit is brought, the Escrow Agent shall ipso facto be fully released and discharged from all obligations imposed upon it in this escrow, and the Purchaser and the Seller jointly and severally agree to pay all costs, expenses, and reasonable attorney's fees expended or incurred by the Escrow Agent in connection therewith. Any such cost, expenses and fees that may be incurred in accordance with the foregoing shall be a first lien against any funds on deposit or to be deposited in the Escrow Account.

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12. Notices.

(a) For purposes of notices and correspondence, the parties' addresses shall be:

Purchaser: The Kiplinger Washington Editors, Inc.
1729 H Street, N.W.
Washington, D.C. 20006
Attention: Mr. Corbin M. Wilkes
Vice President for Finance
Telephone (202) 887-6446
Telecopy: (202) 833-2431

Seller: Individual Investor Group, Inc.
125 Broad Street, 14th Floor
New York, NY 10004
Attn: Gregory E. Barton
President
Telephone: (212) 742-2277
Telecopy: (212) 742-0742

Escrow Agent: Riggs & Co.
Sovereign Trust Services
808 17th Street, N.W., 7th floor
Washington, D.C. 20006
Attention: Earl Ziegler, Jr.
Senior Corporate Trust Officer
Telephone: (202) 835-6746
Telecopy: (202) 835-4303

(b) All notices required or permitted hereunder, except as noted below, shall be hand delivered or shall be sent (i) by overnight delivery service, (ii) by certified, or express mail, postage prepaid, or (iii) by facsimile transmission followed by a "hard-copy" sent by either method (i) or (ii), addressed in each case to the other party at its address and/or fax number stated above or at such other address and/or fax number designated hereinafter by the receiving party in writing). All regular bank advises of receipt and

disbursement transactions and Escrow Statements shall be sent (i) by the methods described above at the expense of the party requesting such method, or (ii) by first class mail, postage prepaid by the Escrow Agent.

13. Resignation. The Escrow Agent may resign at any time as Escrow Agent by giving thirty (30) days written notice to the Purchaser and the Seller. Upon such resignation, the Escrow Agent shall (i) immediately cease disbursement of moneys from the Escrow Account; (ii) as soon as practicable and within fourteen (14) days, make an accounting to all the parties of the funds in the Escrow Account; (iii) execute any and all documents required for the appointment of, and performance by, a successor Escrow Agent, and (iv) thereafter distribute

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said funds to the successor Escrow Agent indicated in writing by the Purchaser and the Seller or to the parties in accordance with their mutual instructions. If no successor Escrow Agent has been appointed as of the effective date of the resignation, all obligations of the Escrow Agent hereunder shall nevertheless cease and terminate, except that the Escrow Agent's sole responsibility thereafter shall be to keep safely the funds in the Escrow Account and to deliver the same either to the person(s) jointly designated in writing by the Purchaser and Seller or in accordance with the direction of a final order or judgment of a court of competent jurisdiction.

14. Termination.

(a) The Purchaser and Seller may, acting jointly, terminate the appointment of the Escrow Agent hereunder upon written notice specifying the date upon which such termination shall take effect. Upon its receipt of written instructions and payment in full of any amounts due the Escrow Agent hereunder, the Escrow Agent shall promptly deliver all funds then held by it in the Escrow Account to the person(s) jointly designated by the Purchaser and Seller in such written instructions.

(b) When the Escrow Agent has taken all of the actions required by this Agreement, the Escrow Agent shall thereupon and thereafter be freed and discharged of all obligations and liabilities under this Agreement. Termination of this Agreement shall not relieve either the Seller or the Purchaser of any obligation hereunder to pay any fees, charges or expenses properly incurred by the Escrow Agent.

(c) The Purchaser and Seller agree to execute and deliver to the Escrow Agent such further documents as it may reasonably request to evidence termination of this Escrow Agreement and to induce their consent to the final payment of the funds in the Escrow Account.

(d) The provisions of Sections 7 and 8 shall survive the termination of this Agreement.

15. Miscellaneous.

(a) This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the District of Columbia, both of interpretation and performance, without regard to its conflicts of laws principles.

(b) The invalidity, illegality, or unenforceability of any provision of this Agreement shall not affect the validity, legality, or enforceability of any of the other provisions of this Agreement, which shall remain effective.

(c) The Escrow Agent shall be under no obligation to institute or defend any actions, suit or legal proceeding in connection herewith or to take any other action likely to involve it in expense unless first indemnified to its satisfaction.

(d) This Agreement constitutes the complete and exclusive expression of the terms of the agreement between the parties relating to the subject matter of this Agreement.

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(e) The parties further agree that this Agreement may not in any way be explained or supplemented by a prior or existing course of dealings between the parties or by any other prior performance between the parties pursuant to this Agreement or otherwise, and no course of dealing among the parties shall be effective to amend, modify, or change any provision of this Agreement.

(f) No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of each of the parties hereto.

(g) All signatories to this Agreement warrant that they have

full and complete authority to enter into and sign this Agreement on behalf of themselves and/or the entity on whose behalf they are signing. Each of the parties shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

(h) This Agreement may be executed by the parties hereto individually or in any combination, in one or more counterparts, each of which shall be an original and all of which together constitute one and the same agreement.

(i) THE PURCHASER, THE SELLER, AND THE ESCROW AGENT SPECIFICALLY WAIVE THE RIGHT TO TRIAL BY JURY IN RESOLVING ANY CLAIM OR COUNTER CLAIM RELATED TO THIS AGREEMENT.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

ESCROW AGENT:
Riggs Bank N.A.

/s/ O'Clinton Jones
By: _____
O'Clinton Jones, Vice President

PURCHASER:
The Kiplinger Washington Editors, Inc.

/s/ Theodore J. Miller
By: _____

SELLER:
Individual Investor Group, Inc.

/s/ Howard B. Lorch
By: _____

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made this 11th day of July, 2001, between The Kiplinger Washington Editors, Inc. (the "Purchaser"), Individual Investor Group, Inc. (the "Seller"), and First Union National Bank (the "Escrow Agent").

Recitals:

WHEREAS, the Purchaser and the Seller have entered into an Agreement, dated as of July 9, 2001 (the "Purchase Agreement"), pursuant to which the Purchaser has purchased certain assets of the Seller.

WHEREAS, the Purchaser and the Seller wish to provide for certain escrow arrangements contemplated by the Purchase Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Deposit into Escrow Account. Concurrently with the execution and delivery hereof, the Buyer has delivered to the Escrow Agent the sum of One Hundred Twenty-five Thousand Dollars (\$125,000.00) for deposit in an account, from which the Escrow Agent alone has the power of withdrawal (the "Escrow Account"), to be held by the Escrow Agent under and subject to the terms and provisions of this Agreement. Receipt of the funds so deposited is hereby acknowledged by the Escrow Agent. The Purchaser and the Seller respectively do hereby confirm the Purchase Agreement and promise and agree to take such action in connection with the effectuation and administration of this Agreement as shall be reasonable and proper to fulfill their respective duties and obligations under the Purchase Agreement.

2. Investment. Escrow Agent shall invest (and reinvest as appropriate) all sums held in the Escrow Account in Evergreen Cash Management Money Market Fund. All interest or other income received from the investment and reinvestment of the funds in the Escrow Account, less losses, if any, incurred on such investment and reinvestment, shall be held by the Escrow Agent in the Escrow Account.

3. Income. All income earned on the Escrow Account shall be for the account of Seller as nominee. The Tax Identification Number of Seller is 13-3487784. Federal law may require withholding on income earned in the absence of the Escrow Agent's receipt of a Tax Identification Number for the beneficial owner.

4. Disbursements from the Escrow Account.

The Escrow Agent shall be authorized to make disbursements out of the Escrow Account in accordance with the following, but not otherwise:

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(a) Any and all refund requests received by Seller on account of subscribers of Individual Investor Magazine shall be forwarded promptly to Communications Data Services, Inc. ("CDS"). CDS shall prepare a summary of such refund requests, together with any processing fees or other costs attributable to such refund request, on at least a monthly basis and send a copy of such summary to Seller and Purchaser and to Escrow Agent. Purchaser shall likewise prepare a summary of refunds requests received by it and send a copy of such Summary to Seller and Escrow Agent. Seller and Purchaser shall have five (5) business days to object to the payment of any such refunds and CDS processing fees or other costs, at which time Escrow Agent shall pay to CDS and/or Purchaser, as the case may be, an amount equal to all refunds on such summary to which objections have not been made. Purchaser and Seller shall attempt to resolve in good faith any dispute over any particular refunds.

(b) Escrow Agent shall pay to Seller the funds remaining in the Refund Escrow Account, if any, together with interest accrued thereon, on the 180th day after the date hereof.

5. Responsibility.

(a) The duties and responsibilities of the Escrow Agent shall be limited to those expressly set forth in this Agreement. No implied duties of the Escrow Agent shall be read into this Agreement. The Escrow Agent shall have no duty to determine the performance or non-performance of any term, covenant or condition of the Asset Purchase Agreement or any other contract or agreement between the Purchaser and the Seller.

(b) The Escrow Agent is authorized, in its sole discretion, to disregard any and all notices or instructions given by any other party hereto or by any other person, firm or corporation, except only such notices or instructions as are herein provided for and orders or process of any court

entered or issued with or without jurisdiction.

(c) If any property subject hereto is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment, or decree shall be made or entered by any court affecting such property or any party hereto, then and in any of such events the Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree as it is so advised by legal counsel of its own choosing, and if it complies with any such order, writ, judgment or decree it shall not be liable to any party hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside, or vacated.

6. Reliance.

(a) In performing its duties hereunder, the Escrow Agent is entitled to rely upon the authenticity of all documents transmitted to it by the parties to this Agreement and on the truth and accuracy of the information contained in

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said documents, except those instances where the information contained in said documents is so patently false or incorrect that failure to recognize same would be tantamount to gross negligence or willful misconduct.

(b) The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the appropriate party or parties, including without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by its duly authorized representative. The Escrow Agent may request such certificates, opinions or other documents evidencing such authorizations, as it deems reasonably necessary.

7. Limitation of Liability.

(a) The Escrow Agent shall not be responsible or liable for any act or failure to act hereunder except in the case of its gross negligence or willful misconduct. The Escrow Agent may act in good faith reliance upon the advice of counsel satisfactory to it in reference to any matter connected with the Escrow Account and shall not be responsible or liable for any act taken or omitted by it in good faith in accordance with such advice. The Escrow Agent shall have no responsibility whatsoever with respect to the recitals contained herein or in any other document or documents exchanged between the Purchaser and the Seller.

(b) The Purchaser and the Seller each hereby release the Escrow Agent from any claim, demand, loss, or liability, that the Purchaser or the Seller may respectively have or bring, becoming due, arising under, out of, as a result of, in connection with or related to, this Agreement or the Escrow Agent's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Escrow Agent's gross negligence or willful misconduct.

(c) In no event shall the Escrow Agent be liable for any consequential, special, punitive, or indirect loss or damage that any party to this Agreement may incur or suffer in connection with this Agreement.

8. Indemnification. The Purchaser and the Seller jointly and severally agree to indemnify the Escrow Agent and its officers, directors and employees for, and hold the Escrow Agent and its officers, directors and employees harmless against, any and all claims, demands, losses, liabilities, or expenses (including reasonable attorneys' fees and expenses) of any person or entity becoming due, arising under, out of, as a result of, in connection with, or related to this Agreement or the Escrow Agent's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Escrow Agent's gross negligence or willful misconduct, and a lien to secure this indemnification is hereby created on any funds now or hereafter deposited in the Escrow Account in favor of the Escrow Agent.

9. Escrow Statement. The Escrow Agent will furnish monthly statements of transactions in the Escrow Account and quarterly asset statements.

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10. Costs and Fees. All costs of initiating, maintaining and terminating the Escrow Account and of modifying, amending, or terminating this Agreement, including without limitation the fees of legal counsel with whom the Escrow Agent may find it necessary to consult, shall be paid by the Seller. The fees of the Escrow Agent for its services shall be as follows:

Administration Fee	\$500.00
Out-of-Pocket	As incurred

The amount of \$500.00 is due upon execution of this Agreement and shall be deducted from the Escrow Account. If extraordinary duties are requested, an additional charges may be made commensurate with time and responsibilities involved to execute such duties. The amount of any such additional charges shall be disclosed promptly to the Seller and the Purchaser. A lien to secure payment of such costs, fees and charges is hereby created on any funds now or hereafter deposited in the Escrow Account in favor of the Escrow Agent.

11. Disputes. In the event any dispute should arise with respect to this Agreement or the funds deposited hereunder, whether such disputes arise between the Purchaser and the Seller and others or between the Purchaser and the Seller, it is understood and agreed that the Escrow Agent shall have the absolute right to elect to do either of the following: (i) withhold and stop all further proceedings in and performance of this Agreement or (ii) file in interpleader and obtain an order from the court requiring the parties to the dispute to interplead and litigate in such court their several claims and rights among themselves. In the event such interpleader suit is brought, the Escrow Agent shall ipso facto be fully released and discharged from all obligations imposed upon it in this escrow, and the Purchaser and the Seller jointly and severally agree to pay all costs, expenses, and reasonable attorney's fees expended or incurred by the Escrow Agent in connection therewith. Any such cost, expenses and fees that may be incurred in accordance with the foregoing shall be a first lien against any funds on deposit or to be deposited in the Escrow Account.

12. Notices.

(a) For purposes of notices and correspondence, the parties' addresses shall be:

Purchaser:	The Kiplinger Washington Editors, Inc. 1729 H Street, N.W. Washington, D.C. 20006 Attention: Mr. Corbin M. Wilkes Vice President for Finance Telephone (202) 887-6446 Telecopy: (202) 833-2431
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Seller:	Individual Investor Group, Inc. 125 Broad Street, 14th Floor New York, NY 10004 Attn: Gregory E. Barton President Telephone: (212) 742-2277 Telecopy: (212) 742-0742
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Escrow Agent:	First Union National Bank CMG/Corporate Trust Group, LM 800 East Main Street Richmond, VA 23219 Attn: Gregory N. Jordan Assistant Vice President Telephone: (804) 343-6058 Telecopy: (804) 343-6699
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(b) All notices required or permitted hereunder, except as noted below, shall be hand delivered or shall be sent (i) by overnight delivery service (ii) by certified, or express mail, postage prepaid, or (iii) by facsimile transmission followed by a "hard-copy" sent by either method (i) or (ii), addressed in each case to the other party at its address and/or fax number stated above or at such other address and/or fax number designated hereinafter by the receiving party in writing). All regular bank advises of receipt and disbursement transactions and Escrow Statements shall be sent (i) by the methods described above at the expense of the party requesting such method, or (ii) by first class mail, postage prepaid by the Escrow Agent.

13. Resignation. The Escrow Agent may resign at any time as Escrow Agent by giving thirty (30) days written notice to the Purchaser and the Seller. Upon such resignation, the Escrow Agent shall (i) immediately cease disbursement of moneys from the Escrow Account; (ii) as soon as practicable and within fourteen (14) days, make an accounting to all the parties of the funds in the Escrow Account; (iii) execute any and all documents required for the appointment of, and performance by, a successor Escrow Agent, and (iv) thereafter distribute said funds to the successor Escrow Agent indicated in writing by the Purchaser and the Seller or to the parties in accordance with their mutual instructions. If no successor Escrow Agent has been appointed as of the effective date of the resignation, all obligations of the Escrow Agent hereunder shall nevertheless

cease and terminate, except that the Escrow Agent's sole responsibility thereafter shall be to keep safely the funds in the Escrow Account and to deliver the same either to the person(s) jointly designated in writing by the Purchaser and Seller or in accordance with the direction of a final order or judgment of a court of competent jurisdiction.

14. Termination.

(a) The Purchaser and Seller may, acting jointly, terminate the appointment of the Escrow Agent hereunder upon written notice specifying the date upon which such termination shall take effect. Upon its receipt of written instructions and payment in full of any amounts due the Escrow Agent hereunder,

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the Escrow Agent shall promptly deliver all funds then held by it in the Escrow Account to the person(s) jointly designated by the Purchaser and Seller in such written instructions.

(b) When the Escrow Agent has taken all of the actions required by this Agreement, the Escrow Agent shall thereupon and thereafter be freed and discharged of all obligations and liabilities under this Agreement. Termination of this Agreement shall not relieve either the Seller or the Purchaser of any obligation hereunder to pay any fees, charges or expenses properly incurred by the Escrow Agent.

(c) The Purchaser and Seller agree to execute and deliver to the Escrow Agent such further documents as it may reasonably request to evidence termination of this Escrow Agreement and to induce their consent to the final payment of the funds in the Escrow Account.

(d) The provisions of Sections 7 and 8 shall survive the termination of this Agreement.

15. Miscellaneous.

(a) This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the District of Columbia, both of interpretation and performance, without regard to its conflicts of laws principles.

(b) The invalidity, illegality, or unenforceability of any provision of this Agreement shall not affect the validity, legality, or enforceability of any of the other provisions of this Agreement, which shall remain effective.

(c) The Escrow Agent shall be under no obligation to institute or defend any actions, suit or legal proceeding in connection herewith or to take any other action likely to involve it in expense unless first indemnified to its satisfaction.

(d) This Agreement constitutes the complete and exclusive expression of the terms of the agreement between the parties relating to the subject matter of this Agreement.

(e) The parties further agree that this Agreement may not in any way be explained or supplemented by a prior or existing course of dealings between the parties or by any other prior performance between the parties pursuant to this Agreement or otherwise, and no course of dealing among the parties shall be effective to amend, modify, or change any provision of this Agreement.

(f) No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of each of the parties hereto.

(g) All signatories to this Agreement warrant that they have full and complete authority to enter into and sign this Agreement on behalf of themselves and/or the entity on whose behalf they are signing. Each of the parties shall execute such documents and other papers and take such further

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actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

(h) This Agreement may be executed by the parties hereto individually or in any combination, in one or more counterparts, each of which shall be an original and all of which together constitute one and the same agreement.

(i) THE PURCHASER, THE SELLER, AND THE ESCROW AGENT SPECIFICALLY WAIVE THE RIGHT TO TRIAL BY JURY IN RESOLVING ANY CLAIM OR COUNTER CLAIM RELATED TO THIS AGREEMENT.

[Signature Page to Escrow Agreement]

Seller:

Individual Investor Group, Inc.

/s/ Howard B. Lorch
By: _____

Howard B. Lorch
Name: _____

VP - Controller
Title: _____

Purchaser:

The Kiplinger Washington Editors, Inc.

/s/ Theodore J. Miller
By: _____

Theodore J. Miller
Name: _____

Sr. V.P., Publishing
Title: _____

Escrow Agent:

First Union National Bank

/s/
By: _____
Name:
Title: