

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

Annual Report UNDER Section 13 or 15(d) of the Securities Exchange Act of  
- --- 1934

For the fiscal year ended: December 31, 2002  
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OR

Transition Report UNDER Section 13 or 15(d) of the Securities Exchange Act  
of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-10932  
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INDEX DEVELOPMENT PARTNERS, INC.

-----  
(Name of Small Business Issuer in Its Charter)

Delaware  
-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

13-3487784  
-----  
(IRS Employer  
Identification No.)

125 Broad Street, 14th Floor, New York, New York 10004  
-----

(Address of Principal Executive Offices) (Zip Code)

(212) 742-2277  
-----

(Issuer's Telephone Number, Including Area Code)

Title of Each Class -----	Name of Each Exchange on Which Registered -----
None	None

Securities registered under Section 12(g) of the Act:

Common Shares, \$.01 par value per share  
-----

(Title of Class)

Check whether the Issuer: (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such  
shorter period that the Issuer was required to file such reports), and (2) has  
been subject to such filing requirements for the past 90 days. Yes [X] No [\_\_\_]

Check if there is no disclosure of delinquent filers in response to Item  
405 of Regulation S-B is not contained in this form, and no disclosure will be  
contained, to the best of the Issuer's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-KSB  
or any amendment to this Form 10-KSB. [ ]

The Issuer did not record any revenues from continuing operations for its  
most recent fiscal year.

As of June 19, 2003, the aggregate market value of the Issuer's Common  
Stock (based on the closing sale price of the Common Stock on that date on the  
Nasdaq National Market) held by non-affiliates of the Issuer, was approximately  
\$778,090.

As of May 9, 2003, 7,918,552 shares of the Common Stock of the Issuer were  
outstanding.

Transition Small Business Disclosure Format (check one): Yes [\_\_\_] No [ X ]

INDEX DEVELOPMENT PARTNERS, INC.

2002 FORM 10-KSB ANNUAL REPORT

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Introduction

Index Development Partners, Inc. (formerly known as Individual Investor Group, Inc.) and its subsidiaries ("collectively the Company") has developed stock indexes, including its flagship brand, the America's Fastest Growing CompaniesSM ("AFGC") family of indexes and seeks to commercially exploit such indexes.

The Company's first stock index, launched in February 1998, is now known as the America's Fastest Growing CompaniesSM SmallCap Index. In the first quarter of 2001, the Company expanded its index offering with the launch of three additional indexes; now know as the America's Fastest GrowingSM MidCap Index, the America's Fastest Growing CompaniesSM LargeCap Index, and the America's Fastest Growing CompaniesSM Total Market Index. The Company has since expanded its list of proprietary indexes to include the America's Fastest Growing CompaniesSM SmallCap Value Index, the America's Fastest Growing CompaniesSM MidCap Value Index, the America's Fastest Growing CompaniesSM LargeCap Value Index, and the America's Fastest Growing CompaniesSM Total Value Index. In addition, the Company has developed other stock indexes.

The Company's indexes are based upon unique, proprietary rules-based methodologies developed by the Company. One important characteristic of the Company's indexes is that they are rebalanced each quarter, with approximately 10% of the companies deleted and new companies added. The deletions and additions are made according to a proprietary set of rules. The rebalancing is primarily intended to eliminate companies that have fundamentals lagging those of the other index members and replace the deleted companies with companies having exceptional fundamentals. In developing its indexes the Company did not seek to simply create benchmarks for certain market segments, but rather sought to develop a set of rules that would attempt to identify companies that might be expected to have superior performance. The Company is proud of the backtested performance results of its indexes, both in terms of absolute return and risk-adjusted return. Although the backtested performance numbers obviously cannot assure future performance, the Company believes that its data may be of great interest to potential licensees that would contemplate creating financial products based upon the Company's "performance indexes." In January 2002, the Company reconstituted its four core indexes using this revised methodology and re-launched the indexes on the American Stock Exchange, which has been pricing the indexes and disseminating their values in real time ever since. The tickers for these four core indexes are as follows: America's Fastest Growing CompaniesSM SmallCap Index (NDI); the America's Fastest Growing CompaniesSM MidCap Index (FGM); the America's Fastest Growing CompaniesSM LargeCap Index (FGL); the America's Fastest Growing CompaniesSM Total Market Index (FGT).

The Company intends to become the fund sponsor for exchange-traded funds based on the AFGC indexes. To accomplish this, the Company intends to assign the AFGC indexes to a third party and take back a perpetual, exclusive license to

the indexes, including the right to sublicense to third parties. The Company has had discussions with a variety of parties concerning the potential assignment and the Company is currently negotiating this transaction with a third party. The Company expects it will complete such a transaction when and if it obtains the financing described below. Under this arrangement, the Company would seek to earn revenue from any exploitation of the AFGC indexes, whether done by the Company directly or done by a third party to whom the Company has granted a sublicense.

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The Company intends to retain subadvisors to perform all portfolio management, fund administration, accounting, custody, securities lending and other operational activities relating to the funds. The Company will be responsible for sales and marketing, regulatory matters and product development.

The Company anticipates it will require approximately \$8 million to \$10 million in external financing to pursue its business plan to become a fund sponsor. The Company is currently in discussions with interested parties to raise the necessary capital to execute this plan.

Upon receipt of necessary regulatory approval and commencement of trading of the Company-sponsored exchange-traded funds based on the AFGC indexes, the Company would receive quarterly advisory fees based on the expense ratio that its charges for each exchange-traded fund. Since the Company could have minimal fixed expenses, the advisory fees the Company may derive will have a high gross margin and will scale larger as each exchange-traded fund attracts more assets under management. In March 2002, the Securities and Exchange Commission granted a former licensee of the Company's indexes an exemptive order it sought in order to be allowed to sponsor an exchange-traded fund based upon one of the Company's AFGC Indexes. Given this precedent, the Company believes that it will be able to obtain regulatory approval for exchange-traded funds it may sponsor based upon the AFGC family of indexes. Such an exchange-traded fund could only commence trading upon the effectiveness of a registration statement with respect to each fund. There is no assurance that the Company will receive exemptive relief and have a registration statement declared effective. There also can be no assurance that, if they did commence trading, exchange-traded funds based upon the AFGC family of indexes would prove popular or that the Company will receive any material amount of revenues with respect to the licenses described in this paragraph. Moreover, there can be no assurance that the Company will secure the necessary capital to execute this plan.

#### Discontinued Operations

In its annual report for the year ended December 31, 2001, the Company accounted for the revenues and expenses from its Print Publications operation as a distinct business segment. The Print Publications segment has since become a discontinued operation and the financial statements for the year ended December 31, 2001 have been restated to conform to the December 31, 2002 financial presentation whereby there are no revenues from continuing operations. Print Publications operation expenses from the discontinued operation are offset against Print Publications revenues. At such time as the Company's index operations may generate revenues, the Company expects it will report such revenues as being derived from a distinct business segment.

#### Print Publications

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In May 2002, the Company transferred the assets of its remaining print publication, Individual Investor's Special Situations Report newsletter, to an unrelated third party, who assumed the deferred subscription liability of the newsletter. As a result of the transaction, the Company discontinued its Print Publications operations. The operating results relating to Print Publications operations have been segregated from continuing operations and reported within a separate line item on the consolidated statements of operations as discontinued operations.

During parts of 2001, the Company also published a monthly magazine, Individual Investor. In July 2001, the Company sold the subscriber list of Individual Investor magazine to The Kiplinger Washington Editors, Inc. and agreed not to publish a print periodical under the Individual Investor name for five years, in exchange for a cash payment of approximately \$3.5 million and the assumption by the purchaser of an approximately \$2.6 million deferred subscription liability, reflecting a total consideration of approximately \$6.1

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million. Individual Investor magazine, was (prior to the sale of its subscriber list in July 2001) a consumer-oriented monthly investment magazine sold through subscriptions and at newsstands that offered proprietary research, analysis and recommendations, together with commentary and opinion on investment ideas. Individual Investor had a total paid subscriber and newsstand circulation of approximately 500,000 when it was sold. The Company recognized a gain on the sale of the subscriber list of Individual Investor magazine of approximately

\$2.2 million. The Company continues to recognize income in this discontinued operation as a result of deferred consulting revenue and deferred subscription revenue in connection with the July 2001 sale of the subscriber list.

#### Online Services -----

In November 2001, the Company assigned to Telescan, certain of the Company's internet assets, including the domain name www.individualinvestor.com, in exchange for the 1,063,531 shares of the Company's Common Stock owned by Telescan. The Company subsequently closed the web site www.shortinterest.com. The online operations of the Company have ceased and the results of operations report online operations as a discontinued operation.

A loss of approximately \$340,000 was recognized in November 2001 upon the transfer of the online assets to Telescan, primarily attributable to the write-off of (1) computer equipment that was written down to an estimated net salvage value (2) a web site service and license agreement acquired in 1999 that was abandoned as a result of the transfer and (3) accrued expenses related to the online operation through the disposal date. No material expenses were incurred or revenues recognized after the disposal date.

#### Investment Management Services -----

On April 30, 1998, the Company's Board of Directors decided to discontinue the Company's investment management services business. The investment management services business was principally conducted by a wholly owned subsidiary of the Company, WisdomTree Capital Management, Inc., which served as general partner of (and is an investor in) a domestic private investment fund.

In 1998 the Company recorded a provision of \$591,741 to accrue for its share of any net operating losses of the domestic fund and related costs that it expected to occur until the fund liquidated its investments. A final distribution of the domestic fund's assets was received in December 2001. The Company received approximately \$9,000 in excess of the carrying amount that it had recorded in 1998 and recorded a gain accordingly.

#### Employees

As of June 19, 2003, the Company had three full-time employees engaged in developing and seeking to exploit the Company's proprietary indexes and performing administrative services. The Company also utilizes services of other persons on an independent contractor basis.

#### Intellectual Property

The Company believes that respective methodologies of the Company's indexes constitute one of the Company's core assets and the Company is committed to protecting the value of that intellectual property. The Company only discloses the methodologies of its indexes to those third parties that have executed confidentiality agreements and who the Company believes may be instrumental in assisting the Company to derive value from its intellectual property.

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The Company believes that trademarks and service marks are important to its business and actively pursues strategies to protect and strengthen its current marks for use in connection with its products and for future products. The Company has registered the trademarks AMERICA'S FASTEST GROWING COMPANIES(R), MAGIC 25(R), INVESTOR UNIVERSITY(R) and INVESTMENT UNIVERSITY(R). The Company has also filed for registration of ASIA'S FASTEST GROWING COMPANIESSM, EUROPE'S FASTEST GROWING COMPANIESSM and THE WORLD'S FASTEST GROWING COMPANIESSM and has received a Notice of Allowance for each of these marks. In addition, the Company's intellectual property includes copyrights to its former print and online publishing content.

The Company will continue to seek to derive value from the development and exploitation of its intellectual property. There can be no assurance, however, that the Company's intellectual property rights will be successfully exploited or that such rights will not be challenged or invalidated in the future.

#### ITEM 2. DESCRIPTION OF PROPERTY

Until April 30, 2003, the Company leased 35,000 square feet at 125 Broad Street, New York, New York for its corporate office. The lease ran through March 31, 2004. Aggregate annual rental for this lease was \$997,500 plus escalation costs. The Company had sublet approximately 95% of this space to two unrelated third parties through March 31, 2004, at a rental amount in excess of the rent the Company was paying. Effective April 30, 2003, the Company and its landlord entered into a Partial Assignment of Lease and Assignment of Subleases, the effect of which is that the Company (i) continues to lease approximately 5% of its former space, with a corresponding reduction in base rental expense (to approximately \$4,400 per month) and security deposit (from \$250,000 to \$11,770), and (ii) will be paid by the landlord on a monthly basis approximately \$9,000,

which is equal to the difference between the higher monthly payments the Company's two former sub-lessors were obligated to pay the Company and the lower amount that the Company was obligated to pay the landlord with respect to the formerly sublet space, plus the monthly cost of electricity for the entire space (which averaged approximately \$3,000 per month in 2002).

The Company also leases 10,000 square feet at its former location in New York City, which space was sublet as of February 1996 to an unrelated third party. This lease expires March 1, 2005. The annual rent for the lease over the term of the sublease ranging from \$160,000 to approximately \$210,000, plus escalation costs. The sublease also expires on March 1, 2005, and provides for aggregate annual rental receipts ranging from \$160,000 to \$205,000 over the term of the sublease, plus escalation costs. Although the Company does not currently anticipate that it will incur any material liability with respect to the lease for its former location, there exists the possibility of such liability.

#### ITEM 3. LEGAL PROCEEDINGS

The Company from time to time is involved in ordinary and routine litigation incidental to its business. The Company currently believes that there is no such pending legal proceeding that would have a material adverse effect on the consolidated financial statements of the Company.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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### PART II

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

##### Market Information

Effective with the Company's initial public offering on December 4, 1991, the Company's Common Stock was quoted on the Nasdaq SmallCap Market and the Boston Stock Exchange under the symbol "INDI." On December 9, 1996, the Company's Common Stock commenced trading on the Nasdaq National Market. On October 4, 2000, the Company's Nasdaq National Market ticker symbol was changed to "IIGP." Effective May 23, 2001, the Company's Common Stock was delisted from the Nasdaq National Market on the grounds that the Company's Common Stock had failed to maintain a minimum closing bid price of \$1.00 as required by Nasdaq Marketplace Rule 4450(a)(5) and that the Company did not satisfy the \$5,000,000 minimum market value of public float requirement of Nasdaq Marketplace Rule 4450(a)(2). From May 23, 2001 until May 23, 2003, the Company's Common Stock was traded on the NASD OTC Bulletin Board under the symbol "IXDP." The Common Stock was removed from the OTC Bulletin Board on May 23, 2003 because the Company had failed to file this Form 10-KSB. On May 23, 2003, the Company's Common Stock began trading on [www.pinksheets.com](http://www.pinksheets.com), an electronic quotation medium sponsored by Pink Sheets LLC, under the symbol "IXDP."

The table below sets forth for the periods indicated the high and low closing sales prices on the Nasdaq National Market (prior to May 23, 2001) and the NASD OTC Bulletin Board (since May 23, 2001) for the Company's Common Stock.

2002:	Low (\$)	High (\$)
-----	-----	-----
First Quarter	0.055	0.075
Second Quarter	0.040	0.070
Third Quarter	0.030	0.055
Fourth Quarter	0.020	0.190
2001:	Low (\$)	High (\$)
-----	-----	-----
First Quarter	0.375	1.375
Second Quarter	0.21	0.625
Third Quarter	0.08	0.29
Fourth Quarter	0.05	0.14

These amounts represent sales between dealers in securities and do not include retail markups, markdowns or commissions. On May 9, 2003, the last sale price for the Company's Common Stock, as reported by the NASD OTC Bulletin Board, was \$0.10.

##### Holders

On June 19, 2003, there were 69 holders of record of the Company's Common Stock. The Company believes that there are more than 2,500 beneficial owners of the Company's Common Stock.

##### Dividends

To date, the Company has not paid any dividends on its Common Stock. The payment of dividends, if any, in the future is within the discretion of the Board of Directors, subject to the preferential right of the Company's Series A

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Preferred Stock, and will depend upon the Company's earnings, its capital requirements and financial condition, and other relevant factors. The Company does not intend to declare any dividends in the foreseeable future, but instead intends to retain any capital for use in the business.

Dividends on the Company's Series A Preferred Stock are payable annually at the rate of \$20 per share and in preference to any potential dividends on the Company's Common Stock. The Company did not make the dividend payment of \$157,600 that was required on December 31, 2002 and does not presently have the resources to pay this accrued dividend. Until such time as it is paid, the Company is prohibited from paying any dividends or making any distributions to the holders of its Common Stock.

Sales of Unregistered Securities

The Company made the following sales of unregistered securities during the fourth quarter of 2002:

<TABLE>  
<CAPTION>

Warrant or Security, Exercise or Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price Afforded to Purchasers	Exemption from Registration Claimed	If Option, Convertible Terms of Conversion
<S> 11/6/02	<C> Options to purchase common stock granted to employees	<C> 130,000	<C> Continued service; Company will also receive exercise price upon exercise	<C> 4(2)	<C> Vesting in three equal annual installments on first, second and third anniversary of date of grant, subject to continued service; a grant. exercisable an of date
11/6/02 equal	Options to purchase common stock granted to employee	50,000	Continued service; Company will also receive exercise price upon exercise	4(2)	Vesting in two installments on 12/31/02 and 3/31/03; until 3/31/05 at exercise price \$0.07 per share, the fair market value on the date of the grant.

</TABLE>

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Important Notice Concerning "Forward-looking Statements" in this Report (Including Without Limitation in Items 1 and 6)

1. "Forward-looking Statements." Certain parts of this Report describe historical information (such as operating results for the year ended December 31, 2002), and the Company believes the descriptions to be accurate. In contrast to describing the past, various sentences of this Report indicate that the Company believes certain results are likely to occur after December 31, 2002. These sentences typically use words or phrases like "believes," "expects," "anticipates," "estimates," "projects," "will continue" and similar expressions. Statements using those words or similar expressions are intended to identify "forward-looking statements" as that term is used in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, projections of operating results for periods after December 31, 2002, concerning either a specific segment of the Company's business or the Company as a whole. For example, projections concerning the following are forward-looking statements: net revenues, operating expenses, gross margins and net income or loss. Except to the extent that a statement in this Report is describing a historical fact, each statement in this Report is deemed to be a forward-looking statement.

2. Actual Results May Be Different than Projections. Due to a variety of risks and uncertainties, however, actual results may be materially different from the results projected in the forward-looking statements. These risks and uncertainties include those set forth in Item 1 of Part I hereof (entitled "Business"), in Item 6 of Part II hereof (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations"), in Exhibit 99 hereof and elsewhere in this Report.

3. The Company Has No Duty to Update Projections. The forward-looking statements in this Report are current only on the date this Report is filed. After the filing of this Report, the Company's expectations of likely results may change, and the Company might come to believe that certain forward-looking statements in this Report are no longer accurate. The Company shall not have any obligation, however, to release publicly any corrections or revisions to any forward-looking statements contained in this Report, even if the Company believes the forward-looking statements are no longer accurate.

Year Ended December 31, 2002 as Compared to the Year Ended December 31, 2001

In May 2002, the Company transferred the assets of its remaining print publication, Individual Investor's Special Situations Report newsletter, to an unrelated third party, who assumed the deferred subscription liability of the newsletter. As a result of the transaction, the Company discontinued its Print Publications operations. The operating results relating to Print Publications operations have been segregated from continuing operations and reported within a separate line item on the consolidated statements of operations as discontinued operations.

During the year ended December 31, 2001, the Company's Print Publications operations published and marketed Individual Investor magazine, a personal finance and investment magazine, and Individual Investor's Special Situations Report, a financial investment newsletter. On July 9, 2001, the Company completed the transactions (the "Magazine Sale") contemplated by an agreement with The Kiplinger Washington Editors, Inc., the publisher of Kiplinger's Personal Finance Magazine and discontinued publishing Individual Investor magazine. During the year ended December 31, 2001, the Company's Online Services

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operations operated [www.individualinvestor.com](http://www.individualinvestor.com), certain assets of which, including the domain name, were sold to an unrelated third party in November 2001.

Net Loss from Continuing Operations

The Company's net loss from continuing operations for the year ended December 31, 2002 was approximately \$0.9 million, a decrease of approximately \$5.7 million as compared to a net loss from continuing operations of approximately \$6.6 million in 2001. The decrease in the loss from the prior year is primarily due to the 2001 writedowns of investments and a decrease in general and administrative expenses as a result of downsizing the Company's operations following the Magazine Sale and the sale of the Company's online operations. No income taxes were provided in 2002 because of the Company's net operating loss carryforwards. The basic and dilutive net loss from continuing operations per weighted average common share for the year ended December 31, 2002 was

approximately \$0.13 and \$0.13, respectively as compared to a basic and dilutive loss per weighted average common share of \$0.76 and \$0.76, respectively, for the year ended December 31, 2001. There were approximately 21,000 fewer common shares outstanding at the end of December 2002 as compared to December 31, 2001.

#### Operating Revenues

No revenues were recorded for the year ended December 31, 2002 or 2001 for the Company's Index Licensing and Development segment.

#### Operating Expenses

Total operating expenses for the year ended December 31, 2002 decreased approximately 65%, to approximately \$1.1 million as compared to approximately \$3.1 million for the year ended December 31, 2001. The decline is attributable primarily to the reduction of expenses following the Magazine Sale and the discontinuation of the Online Services operations. Operating expenses for the year ended December 31, 2002 have been reduced by approximately \$150,000, an amount received by the Company in the second quarter 2002 from a business assistance program related to the September 11, 2001 disaster.

General and administrative expenses for the year ended December 31, 2002 decreased approximately 63%, to approximately \$1.0 million as compared to approximately \$2.7 million, for the year ended December 31, 2001. The decline is primarily attributable to a reduction in corporate headcount. General and administrative expenses for the year ended December 31, 2002 have been reduced by approximately \$150,000, an amount received by the Company in the second quarter 2002 from a business assistance program related to the September 11, 2001 disaster offset by approximately \$100,000 of potential operating cost increases related to the lease of the Company's office space.

Depreciation and amortization expense for the year ended December 31, 2002 decreased approximately 78%, to approximately \$0.1 million as compared to approximately \$0.5 million for the year ended December 31, 2001. The decrease is primarily due to the disposal of assets related to the Magazine Sale and the disposition of furniture and fixtures and computer equipment in connection with the subleases that commenced May 2001 and January 2002, respectively.

#### Gain on Sale of Furniture and Fixtures

Gain on sale of furniture and fixtures for the year ended December 31, 2002 of approximately \$0.1 million represents proceeds received from the sale of furniture and fixtures and computer equipment during the year.

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#### Gain on Disposition of Investments

Gain on disposition of investments for the year ended December 31, 2002 of approximately \$0.2 million represents proceeds from distributions received as a result of an investment that had previously been written off during the quarter ended December 31, 2000. There were no comparable gains for the year ended December 31, 2001.

#### Impairment of Investments and Other Assets

The Company recorded impairment in the third quarter of 2001 of approximately \$2.7 million with respect to its investments in Tradeworx, Inc. (acquired in May 2000) and Pricing Dynamics Solutions, Inc. (acquired in February 2000). The Company reviewed the operations and financial position of these entities and concluded that it had incurred an other than temporary decline in the value of its Tradeworx, Inc. and Pricing Dynamics Solutions, Inc. investments. The Company adjusted the carrying value to estimated fair market value and accordingly reduced the carrying value of its investments by approximately \$2.7 million. Additionally, the Company recorded a loss of approximately \$0.8 million during the quarter ended December 31, 2001, as the Company sublet approximately 95% of its office space to two unrelated third parties and abandoned the space.

#### Investment and Other Income

Investment and other income for the year ended December 31, 2002 was approximately \$13,000 as compared to approximately \$95,000 for the year ended December 31, 2001. The decreased amount of investment income earned in 2001 compared to 2000 is primarily due to lower cash balances available for investment and a decrease in interest rates.

#### Gain from Discontinued Operations

The Company's gain from discontinued operations for the year ended December 31, 2002 was approximately \$1.9 million, a gain of approximately \$0.7 million as compared to a gain from discontinued operations of approximately \$1.2 million for the year ended December 31, 2001. The gain from the discontinued print segment for the year ended December 31, 2002 was approximately \$1.6 million, a decrease of approximately \$0.5 million as compared to a gain from discontinued



operations of approximately \$2.1 million for the year ended December 31, 2001. The 2002 amount recognizes income in this discontinued operation as a result of Individual Investor's Special Situations Report newsletter in 2002 and deferred consulting revenue and deferred subscription revenue in connection with the July 2001 Magazine Sale. The amounts for the year ended December 31, 2001 reflect the net gain on the July 2001 Magazine Sale of \$2.2 million and approximately \$1.7 million of deferred consulting revenue and deferred subscription revenue earned in 2001 offset by the loss from the Print Publication operation prior to the sale.

The gain from the Online Services discontinued segment for the year ended December 31, 2002 was approximately \$0.4 million, an increase of approximately \$1.3 million as compared to a loss from the Online Services discontinued segment of approximately \$0.9 million for the year ended December 31, 2001. The 2002 gain is the adjustment of estimated expenses accrued upon the disposition of the segment during the year ended December 31, 2001.

The basic and dilutive net income from discontinued operations per weighted average common share for the year ended December 31, 2002 was approximately \$0.24, as compared to approximately \$0.14 in 2001.

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At December 31, 2002, the remaining balance of deferred revenue related to discontinued operations is: deferred non-compete revenue, approximately \$87,500, recognizable ratably through the second quarter of 2006; and net deferred subscription revenue, approximately \$0.3 million, recognizable in decreasing monthly amounts through the second quarter of 2011.

#### Net Income (Loss)

The Company recorded net income for the year ended December 30, 2002 of approximately \$1.1 million, as compared to a net loss of approximately \$5.3 million for the year ended December 31, 2001. No income taxes were provided in 2002 due to the net operating loss carryovers or in 2001 due to the net loss. The basic net income (loss) per weighted average common share for the years ended December 31, 2002 and 2001 was approximately \$0.11 and (\$0.62), respectively. In 2001 and 2002, the exercise of stock options, warrants, and other securities convertible into shares of common stock were not assumed in the computation of dilutive loss per common share as the effect would have been anti-dilutive.

#### Liquidity and Capital Resources

As of December 31, 2002, the Company had cash and cash equivalents totaling approximately \$0.5 million and negative working capital of approximately \$0.3 million. Net cash used in operating activities during the year ended December 31, 2002 was approximately \$1.1 million. Net cash provided by investing activities for the year ended December 31, 2002, was approximately \$182,000. Net cash used in financing activities for the year ended December 31, 2002, was approximately \$-0-. Net cash provided by discontinued operations for the year ended December 31, 2002, was approximately \$38,000. The Company's cash and cash equivalents balance of approximately \$0.5 million at December 31, 2002 represented a decrease of approximately \$0.8 million from the December 31, 2001 balance.

The Company's continuing operations are not generating any revenues.

Over the past two years the Company has had discussions with a variety of parties concerning the potential license of the Company's indexes for the creation of financial products. With one exception, these discussions have not resulted in the Company licensing any of its indexes. As previously reported, the Company had licensed the America's Fastest Growing Companies(SM) Index to Nuveen Investments for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon that index. After receiving an exemptive order it sought from the Securities and Exchange Commission to be allowed to sponsor this fund and filing with the SEC a registration statement, Nuveen did not take further action to have the registration statement declared effective nor did it launch such a fund. As a result, on November 1, 2002, the Company gave notice to Nuveen that the license was terminated effective January 30, 2003. There can be no assurance that the Company will execute licensing agreements with respect to its indexes, that financial products based upon such indexes would enter the market or that the Company would derive any material revenues with respect to any such licenses.

The Company also has had discussions with a variety of parties concerning the potential assignment of the Company's indexes to a third party, in connection with which the Company receiving back a license to sponsor financial products based upon the indexes and is currently negotiating such a transaction with one party. There can be no assurance the Company will complete any such transaction or that the Company would be able to successfully sponsor financial products based upon the indexes. If the Company were successful in reaching such an agreement with a third party, the Company would still need to raise external financing of approximately \$8 million to \$10 million in order to be able to implement its business plan to sponsor and market these financial products, and

there can be no assurance that the Company would be successful in raising such financing.

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A cash dividend of \$157,600 payable on the Company's outstanding Series A Preferred Stock is included in the consolidated balance sheet as of December 31, 2002. The Company contacted the holder prior to the payment date to explain that the Company would not be making the December 31, 2002 dividend payment while it sought the financing it required to implement its business plan.

If the Company continues to defer payment of the dividends accrued and accruing on the Series A Preferred Stock and the Company eliminates certain expenses within its control by the fourth quarter of 2003, the Company believes that its working capital and the amount it is entitled to receive from its landlord on a monthly basis will be sufficient to fund its presently limited operations and enable it to continue to seek through December 31, 2003 the external financing described above that it needs to implement its business plan to become a fund sponsor. Beyond that time, in all likelihood, the Company would need to cease operations if it does not obtain external financing. There can be no assurance that the Company would be able to obtain additional capital, nor can there be assurance as to the terms upon which the Company might be able to obtain additional capital. Obtaining any additional capital could result in a substantial dilution of an investor's equity investment in the Company.

#### Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 143, "Accounting for Asset Retirement Obligations," which is effective in 2003. It requires the recording of an asset and a liability equal to the present value of the estimated costs associated with the retirement of long-lived assets where a legal or contractual obligation exists. The asset is required to be depreciated over the life of the related equipment or facility, and the liability accreted each year based on a present value interest rate. This standard, which the Company adopted in 2003, will not have a material effect on the Company's consolidated financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30, "Reporting Results of Operations." This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003, with the effective date for certain provisions of SFAS No. 145 being May 15, 2002. The adoption of this statement will not have a material effect on our results of operations or financial position or cash flows of the Company.

In September 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The Statement is effective for such activities implemented after January 1, 2003.

In November 2002, the FASB issued Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and

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measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. The Company has evaluated the impact of the adoption of FIN 45, and does not believe it will have a material impact on the Company's financial position or results of operations because the Company is not currently the guarantor of any third party obligations,

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We have adopted the disclosure

requirements of SFAS No. 148 as of December 31, 2002. We account for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and comply with the disclosure provisions of SFAS No. 123, as amended. Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the date of grant, between the quoted market price of our stock and the exercise price.

On January 17, 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks and rewards. These entities have been commonly referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the initial and subsequent measurement of assets, liabilities and noncontrolling interests in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. The Company will adopt the provision of FIN No. 46 effective January 1, 2003 but does not believe it will have a material impact on the Company's financial position or results of operations as the Company does not have any involvement with variable interest entities.

In April 2003, the FASB issued SFAS No. 149, "Amendments of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company does not believe the adoption of this standard will have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This standard, which the Company will adopt in 2003, will not have a material effect on the Company's consolidated financial position or results of operations.

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ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of  
Index Development Partners, Inc.  
New York, New York

We have audited the accompanying consolidated balance sheet of Index Development Partners, Inc. (the "Company") as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years ended December 31, 2002 and 2001. 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 auditing standards generally accepted in the United States of America. 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, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2002 and the results of its operations and its cash flows for the years ended December 31, 2002 and 2001, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's recurring losses from operations and stockholders' capital deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DELOITTE & TOUCHE LLP  
New York, New York  
June 25, 2003

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INDEX DEVELOPMENT PARTNERS, INC.  
CONSOLIDATED BALANCE SHEET

<TABLE> <CAPTION> <S>	<C>  December 31, 2002
ASSETS	-----
Current assets:	
Cash and cash equivalents	\$ 460,798
Prepaid expenses and other current assets	62,218
	-----
Total current assets	523,016
Property and equipment - net	90,961
Security deposits	285,942
Other assets	299,292
	-----
Total assets	\$ 1,199,211
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	\$ 351,647
Accrued expenses	228,460
Accrued preferred stock dividend	157,600
Deferred consulting fees and non compete	87,500
	-----
Total current liabilities	825,207
Deferred subscription revenue	624,964
	-----
Total liabilities	1,450,171
	-----
Stockholders' Deficit	
Preferred stock, \$.01 par value, authorized 2,000,000 shares, 7,880 issued and outstanding	79
Common stock, \$.01 par value; authorized 40,000,000 shares, 7,894,552, issued and outstanding	78,946
Additional paid-in capital	33,410,579
Warrants	770,842
Accumulated deficit	(34,511,406)
	-----
Total stockholders' deficit	(250,960)
	-----



Cash flows from operating activities:		
Net income (loss)	\$ 1,063,933	\$ (5,333,356)
Reconciliation of net income (loss) to net cash used in operating activities:		
Gain from discontinued operations	(1,929,678)	(1,236,225)
Loss on impairment of investments and other assets	-	3,530,268
Gain on sale of furniture and fixtures and investments	(222,851)	-
Depreciation and amortization	103,545	468,159
Stock option and warrant transactions	(7,574)	(73,708)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses and other current assets	93,511	515,874
Security deposits	86,604	3,035
Increase (decrease) in:		
Accounts payable and accrued expenses	(238,938)	796,434
Net cash used in operating activities	(1,051,448)	(1,329,519)
Cash flows from investing activities:		
Purchase of property and equipment	(40,543)	(512,490)
Proceeds from sale of investments	151,980	-
Net proceeds from sale of assets	70,871	-
Net cash provided by (used in) investing activities	182,308	(512,490)
Cash flows from financing activities:		
Preferred stock dividends	-	(157,600)
Net cash (used in) financing activities	-	(157,600)
Net cash provided by (used in) discontinued operations	38,494	(1,403,423)
Net decrease in cash and cash equivalents	(830,646)	(3,403,032)
Cash and cash equivalents, beginning of period	1,291,444	\$4,694,476
Cash and cash equivalents, end of period	\$ 460,798	\$ 1,291,444

</TABLE>

See Notes to Consolidated Financial Statements

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INDEX DEVELOPMENT PARTNERS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

<TABLE> <CAPTION>	<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total		Preferred Stock	Common Stock		Additional		Deferred	Accumulated	
		Shares Issued	Par Value	Shares Issued	Par Value	Paid-in Capital	Warrants	Compensation	Deficit
Balance, December 31, 2000 (\$29,926,783)	\$4,582,306	7,880	\$79	8,972,886	\$89,729	\$33,576,719	\$872,052	(\$29,490)	
Stock option and warrant transactions (140,090)		-	-	-	-	(77,070)	(101,210)	38,190	-
Repurchase and cancellation of common stock (95,718)		-	-	(1,063,531)	(10,635)	(85,082)	-	-	-
Cancellation of common stock (restricted) (5,261)		-	-	(22,803)	(228)	(5,033)	-	-	-
Issuance of common stock (restricted)		-	-	29,000	290	12,760	-	(13,050)	-

Net loss	-	-	-	-	-	-	-	-
(5,333,356)	(5,333,356)							
Preferred stock dividends	-	-	-	-	-	-	-	-
(157,600)	(157,600)							
-----								
Balance, December 31, 2001	7,880	79	7,915,552	79,156	33,422,294	770,842	(4,350)	
(35,417,739)	(1,149,718)							
Amortization of deferred compensation	-	-	-	-	-	-	2,925	-
2,925								
Cancellation of common stock (restricted)	-	-	(21,000)	(210)	(11,715)	-	1,425	-
(10,500)								
Net income	-	-	-	-	-	-	-	-
1,063,933	1,063,933							
Preferred stock dividends	-	-	-	-	-	-	-	-
(157,600)	(157,600)							
-----								
Balance, December 31, 2002	7,880	\$79	7,894,552	\$78,946	\$33,410,579	\$770,842	\$ 0	\$
(34,511,406)	\$ (250,960)							
=====								

</TABLE>

See Notes to Consolidated Financial Statements

INDEX DEVELOPMENT PARTNERS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Index Development Partners, Inc. and its subsidiaries (collectively, the "Company") has developed several stock indexes that it seeks to commercially exploit by becoming the fund sponsor for exchange-traded funds based on such indexes. Until 2002, the Company also published a semi-monthly newsletter, Individual Investor's Special Situations Report. During part of 2001, the Company also published Individual Investor magazine, a monthly personal finance magazine and operated certain websites and reported its operating results in two distinct business segments: Print Publications and Online Services. Between approximately October 1996 and September 2000, the Company's Print Publications segment also included Ticker, a magazine for investment professionals. The Company's Online Services segment included individualinvestor.com and, between approximately November 1998 and September 2000, InsiderTrader.com. In September 2000, the Company sold InsiderTrader.com and Ticker magazine to two different parties in two unrelated transactions. In July 2001, the Company sold the subscriber list of and discontinued publishing Individual Investor magazine (see Note 4). In November 2001, the Company sold certain assets related to individualinvestor.com and subsequently discontinued its Online Services operations (see Note 4). As a result of these transactions, the Print Publications and Online Services segments are reported as discontinued operations for all periods.

The Company's continuing operations are not generating any revenues. The Company's recurring losses from operations and stockholders' capital deficiency raise substantial doubt about its ability to continue as a going concern. The Company has had discussions with a variety of parties concerning the potential assignment of the Company's indexes to a third party, in connection with which the Company receiving back a license to sponsor financial products based upon the indexes and is currently negotiating such a transaction with one party. There can be no assurance the Company will complete any such transaction or that the Company would be able to successfully sponsor financial products based upon the indexes. If the Company were successful in reaching such an agreement with a third party, the Company would still need to raise external financing in order to be able to implement its business plan to sponsor and market these financial products, and there can be no assurance that the Company would be successful in raising such financing.

A cash dividend of \$157,600 payable on the Company's outstanding Series A

Preferred Stock is included in the consolidated balance sheet as of December 31, 2002. The Company contacted the holder prior to the payment date to explain that the Company would not be making the December 31, 2002 dividend payment while it sought the financing it required to implement its business plan.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Management's plans concerning these matters are also included in the preceding paragraphs. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

If the Company continues to defer payment of the cash dividends accrued and accruing on the Series A Preferred Stock and the Company eliminates certain expenses within its control by the fourth quarter of 2003, the Company believes that its working capital and the amount it is entitled to receive from its landlord on a monthly basis will be sufficient to fund its presently limited operations and enable it to continue to seek through December 31, 2003 the external financing described above that it needs to implement its business plan to become a fund sponsor. Beyond that time, in all likelihood, the Company would need to cease operations if it does not obtain external financing. There can be no assurance that the Company would be able to obtain additional capital, nor

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can there be assurance as to the terms upon which the Company might be able to obtain additional capital. Obtaining any additional capital could result in a substantial dilution of an investor's equity investment in the Company.

Principles of Consolidation - The consolidated financial statements include the accounts of Index Development Partners, Inc. and its subsidiaries: Individual Investor Holdings, Inc., WisdomTree Capital Management, Inc., WisdomTree Administration, Inc., WisdomTree Capital Advisors, LLC, I.I. Interactive, Inc. I.I. Strategic Consultants, Inc. and Advanced Marketing Ventures, Inc. All of these subsidiaries are inactive and, with the exception of WisdomTree Capital Management, Inc., have been dissolved by proclamation in their various states of incorporation.

Property and Equipment - Property and equipment are recorded at cost. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the respective assets, ranging from three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease.

Income Taxes - Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets may not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Financial Instruments - For financial instruments including cash and cash equivalents, accounts payable and accrued expenses, the carrying amount approximated fair value because of their short maturity. Cash equivalents consist of investments in a government fund that invests in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, which have original average maturities of 30 days or less.

Impairment of Long-Lived Assets -- Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In such situations, long-lived assets are considered impaired when estimated future cash flows (undiscounted and without interest charges) resulting from the use of the asset and its eventual disposition are less than the asset's carrying amount.

Stock-Based Compensation -- The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions SFAS No. 123, "Accounting for Stock-Based Compensation." Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the date of grant, between the quoted market price of the Company's stock and the exercise price. The Company's general policy is to grant options with an exercise price not less than the fair market value of the Company's stock on the date of grant. Transactions with non-employees in which goods or services are received by the Company for the issuance of stock options or other equity instruments are accounted for based on fair value, which is based on the value of the equity instruments or the consideration received, whichever is more reliably measured.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In



to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options granted under the fair value method of SFAS No. 123. The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for 2002 and 2001, respectively: risk-free interest rates of 4.75% and 5.4%, respectively; volatility factors of the expected market price of the Company's common stock of 71% and 124%, respectively; a weighted-average expected life of the options of 5 years; and a dividend rate of 0% for both years. The weighted average option fair value at date of grant was \$0.04 and \$0.53 during 2002 and 2001, respectively.

The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

<TABLE>  
<CAPTION>

	Year Ended December 31,	
	-----	-----
<S>	<C> 2002 ----	<C> 2001 ----
Net income (losses)	\$1,063,933	\$ (5,333,356)
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects (334,683)	(258,484)	
--	-----	-----
Pro forma net earnings (losses)	\$ 805,449 =====	\$ (5,668,039)
===== Net income (loss) per share		
As reported: Basic and Diluted	\$ 0.11	(\$ 0.62)
Pro forma: Basic and Diluted	\$ 0.08	(\$ 0.66)

</TABLE>

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, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities reported in the financial statements. Significant accounting estimates used include pro forma disclosures regarding the fair value of stock options granted in 2002 and 2001. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements - In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 143, "Accounting for Asset Retirement Obligations," which is effective in 2003. It requires the recording of an asset and a liability equal to the present value of the estimated costs associated with the retirement of long-lived assets where a legal or contractual obligation exists. The asset is required to be depreciated over the life of the related equipment or facility, and the liability accreted each year based on a present value interest rate. This standard, which the Company adopted in 2003, will not have a material effect on the Company's consolidated financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires

that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30, "Reporting Results of Operations." This statement also requires sales-leaseback accounting for certain

lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003, with the effective date for certain provisions of SFAS No. 145 being May 15, 2002. The adoption of this statement will not have a material effect on our results of operations or financial position or cash flows of the Company.

In September 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The Statement is effective for such activities implemented after January 1, 2003.

In November 2002, the FASB issued Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. The Company has evaluated the impact of the adoption of FIN 45, and does not believe it will have a material impact on the Company's consolidated financial position or results of operations because the Company is not currently the guarantor of any third party obligations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We have adopted the disclosure requirements of SFAS No. 148 as of December 31, 2002. We account for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and comply with the disclosure provisions of SFAS No. 123, as amended. Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the date of grant, between the quoted market price of our stock and the exercise price.

On January 17, 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks and rewards. These entities have been commonly referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the initial and subsequent measurement of assets, liabilities and noncontrolling interests in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. The Company will adopt the provision of FIN No. 46 effective January 1, 2003 but does not believe it will have a material impact on the Company's financial position or results of operations as the Company does not have any involvement with variable interest entities.

In April 2003, the FASB issued SFAS No. 149, "Amendments of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments

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and Hedging Activities." This Statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company does not believe the adoption of this standard will have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This standard, which the Company will adopt in 2003, will not have a material effect on the Company's consolidated financial

position or results of operations.

## 2. NAME CHANGE

In April 2002, the Board of Directors authorized an amendment to the Company's certificate of incorporation to change the Company's name to "Index Development Partners, Inc.," subject to stockholder approval at the Company's annual meeting held on June 18, 2002. At the annual meeting, the Company's stockholders approved the name change, which became effective that day. Effective June 26, 2002, the Company's common stock began trading on the OTC Bulletin Board under the symbol "IXDP."

The Company's sole focus is on the development and licensing of proprietary stock indexes, including the America's Fastest Growing Companies (SM) family of stock indexes. The Company therefore believed it was appropriate to change its name to Index Development Partners, Inc., to align its corporate name with its current mission.

## 3. INVESTMENTS

On June 2, 1999, the Company, Kirlin Holding Corp ("Kirlin") and Venture Highway, Inc. (at the time a wholly-owned subsidiary of Kirlin), entered into an agreement pursuant to which the Company acquired 19.9% of the then-outstanding shares of common stock. The purchase price was paid in the form of a credit for Venture Highway to use to purchase advertising in the Company's magazines and web sites. During the year ended December 31, 2000, the Company reduced the carrying value of its investments in Venture Highway by approximately \$2.6 million, to zero. During the year ended December 31, 2002 the Company received distributions from Venture Highway of approximately \$141,000. This amount has been recorded as a gain on disposition of investments. The Company has not accrued for any additional recoveries and will record such amounts, if any, when received.

Also during the year ended December 31, 2002, the Company received a distribution from the domestic investment fund it formerly managed. The Company recorded a gain of \$10,980 in connection with this distribution.

On May 4, 2000, the Company and Tradeworx, Inc. ("Tradeworx") entered into an agreement pursuant to which the Company acquired 1,045,000 newly issued shares of common stock of Tradeworx, representing at the time a 7% stake (with warrants to acquire up to 10.5%), on a fully diluted basis, of Tradeworx. The purchase price was paid for in the form of a credit for Tradeworx to use to purchase advertising in the Company's magazines and websites during the 24 months ended August 1, 2002. The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of approximately \$1.1 million.

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The Company reviewed the operations and financial position of Tradeworx and concluded in the third quarter of 2001 that it had incurred an other than temporary decline in the value of its Tradeworx investment. The Company adjusted the carrying value to estimated fair market value and accordingly reduced the carrying value of its investment in Tradeworx by approximately \$1.1 million during the third quarter ended September 30, 2001.

On February 23, 2000, the Company and Pricing Dynamics Solutions, Inc. ("Pricing Dynamics") entered into an agreement pursuant to which the Company acquired 1,166,667 newly issued shares of common stock of Pricing Dynamics, representing at the time a 3.3% stake (on a fully-diluted basis) of Pricing Dynamics (constituting 7.4% of the then-outstanding shares). The purchase price was paid in the form of a credit for Pricing Dynamics to use to purchase advertising in the Company's magazines and web sites during the 21 months ended December 31, 2001. The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of approximately \$1.5 million.

During the quarter ended September 30, 2001 the Company became aware of an other than temporary decline in the value of its Pricing Dynamics investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately \$1.5 million during the third quarter ended September 30, 2001.

## 4. DISCONTINUED OPERATIONS

On May 17, 2002, the Company sold Horizon Publishing Company ("Horizon"), an unrelated third party, assets related to the Company's Individual Investor's Special Situations Report newsletter ("SSR") and Horizon agreed to provide SSR subscribers with one or more Horizon investment related newsletters, at no additional cost to SSR subscribers, for the number of issues of SSR that such subscribers have paid for but have not been served, representing approximately \$0.1 million of deferred subscription liability of the Company. In connection with this transaction, the Company discontinued publication of SSR. As a result of the transaction, the Company discontinued its Print Publications operations. The operating results relating to Print Publications operations have been segregated from continuing operations and reported within a separate line item

on the consolidated condensed statements of operations as discontinued operations.

In November 2001, the Company assigned to Telescan, Inc., certain of the Company's internet assets, including the domain name www.individualinvestor.com, in exchange for the 1,063,531 shares of the Company's Common Stock owned by Telescan and the Company subsequently discontinued its Online Services operations. The operating results relating to Online Services operations have been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations as discontinued operations.

On July 9, 2001, the Company completed the transactions (the "Magazine Sale") 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, sold to Kiplinger the subscriber list to the Company's Individual Investor magazine ("II"); 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 agreed to provide certain consulting services to Kiplinger until July 9, 2002. In return, Kiplinger 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 paid the Company \$3.5 million in cash, a portion of which was placed in escrow to secure certain obligations.

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The gain (loss) from discontinued operations consisted of the following components:

PRINT PUBLICATIONS

	2002 ----	2001 ----
Revenues and other income	\$ 1,550,637	\$ 5,929,994
	-----	-----
Gain (loss) from operations	1,524,238	(71,419)
Gain from disposal	69,499	2,175,497
	-----	-----
Total	\$ 1,593,737	\$ 2,104,078
	=====	=====

ONLINE SERVICES

	2002 ----	2001 ----
Revenues and other income	\$ --	\$ 1,256,331
	-----	-----
Gain (loss) from operations	335,941	(527,408)
Loss from disposal	--	(340,445)
	-----	-----
Total	\$ 335,941	\$ (867,853)
	=====	=====

Net current assets at December 31, 2002 and 2001 related to the Print Publications discontinued operation are approximately \$0 and \$251,000, respectively. Net current liabilities at December 31, 2002 and 2001 related to the Print Operations are approximately \$295,000 and \$643,000, respectively. Net current liabilities at December 31, 2002 and 2001 related to the Online Services discontinued operation are approximately \$36,000 and \$336,000, respectively.

Deferred subscription revenue, net of amounts recoverable from purchasers of print operations recorded in other assets, of approximately \$0.3 million is recognizable in decreasing monthly amounts through the second quarter of 2011.

5. PROPERTY AND EQUIPMENT

	December 31, 2002 -----
Equipment	\$283,071
Furniture and fixtures	62,119
Leasehold improvements	168,378
	-----
	513,568
Less: accumulated depreciation and amortization	(422,607)
	-----
	\$ 90,961
	=====

Upon the completion of the sublease arrangements for office space in 2001, the Company abandoned the leasehold improvements related to the sublet space. Approximately, \$0.9 million was recognized as a loss upon the abandonment of the

leasehold and has been included in the recorded impairment of investments and other assets in 2001.

6. ACCRUED EXPENSES

	December 31, 2002
Accrued operating expenses	\$ 99,530
Accrued professional fees	65,500
Prepaid sublease rentals	52,048
Other	11,382
	-----
	\$228,460
	=====

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7. COMMITMENTS AND CONTINGENCIES

Litigation -The Company from time to time is involved in ordinary and routine litigation incidental to its business; the Company currently believes that there is no such pending legal proceeding that would have a material adverse effect on the consolidated financial statements of the Company.

Profit Sharing Plan - The Company has a profit sharing plan (the "Plan"), subject to Section 401(k) of the Internal Revenue Code. All employees who complete at least two months of service and have attained the age of 21 are eligible to participate. The Company can make discretionary contributions to the Plan, but none were made in 2002 and 2001.

Lease Agreements - The Company leases office space in New York City under an operating lease that expires on March 31, 2004. In May 2001, the Company commenced a sublease of a portion of its headquarters office space to an unrelated third party and in January 2002 the Company commenced a sublease of another portion of its headquarters office space to a different unrelated third party. Effective April 30, 2003, the Company and its landlord entered into a Partial Assignment of Lease and Assignment of Subleases, the effect of which is that the Company (i) continues to lease approximately 5% of its former space, with a corresponding reduction in base rental expense, and (ii) will be paid by the landlord on a monthly basis approximately \$9,000, an amount that is equal to the difference between the higher monthly payments the Company's two former sub-lessors were obligated to pay the Company and the lower amount that the Company was obligated to pay the landlord with respect to the formerly sublet space, plus the cost of electricity for the entire space (which averaged approximately \$3,000 per month in 2002). The Company also subleases its former office space in New York City under an operating lease that expires March 1, 2005. All of the above leases and subleases provide for escalation of lease payments as well as real estate tax increases. Rent expense for the years ended December 31, 2002 and 2001 was approximately \$0.1 million and \$1.2 million, respectively. Future minimum lease payments and related sublease rentals receivable with respect to non-cancelable operating leases are approximately as follows:

Year	Future Minimum Rental Payments	Rents Receivable Under Sublease
2003	\$589,000	\$610,000
2004	300,000	303,000
2005	36,000	35,000
Thereafter	0	0
	-----	-----
Total	\$925,000	\$948,000
	=====	=====

The Company had an outstanding letter of credit totaling \$250,000 related to the security deposit for the Company's New York City corporate office space. The Company had received letters of credit from its sublease tenants in the aggregate amount of approximately \$145,000. Effective April 30, 2003, the Company's security deposit was reduced to \$11,770 and the Company transferred the letters of credit from its subtenants to its landlord.

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8. INCOME TAXES

The Company has available net operating loss carryforwards ("NOL") totaling approximately \$24.0 million. Based upon a change of ownership, which transpired in December 1991, the utilization of approximately \$2.1 million of pre-change NOL are limited in accordance with Section 382 of the Internal Revenue Code, which affects the amount and timing of when the NOL can be offset against taxable income. Then Company's NOL expire at differing amounts between January 1, 2003 through 2021. The Company also has an unrealized tax loss of approximately \$5.8 million related to the impairment of its investments (see

Note 3). The tax effects of temporary differences from discontinuing and continuing operations that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2002 and 2001, respectively, are presented below:

<TABLE>  
<CAPTION>

	2002 ----	2001 ----
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards	10,600,000	\$ 10,822,000
Unrealized tax loss	2,604,000	2,473,000
Deferred revenues	202,000	625,000
Net fixed assets	578,000	290,000
Other	-	254,000
	-----	-----
--- Total	13,984,000	14,464,000
Deferred tax liabilities:	-	-
	-----	-----
--- Less: valuation allowance	13,984,000 13,984,000	14,464,000 14,464,000
	-----	-----
--- Net deferred tax asset	\$ -	\$ -
	=====	=====

</TABLE>

The provision for income taxes from continuing operations for the years ended December 31, 2002 and 2001, respectively, is different than the amount computed using the applicable statutory Federal income tax rate with the difference summarized below:

<TABLE>  
<CAPTION>

	2002 ----	2001 ----
<S>	<C>	<C>
Hypothetical income tax benefit at the US Federal statutory rate	(\$303,000)	(\$2,299,353)
Hypothetical State and local income taxes benefit, less US Federal income tax benefit	(87,000)	(447,000)
Permanent differences	1,000	118,000
Unrealized tax loss	-	1,286,000
Net operating loss benefit not recognized	389,000	1,272,353
	-----	-----
----- Total	\$ -	\$ -
	=====	=====

</TABLE>

#### 9. STOCK OPTIONS

In April 2002, the Company's board of directors and its chief executive officer, Jonathan Steinberg, agreed that between April 16, 2002 and December 31, 2002, Mr. Steinberg would receive no cash salary and instead would be granted a ten-year option to purchase the Company's Common Stock at an exercise price of \$0.05 per share (the fair market value of the Common Stock on the date of the grant), vesting in bimonthly installments. Pursuant to that agreement, in April 2002, Mr. Steinberg was granted such an option for an aggregate of approximately 3.6 million shares, vesting bimonthly between April 30, 2002 and December 31, 2002, in installments of between approximately 208,000-216,000 shares. Together with a similar grant to another employee in lieu of foregoing a portion of his salary, the total number of options granted to employees during 2002 is 3,893,985 options. On July 31, 2002, the Company granted a director an option to purchase 30,000 shares of the Company's common stock at an exercise price of \$0.04 per share.

In May 2001, the Stock Option Committee, pursuant to the Company's 2000 Performance Equity Plan, awarded 223,000 shares of authorized but unissued Common Stock in the aggregate to certain employees subject to the terms of a restricted stock agreement. 194,000 of these shares were cancelled during 2001 and an additional 21,000 were cancelled in March 2002 upon the termination of employment of the respective employees. The restriction period on the remaining shares expired in May 2002.

The Company has six stock option plans: the 1991 Stock Option Plan, the

1993 Stock Option Plan, the 1996 Performance Equity Plan, the 1996 Management Incentive Plan; the 2000 Performance Equity Plan ("2000 Plan") and the 2001 Performance Equity Plan ("2001 Plan") (collectively, the "Plans"). Under the Plans, the Company can issue a maximum of 4,200,000 shares of Common Stock. Options issued pursuant to the Plans may be exercisable for a period of up to 10 years from the date of the grant. Options granted pursuant to the 1991 Stock Option Plan must be at an exercise price which is not less than the fair market value of the stock at the date of grant; options granted pursuant to the other Plans may have, but to date have not had, exercise prices less than the fair market value at the date of grant.

In addition to the Plans, the Company has options outstanding that were granted outside of the Plans. These options were granted at fair market value at the date of grant and expire at various dates through November, 2012.

Activity in the Plans noted above is summarized in the following table:

<TABLE>  
<CAPTION>

		2002 ----	Weighted Average Exercise Price -----	2001 ----	Weighted Average Exercise Price -----
<S>	<C>	Options -----	<C>	Options -----	<C>
Options outstanding, January 1		1,330,501	\$1.37	1,291,043	\$2.90
Granted		319,693	\$0.06	1,109,000	\$0.46
Exercised		-	-	(62,697)	-
Canceled		(682,001)	\$1.66	(1,006,845)	\$2.41
		-----		-----	
Balance, December 31		968,193	\$0.63	1,330,501	\$1.37
		=====		=====	

</TABLE>

Options exercisable under the Plans at December 31, 2002 and 2001, respectively, were 475,692 and 457,876, respectively, at weighted average exercise prices of \$0.92, and \$2.71, respectively. At December 31, 2002 and 2001, respectively, options available for grant under the Plans were 1,380,655 and 2,020,347, respectively, while total shares of Common Stock reserved for future issuances under the Plans were 2,348,848 and 3,350,848, respectively.

In April 2001, the Company's board of directors approved the 2001 Performance Equity Plan ("2001 Plan"). The 2001 Plan covers 1,000,000 shares of the Company's common stock, and is similar to the Company's 1993, 1996 and 2000 Plans, except that incentive options may not be granted since shareholder approval for the 2001 Plan will not be obtained within one year of its adoption. The Company's stock option committee will administer the 2001 Plan.

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Options granted outside of the Plans are as follows:

<TABLE>  
<CAPTION>

		2002 ----	Weighted Average Exercise Price -----	2001 ----	Weighted Average Exercise Price -----
<S>	<C>	Options -----	<C>	Options -----	<C>
Options outstanding, January 1		1,498,650	\$2.59	1,658,150	\$2.73
Granted		3,604,292	\$0.05	130,000	\$0.45
Exercised		-	-	-	-
Canceled		(728,650)	\$5.37	(289,500)	\$2.45
		-----		-----	
Balance, December 31		4,374,292	\$0.39	1,498,650	\$2.59
		=====		=====	

</TABLE>

Options granted outside the Plans that were exercisable at December 31, 2002 and 2001, respectively, were 4,334,292 and 1,358,5650, respectively, at weighted average exercise prices of \$0.39 and \$2.79, respectively.

The following table summarizes information about total stock options outstanding at December 31, 2002:

<TABLE>

<CAPTION>

Range of Exercise Average Price	Prices	Options Outstanding		Options Exercisable	
		Number Outstanding at 12/31/2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/2002
<S>		<C>	<C>	<C>	<C>
\$0.4062-	\$1.250	5,158,985	8.09	\$0.25	4,628,984
\$0.24					
\$2.00-\$4.00		153,500	2.21	\$2.17	151,000
\$2.16					
\$4.25-\$4.4375		30,000	6.95	\$4.44	30,000
\$4.44					
		-----			-----
		5,342,485	7.60	\$0.43	4,809,984
		=====			=====
\$0.44					

</TABLE>

#### 10. STOCKHOLDERS' EQUITY

Cancellation of Common Stock - In connection with the November 2001 sale of certain assets by the Company to Telescan, Inc., the Company received as consideration 1,063,531 shares of the Company's Common Stock, which represented 100% of Telescan's shareholdings of Company Common Stock on that date. These shares were retired by the Company and are part of the authorized but unissued shares.

Issuance of Preferred Stock - On December 2, 1998, the Company issued a total of 10,000 shares of Series A Preferred Stock ("Series A Preferred Stock") to two parties unrelated to the Company pursuant to Stock Purchase Agreements, for an aggregate purchase price of \$2.0 million. The Series A Preferred Stock has a par value of \$.01 per share and a stated value of \$200 per share. The Series A Preferred Stock is convertible into the Company's Common Stock at a conversion price of \$2.12 per share, subject to adjustment for stock splits, recapitalizations, and the like. Any unconverted shares will be subject to mandatory conversion into the Company's Common Stock on December 31, 2003. The conversion price of the Series A Preferred Stock was 17% higher than the closing price of the Company's Common Stock (\$1.81) on the last trading day prior to the execution of the Stock Purchase Agreements. The Series A Preferred Stock will be entitled to receive a cumulative ten percent (10%) per annum cash dividend, payable annually on December 31 of each year, commencing December 31, 1999, or, if earlier, upon conversion of the shares of Series A Preferred Stock. The Series A Preferred Stock shall have a liquidation preference of \$200 per share plus any accrued and unpaid dividends. Shares of Common Stock into which the Series A Preferred Stock may be converted were registered for resale in October

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1999. On September 21, 2000, 2,120 shares Series A Preferred Stock were converted at the conversion price of \$2.12 per share into 200,000 shares of Common Stock. At December 31, 2002, 7,880 shares of Series A Preferred Stock remained outstanding. These shares of Series A Preferred Stock are convertible into 743,396 shares of Common Stock.

Warrants - In 1998, in connection with consulting and recruiting services provided, the Company issued warrants to purchase up to 362,500 shares of Common Stock at exercise prices ranging from \$1.1875 to \$2.15625. The warrants were valued at \$337,113 using the Black-Scholes options pricing model. Of the warrants issued in 1998, 300,000 may be exercised at any time until December 15, 2003 and 62,500 were cancelled during 2000.

In 1999, in connection with consulting and recruiting services provided, the Company issued warrants to purchase up to 138,750 shares of Common Stock at exercise prices ranging from \$2.6255 to \$3.40625. The warrants were valued at \$288,211 using the Black-Scholes options pricing model. During 2000, 43,750 of the warrants issued in 1999 expired unexercised and 50,000 of the warrants issued in 1999 were cancelled. During 2001, 30,000 of the warrants issued in 1999 were cancelled and the remaining 15,000 may be exercised at any time until November 28, 2004.

In 2000, in connection with the sale by the Company of two Internet domains for cash consideration of \$1.0 million, the Company issued a warrant to purchase 250,000 shares of the Company's Common Stock at an exercise price of \$2.00 per share. This warrant may be exercised at any time until August 10, 2003.

Since 2000, there has been no issuance or cancellation of warrants.

#### 11. NET INCOME (LOSS) PER COMMON SHARE



Basic net income (loss) per common share is computed by dividing the net income (loss), after deducting dividends on cumulative convertible preferred stock, by the weighted average number of shares of Common Stock outstanding during the period. Diluted net income (loss) per common share is computed using the weighted average number of outstanding shares of Common Stock and common equivalent shares during the period. Common equivalent shares consist of the incremental shares of Common Stock issuable upon the exercise of stock options, warrants and other securities convertible into shares of Common Stock. In 2001 and 2002, the exercise of stock options, warrants and other securities convertible into shares of Common Stock were not assumed in the computation of dilutive loss per common share, as the effect would have been antidilutive.

The computation of basic net income (loss) applicable to common shareholders is as follows:

		2002	
		----	
<S>		<C>	<C>
Net loss from continuing operations		(\$ 865,745)	
(\$6,569,581)			
Preferred stock dividends		(157,600)	
(157,600)			
-----			
Net loss from continuing operations applicable to common shareholders		(1,023,345)	
(6,727,181)			
Income from discontinued operations		1,929,678	
1,236,225			
-----			
Net income (loss) applicable to common shareholders		\$906,333	
(\$5,490,956)			
=====			

</TABLE>

The reconciliation of the number of shares used in calculating net income (loss) applicable to common shareholders is as follows:

		2002		2001	
		----		----	
<S>		<C>		<C>	
Balance January 1,		7,915,552		8,972,886	
Repurchase and cancellation of common stock				(203,965)	
Cancellation of restricted shares		(17,564)		(24,255)	
Issuance of restricted shares				142,965	
-----					
Balance December 31,		7,897,988		8,887,631	
=====					

</TABLE>

12. SUPPLEMENTARY INFORMATION - SELECTED QUARTERLY DATA (Unaudited)

2002 Quarters

		1st		2nd		3rd		4th	
		-----		-----		-----		-----	
<S>		<C>		<C>		<C>		<C>	
Revenues		\$ -		\$ -		\$ -		\$ -	
-									
Operating expenses		385,240		116,880		347,672			
251,575									
Gain on sale of assets		70,713							
Gain on disposition investments		84,926							
67,054									
-----									
Operating loss from continuing operations		(229,601)		(116,880)		(347,672)			

(184,363)				
Investment and other income	4,837	3,366	2,964	
1,604				
-----				
Net loss from continuing operations	(224,764)	(113,514)	(344,708)	
(182,759)				
Gain from discontinued operations	474,334	497,045	569,568	
388,731				
Net income	\$ 249,570	\$ 383,531	\$ 224,860	\$
205,972				
=====				
Basic and dilutive income (loss) per common share:				
Continuing operations	\$ (0.03)	\$ (0.02)	\$ (0.05)	\$
(0.03)				
Discontinued operations	\$ 0.06	\$ 0.06	\$ 0.07	\$
0.05				
-----				
Net income per share	\$ 0.03	\$ 0.04	\$ 0.02	\$
0.02				
=====				
Average number of common shares used in				
in computing loss per common share	7,927,485	7,894,552	7,894,552	
7,894,552				

2001 Quarters

	1st	2nd	3rd	
4th				
-----				
Revenues	\$ -	\$ -	\$ -	\$
-				
Operating expenses	1,107,306	798,951	571,022	
657,329				
Gain on sale of assets	-	-	20,355	
-				
Impairment of investment	-	-	(2,678,546)	
(851,722)				
-----				
Operating loss	(1,107,306)	(798,951)	(3,229,213)	
(1,509,051)				
Investment and other income	52,419	15,855	19,214	
7,808				
-----				
Net loss from continuing operations	(1,054,887)	(783,096)	(3,209,999)	
(1,521,599)				
Gain (loss) from discontinued operations	(600,283)	(1,554,513)	2,482,247	
908,774				
Net loss	\$ (1,655,170)	\$ (2,337,609)	\$ (727,752)	\$
(612,825)				
=====				
Basic and dilutive income (loss) per common share:				
Continuing operations	\$ (0.12)	\$ (0.09)	\$ (0.37)	\$
(0.19)				
Discontinued operations	\$ (0.07)	\$ (0.17)	\$ 0.28	\$
0.11				
-----				
Net loss per share	\$ (0.19)	\$ (0.26)	\$ (0.09)	\$
(0.08)				
=====				
Average number of common shares used in				
in computing loss per common share	8,972,672	9,093,775	8,909,661	
8,380,657				

</TABLE>

The above tables have been reclassified for the effects of SFAS No. 144 on discontinued operations.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER.

As of May 9, 2003, the Company's directors and executive officers and their ages and positions are as follows:

Name ----	Age ---	Position -----
Jonathan L. Steinberg	38	Chairman of the Board and Chief Executive Officer
S. Christopher Meigher III	56	Director
E. Drake Mosier	35	Director
Peter M. Ziemba	45	Director

Jonathan L. Steinberg founded the Company and has served as Chairman of the Board of Directors and Chief Executive Officer since October 1988. From August 1986 to August 1988, Mr. Steinberg was employed as an analyst in the Mergers and Acquisitions Department of Bear, Stearns & Co. Inc., an investment banking firm.

S. Christopher Meigher III has served as a director of the Company since June 1998. Mr. Meigher has served as Chairman and Chief Executive Officer of Quest Media, LLC, a magazine publisher, since March 2000. From November 1992 until February 2000, Mr. Meigher served as Chairman, Chief Executive Officer and General Partner of Meigher Communications, L.P., a magazine publisher. Prior thereto, Mr. Meigher was employed by Time Inc. for 23 years and served in numerous senior management positions, including serving as President of Time Inc.'s New York Magazine Division from 1990 to 1992.

E. Drake Mosier has served as a director of the Company since December 1999. In January 1995, Mr. Mosier founded 401k Forum, Inc., the predecessor to mPower, Inc., which provides online, institutional quality investment advice for non-high net worth retail investors. From August 1995 until November 1999, Mr. Mosier served as Chairman of the Board of Directors and Chief Executive Officer and since November 1999 has served as Vice Chairman of mPower, Inc. From November 1999 to July 2001, Mr. Mosier served as Chairman of the Board and Chief Executive Officer of mPower Europe, Ltd. Prior to founding mPower, Mr. Mosier worked at Salomon Smith Barney, Inc. designing and managing institutional 401(k) plans. Since July 2001, Mr. Mosier has been a private equity investor.

Peter M. Ziemba has served as a director of the Company since June 1996. Mr. Ziemba is an attorney and has been a partner of the law firm Graubard Miller for more than five years and has been employed there since 1982. Graubard Miller is our outside general counsel.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors and persons who beneficially own more than ten percent of a registered class of the Company's equity securities ("ten-percent stockholders") to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and ten-percent stockholders also are required to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms furnished to it, and written representations that no other reports were required, the Company believes that during its fiscal year ended December 31, 2002, all its officers, directors and ten-percent stockholders complied with the

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Section 16(a) reporting requirements, except that S. Christopher Meigher III filed one Form 4 late, which Form 4 reported one transaction.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth the compensation for the three fiscal years ended December 31, 2002, 2001 and 2000, for the Company's Chief Executive Officer and each other executive officers whose compensation exceeded \$100,000 for the fiscal year ended December 31, 2002.

<TABLE>  
<CAPTION>

-----

-----  
SUMMARY COMPENSATION TABLE  
-----

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	
		Salary (\$)	Bonus (\$)	Number of Options (#)	All Other Compensation
-----					
<S>	<C>	<C>	<C>	<C>	<C>
Jonathan L. Steinberg	2002	68,240 (1)	-	3,604,292 (1)	-
Chairman of the Board and Chief Executive Officer	2001	230,000	-	420,000	-
	2000	230,000	-	-	-
-----					
Gregory E. Barton	2002	159,338	-		-
Former President, Chief Financial Officer, General Counsel and Secretary	2001	200,000	62,500 (2)	50,000	-
	2000	200,000	62,500 (2)	325,000	-
				-	-

</TABLE>

- (1) In April 2002, the Company's board of directors and Mr. Steinberg agreed that between April 16, 2002 and December 31, 2002, Mr. Steinberg would receive no cash salary and instead would be granted a ten-year option to purchase the Company's Common Stock at an exercise price of \$0.05 per share (the fair market value of the Common Stock on the date of the grant). The option had a Black-Scholes value (calculated on the April 2002 grant date) equal to the amount of cash salary that Mr. Steinberg otherwise would have received.
- (2) In 2000, Mr. Barton was awarded a bonus of \$125,000 for services performed for the Company and as an incentive for continued employment. One-half of the bonus was paid in 2000 and one-half was earned and paid in April 2001.

Compensation Arrangements for Current Executive Officers

Jonathan L. Steinberg does not have a written employment agreement and since 1997, with the exception noted below, he has received an annual base salary of \$230,000. In April 2002, the Company's board of directors and Mr. Steinberg agreed that between April 16, 2002 and December 31, 2002, Mr. Steinberg would receive no cash salary and instead would be granted a ten-year option to purchase the Company's Common Stock at an exercise price of \$0.05 per share (the fair market value of the Common Stock on the date of the grant), vesting in bimonthly installments, each installment of which would have a Black-Scholes value (calculated on the April 2002 grant date) equal to the amount of cash salary that Mr. Steinberg otherwise would have received. Pursuant to that agreement, in April 2002 Mr. Steinberg was granted such an option for an aggregate of approximately 3.6 million shares, vesting bimonthly between April 30, 2002 and December 31, 2002, in installments of between approximately 208,000-216,000 shares. The average consideration per option the Company received (i.e., the amount of salary the Company saved) by granting the option was slightly above \$0.045. In the event that any such option is exercised, the average consideration per share the Company will receive would be slightly above \$0.095 (the sum of the approximately \$0.045 in saved salary, plus the \$0.05

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exercise price the Company would receive) - an amount that is more than 90% greater than the fair market value of the Common Stock on the date of grant.

The Company employed Gregory E. Barton pursuant to a written employment agreement, which did not have a specific term of employment, and which provided for an annual base salary of \$200,000. In November 2002, Mr. Barton terminated his employment and accepted employment with an unrelated third party.

Director Compensation

Directors receive no cash compensation for their services to the Company as directors, but are reimbursed for all reasonable costs incurred in attending meetings of the board of directors. Pursuant to the 1996 Plan (defined below), directors who are not employees of the Company receive automatic grants of stock options upon their election or appointment as a director and upon each re-election as a director. Each stock option is for 30,000 shares of Common Stock and vests at the rate of 10,000 shares of Common Stock per year after an equal period of service, and once vested, remain exercisable until the tenth anniversary of the date of grant unless the director ceases to be a director for reason other than death, in which case a shorter exercise period may apply. Each option is exercisable per share at the fair market value per share on the date of grant. Notwithstanding the foregoing, if the director eligible for an award

of a stock option is re-elected as a director and has not yet served as a director of the Company for a term of three full years, the award of the stock option will be modified as follows: (A) the number of shares of Common Stock that may be acquired under the stock option will be reduced to (1) 20,000 shares of Common Stock if the director has served as a director more than two years, but less than three years, (2) 10,000 shares of Common Stock if the director has served as a director more than one year, but less than two years, and (3) if the director has served less than one year as a director, no stock option will be awarded; and (B) the stock option will be exercisable by the director as to 10,000 shares of Common Stock on each of the second and third anniversaries of his re-election or re-appointment as a director if the stock option represents the right to acquire 20,000 shares of Common Stock and the stock option will be exercisable by the director as to 10,000 shares of Common Stock on the third anniversary of his re-election or re-appointment as a director if the stock option represents the right to acquire 10,000 shares of Common Stock. In 1999, the shares of Common Stock reserved under the 1996 Plan were fully utilized and the Company continued this compensation structure outside of the 1996 Plan in connection with the appointment of E. Drake Mosier as a director.

In May 2001, the board of directors approved a special, one time grant to the Company's non-employee directors. Options to purchase 30,000 shares, vesting in three equal installments of 10,000 shares on May 14 in 2001, 2002 and 2003 were granted to Messrs. Meigher, Mosier, Sokoloff and Ziemba. Additional options to purchase 10,000 shares vesting immediately were granted to Mr. Meigher. The exercise price of all of these options were equal to the fair market value per share on the date of grant.

Option Grants

The following table sets forth the stock options granted in the last fiscal year to the Company's executive officers identified in the Summary Compensation Table above.

<TABLE>  
<CAPTION>

OPTIONS GRANTED IN LAST FISCAL YEAR				
Name of Executive	Number of Securities Underlying Options Granted (#)	Total Options Granted to Employees in Fiscal Year (%)	Exercise Price Per Share (\$)	Expiration Date
Jonathan L. Steinberg	3,604,292	93.3	0.05	4/2/12
Gregory E. Barton	50,000	1.3	0.07	3/31/05

</TABLE>

The following table sets forth the fiscal year end option values of outstanding options at December 31, 2002 and the dollar value of unexercised, in-the-money options for our executive officers identified in the Summary Compensation table above.

<TABLE>  
<CAPTION>

AGGREGATED FISCAL YEAR END OPTION VALUES				
Name	Number of Securities Underlying Unexercised Options at Fiscal Year End		Dollar Value of Unexercised in-the-Money Options at Fiscal Year End(1)	
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Jonathan L. Steinberg	4,389,292	315,000	288,343	0
Gregory E. Barton	25,000	25,000	1,500	1,500

</TABLE>

- (1) These values are based on the difference between the closing sale price of the Common Stock on December 31, 2002 (\$0.13) and the exercise prices of the options.

#### Stock Option Plans

##### 1991 Stock Option Plan

In 1991, the Company adopted the 1991 Stock Option Plan ("1991 Plan") covering 200,000 shares of Common Stock pursuant to which the Company's officers, directors and key employees are eligible to receive incentive or non-qualified stock options. The 1991 Plan, which expired in October 2001 (and therefore no further options may be granted under this plan), is administered by our stock option committee pursuant to the powers delegated to it by the board of directors. To the extent permitted under the express provisions of the 1991 Plan, the stock option committee has authority to determine the selection of participants, allotment of shares, price, and other conditions of purchase of options and administration of the 1991 Plan in order to attract and retain persons instrumental to our success.

##### 1993 Stock Option Plan

In 1993, the Company adopted the 1993 Stock Option Plan ("1993 Plan") covering 500,000 shares of Common Stock pursuant to which the Company's officers, directors, key employees and consultants are eligible to receive

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incentive or non-qualified stock options, stock appreciation rights, restricted stock awards, deferred stock, stock reload options and other stock based awards. The 1993 Plan will terminate at such time as no further awards may be granted and awards granted are no longer outstanding, provided that incentive options may only be granted until February 16, 2003. The 1993 Plan is administered by the stock option committee pursuant to the powers delegated to it by the board of directors. To the extent permitted under the provisions of the 1993 Plan, the stock option committee has authority to determine the selection of participants, allotment of shares, price, and other conditions of purchase of awards and administration of the 1993 Plan in order to attract and retain persons instrumental to the Company's success.

##### 1996 Performance Equity Plan

In 1996, the Company adopted the 1996 Performance Equity Plan ("1996 Plan") covering 1,000,000 shares of Common Stock, which is similar to the 1993 Plan, except that incentive options may only be granted until March 18, 2006. The 1996 Plan is administered by the stock option committee pursuant to the powers delegated to it by the board of directors.

##### 1996 Management Incentive Plan

In 1996, the Company adopted the 1996 Management Incentive Plan covering 500,000 shares of Common Stock, pursuant to which the Company's executives or those of the Company's subsidiaries are eligible to receive incentive or non-qualified stock options, stock appreciation rights, restricted stock awards, deferred stock, stock related options and other stock based awards. The Management Incentive Plan will terminate at such time as no further awards may be granted and awards granted are no longer outstanding, provided that incentive options may only be granted until November 4, 2006. The board of directors administers the Management Incentive Plan.

##### 2000 Performance Equity Plan

In 2000, the Company adopted the 2000 Performance Equity Plan ("2000 Plan") covering 1,000,000 shares of Common Stock, which is similar to the 1993 and 1996 Plans, except that incentive options may only be granted until June 21, 2010. The 2000 Plan is administered by the stock option committee pursuant to the powers delegated to it by the board of directors.

##### 2001 Performance Equity Plan

In April 2001, the Company adopted the 2001 Performance Equity Plan ("2001 Plan"). The 2001 Plan covers 1,000,000 shares of Common Stock, and is similar to our 1993, 1996 and 2000 Plans, except that incentive options may not be granted since shareholder approval for the 2001 Plan was not obtained within one year of its adoption. The 2001 Plan is administered by the stock option committee pursuant to the powers delegated to it by the board of directors.

#### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information as of June 19, 2003, with respect to the Common Stock ownership of (i) those persons or groups known to beneficially own more than 5% of the Company's voting securities, (ii) each director and director-nominee of the Company, (iii) each current executive

officer whose compensation exceeded \$100,000 in the 2002 fiscal year, and (iv) all current directors and executive officers of the Company as a group.

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<TABLE>  
<CAPTION>

Name of Beneficial Owner -----	Amount and Nature of Beneficial Ownership(1) -----	Percent of Class of Voting Securities -----
<S>	<C>	<C>
Jonathan L. Steinberg	5,339,302(2)	43.0%
American Financial Group, Inc.	743,396(3)	8.6%
Reliance Insurance Company	666,666(4)	8.4%
Saul P. Steinberg	621,424(5)	7.9%
S. Christopher Meigher III	90,000(6)	1.1%
Peter M. Ziemba	80,000(7)	1.0%
E. Drake Mosier 60,000(8) *		
Gregory E. Barton	50,000 (9)	*
All directors and executive officers as a group (4 persons) -----	5,569,302(10)	44.1%

</TABLE>

\* Less than 1%.

(1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. The information concerning the stockholders is based upon information furnished to the Company by such stockholders. Except as otherwise indicated, all of the shares of Common Stock are owned of record and beneficially and the persons identified have sole voting and investment power with respect thereto.

(2) Includes 4,494,292 shares of Common Stock issuable upon the exercise of presently exercisable options. Does not include 210,000 shares of Common Stock issuable upon exercise of options that are not currently exercisable and that will not become exercisable within the next 60 days. The business address of Jonathan L. Steinberg is 125 Broad Street, 14th Floor, New York, New York 10004.

(3) Represents 7,880 shares of 10% Series A Preferred Stock that is convertible into 743,396 shares of the Company's Common Stock for which American Financial Group, Inc. shares investment power with Carl H. Lindner, Carl H. Lindner III, S. Craig Lindner and Keith E. Lindner. The business address of American Financial Group, Inc. is One East Fourth Street, Cincinnati, Ohio 45202. Information is derived from a Schedule 13G filed with the Securities and Exchange Commission on January 27, 2003.

(4) Represents 666,666 shares of Common Stock owned by Reliance Insurance Company. According to an Amendment to Schedule 13D filed on March 28, 2000, Reliance Financial Services Corporation ("Reliance Financial") is the direct parent company of Reliance Insurance Company, and in turn is a wholly-owned subsidiary of Reliance Group Holdings, Inc. ("Reliance Group"), and Reliance Financial has sole voting and investment power over these shares. This Amendment states that the business address of Reliance Financial is 55 East 52nd Street, New York, New York 10055. However, the Company is aware that Reliance Insurance Company currently is in liquidation by an agency of the Commonwealth of Pennsylvania and it presumes that the liquidator has sole voting and investment power over the shares held by Reliance Insurance Company.

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(5) Share information is derived from an Amendment to Schedule 13D filed with the Securities and Exchange Commission on March 28, 2000. The business address of Saul P. Steinberg is 200 East 62nd Street, New York, New York 10021.

(6) Represents 90,000 shares of Common Stock issuable upon the exercise of presently exercisable options. Does not include 10,000 shares of Common Stock issuable upon exercise of options that are not currently exercisable and that will not become exercisable within the next 60 days.

(7) Represents 80,000 shares of Common Stock issuable upon the exercise of presently exercisable options. (8) Represents 60,000 shares of Common Stock issuable upon the exercise of presently exercisable options. (9) Represents 50,000 shares of Common Stock issuable upon the exercise of presently

exercisable options. (10) Includes 4,724,292 shares of Common Stock issuable upon the exercise of options presently exercisable or exercisable within the next 60 days. Does not include 230,000 shares of Common Stock issuable upon exercise of options, which are not exercisable within the next 60 days.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information at December 31, 2002 with respect to our equity compensation plans that provide for the issuance of options, warrants or rights to purchase our securities.

<TABLE>  
<CAPTION>

in	Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected the first column)
<S>	<C>	<C>	<C>	<C>
	Equity Compensation Plans Approved by Security Holders	968,193	\$0.63	1,380,655
	Equity Compensation Plans Not Approved by Security Holders (1)-(8)	4,689,292	\$0.39	870,000

</TABLE>

(1) On April 7, 1994, the Company granted to its Chief Executive Officer, in connection with his ongoing employment, 500,000 ten-year options outside of the Company's stockholder-approved equity compensation plans, 250,000 of which had an exercise price of \$4.9375 per share, 125,000 of which had an exercise price of \$6.65 per share and 125,000 of which had an exercise price of \$7.50 per share. The exercise price of all of these options was amended in November 1998 to be \$1.25 per share. No portion of these options had been exercised as of December 31, 2001.

(2) On June 23, 1995, the Company granted to its Chief Executive Officer, then-President and then-Chief Financial Officer, in connection with their ongoing employment, ten-year options outside of the Company's stockholder-approved equity compensation plans, of which there were outstanding at December 31, 2001 183,334 options with an exercise price of \$5.75 per share. As a result of subsequent agreements between the company and the optionees, 103,334 of these options expired in September 2002 and the exercise price of 80,000 of these options was amended in November 1998 to be \$1.25 per share.

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(3) On December 15, 1998, the Company granted to its then-financial advisor, in connection with its provision of financial advisory services, a five-year warrant to purchase 300,000 shares of the Company's common stock at an exercise price of \$2.15625 per share. No portion of this warrant had been exercised as of December 31, 2001.

(4) On December 23, 1998, the Company granted to one of its non-employee directors in connection with his services as a director an option expiring in June 2005 for 30,000 shares with an exercise price of \$2.00 per share, in exchange for cancellation of an existing 30,000 share option held by such director. No portion of this option had been exercised as of December 31, 2001.

(5) On November 29, 1999, the Company granted to its then-financial advisor, in connection with its provision of financial advisory services, a five-year warrant to purchase 15,000 shares of the Company's common stock at an exercise price of \$2.91875 per share. No portion of this warrant had been exercised as of December 31, 2001.

(6) On December 14, 1999, the Company granted to one of its non-employee directors in connection with his services as a director a ten-year option for 30,000 shares with an exercise price of \$4.4375 per share. No portion of this option had been exercised as of December 31, 2001.

(7) On May 14, 2001, the Company granted to its non-employee directors in connection with their services as directors ten-year options for an



aggregate of 130,000 shares (30,000 for each of three such directors and 40,000 for one such director) with an exercise price of \$0.45 per share. No portion of these options had been exercised as of December 31, 2001, but an option to purchase 10,000 shares to one director has been forfeited upon the resignation of such director in March 2003.

- (8) On April 2, 2002, the Company granted to its Chief Executive Officer, in lieu of salary, a ten-year option for 3,604,292 shares with an exercise price of \$0.05 per share. No portion of this option had been exercised at December 31, 2002.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

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ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

- (a) (1) Financial Statements

The following financial statements of the Issuer are filed as part of this report:

Independent Auditors' Report;  
 Consolidated Balance Sheets as of December 31, 2002;  
 Consolidated Statements of Operations for the Years Ended December 31, 2002 and 2001;  
 Consolidated Statements of Stockholders' Equity (Deficit) for the Years Ended December 31, 2002 and 2001;  
 Consolidated Statements of Cash Flows for the Years Ended December 31, 2002 and 2001; and  
 Notes to Consolidated Financial Statements

- (a) (3) Exhibits

<TABLE>  
 <CAPTION>

Exhibit No. -----	Description -----	Method of Filing -----
<S>	<C>	<C>
3.1 3.2 to the 30, 1999 (the	Amended and Restated Certificate of Incorporation of the Issuer, as amended through June 22, 1999	Incorporated by reference to Exhibit Form 10-Q for the quarter ended June "6/99 Form 10-Q")
3.1.1 3.2 to the 30, 2002 (the	Amended and Restated Certificate of Incorporation of the Issuer, as amended through June 18, 2002	Incorporated by reference to Exhibit Form 10-Q for the quarter ended June "6/02 Form 10-Q")
3.1.2 3.1 to the	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Issuer	Incorporated by reference to Exhibit 6/02 Form 10-Q
3.2 3.3 to the	Bylaws of the Issuer amended through April 27, 1999	Incorporated by reference to Exhibit 6/99 Form 10-Q
4.1 4.1 to the Form S-18 (File	Specimen Certificate for Common Stock of the Issuer	Incorporated by reference to Exhibit Issuer's Registration Statement on No. 33-43551-NY) (the "Form S-18")
4.2 10.1 to the 1998 (the	Certificate of Designations, Preferences and Other Rights and Qualifications of Series A Preferred	Incorporated by reference to Exhibit Issuer's Form 8-K filed December 14, "12/14/98 Form 8-K")
10.1+ 10.3 to the	Indemnification Agreement dated as of August 19, 1991, between the Issuer and Jonathan L. Steinberg	Incorporated by reference to Exhibit Form S-18
10.2+ 10.4 to the 31, 1998	Indemnification Agreement dated as of June 19, 1996, between the Issuer and Peter M. Ziemba	Incorporated by reference to Exhibit Form 10-K for the year ended December (the "1998 Form 10-K")

</TABLE>

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<TABLE>  
<CAPTION>

Exhibit No. ----- <S>	Description ----- <C>	Method of Filing ----- <C>
10.3+ 10.1 to the 31, 1999	Indemnification Agreement dated as of June 17, 1998, between the Issuer and S. Christopher Meigher III	Incorporated by reference to Exhibit Form 10-Q for the quarter ended March
10.4+ 10.2 to the 31, 2000	Indemnification Agreement dated as of December 15, 1999, between the Issuer and E. Drake Mosier	Incorporated by reference to Exhibit Form 10-Q for the quarter ended March
10.5+ 10.13 to the	Form of 1991 Stock Option Plan of the Issuer	Incorporated by reference to Exhibit Form S-18
10.6+ 4.2 to the Form S-8 (File	Form of 1993 Stock Option Plan of the Issuer	Incorporated by reference to Exhibit Issuer's Registration Statement on No. 33-72266)
10.7+ 10.43 to the December 31, 1995	Form of 1996 Performance Equity Plan of the Issuer	Incorporated by reference to Exhibit Form 10-KSB for the year ended ("1995 Form 10-KSB")
10.8+ 4.10 to the Form S-8 (File	Form of 1996 Management Incentive Plan of the Issuer	Incorporated by reference to Exhibit Issuer's Registration Statement on No. 333-17697)
10.9+ to 17, 2000	Form of 2000 Performance Equity Plan of the Issuer	Incorporated by reference to Appendix A definitive Proxy Statement dated May
10.10+	Form of 2001 Performance Equity Plan of the Issuer	Filed herewith.
10.11+ 10.4 to the 30, 1997	Form of Stock Option Agreement dated as of May 9, 1997 between the Issuer and each of Jonathan Steinberg, Robert Schmidt, Scot Rosenblum, and Michael Kaplan	Incorporated by reference to Exhibit Form 10-QSB for the quarter ended June
10.12+ 10.21 to the	Agreement dated as of November 19, 1998 between Jonathan Steinberg and the Issuer	Incorporated by reference to Exhibit 1998 Form 10-K
10.13+ 10.23 to the 31, 2001.	Stock Option Agreement dated as of January 3, 2001 between the Issuer and Jonathan L. Steinberg	Incorporated by reference to Exhibit Form 10-KSB for the year ended December
10.14 10.42 to the	Office sublease dated as of January 1996 between the Issuer and VCH Publishers, Inc.	Incorporated by reference to Exhibit 1995 Form 10-KSB

</TABLE>

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<TABLE>  
<CAPTION>

Exhibit No. ----- <S>	Description ----- <C>	Method of Filing ----- <C>
10.15 10.31 to the	Lease dated as of November 30, 1998 between the Issuer and 125 Broad Unit C LLC	Incorporated by reference to Exhibit 1998 Form 10-K
10.16 10.22 to the	Office Lease dated as of January 10, 1994 between the Issuer and 333 7th Ave. Realty Co.	Incorporated by reference to Exhibit Form 10-KSB for the year ended

December 31, 1993

10.17 10.1 to the	Form of Warrant dated as of December 16, 1998	Incorporated by reference to Exhibit 6/99 Form 10-Q
10.18 10.1 to the	Stock Purchase Agreement dated as of November 30, 1998 between the Issuer and Great American Insurance Company	Incorporated by reference to Exhibit 12/14/98 Form 8-K
10.19 10.2 to the	Stock Purchase Agreement dated as of November 30, 1998 between the Issuer and Great American Life Insurance Company	Incorporated by reference to Exhibit 12/14/98 Form 8-K
10.20 10.2 to the	Letter dated as of April 28, 1999 between the Issuer, Great American Life Insurance Company and Great American Insurance Company	Incorporated by reference to Exhibit 6/99 Form 10-Q
10.21 4.1 to the	Agreement dated as of July 9, 2001 between Issuer and The Kiplinger Washington Editors, Inc. ("Kiplinger")	Incorporated by reference to Exhibit Form 8-K filed July 19, 2001
10.22	Form of Warrant dated as of August 11, 2000	Filed herewith.
21	Subsidiaries of the Issuer	Filed herewith
23.1	Consent of Independent Auditors-Deloitte & Touche LLP	Filed herewith
99	Risk Factors	Filed herewith

</TABLE>

+ Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-KSB.

(b) Reports on Form 8-K

None.

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#### ITEM 14. CONTROLS AND PROCEDURES

Based upon the evaluation conducted by the Company's Chief Executive Officer (who now is also the Company's principal financial officer), as of a date within 90 days of the filing date of this annual report, of the effectiveness of the Company's disclosure controls and procedures, he concluded that, except as set forth below, (1) there were no significant deficiencies or material weaknesses in the Company's disclosure controls and procedures, (2) there were no significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the evaluation date and (3) no corrective actions were required to be taken. The Company currently employs three persons and its accounting functions are performed by a former employee on a part-time, consulting basis. Accordingly, the Company does not have sufficient personnel to be able to maintain accounting systems and controls that typically would be desired and maintained by larger business organizations to ensure that all accounting entries are appropriately recorded. As a result, the Company relies upon the personal integrity of the former employee that is performing accounting services for the Company. The Company's Chief Executive Officer has no reason to doubt the personal integrity of this person.

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#### SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act of 1934, the Issuer caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INDEX DEVELOPMENT PARTNERS, INC.

Date: June 30, 2003

By: /s/ Jonathan L. Steinberg

-----  
Jonathan L. Steinberg  
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Issuer and in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ Jonathan L. Steinberg ----- Jonathan L. Steinberg	Chief Executive Officer and Director (and Principal Financial and Accounting Officer)	June 30, 2003
/s/ S. Christopher Meigher III ----- S. Christopher Meigher III	Director	June 30, 2003
/s/ E. Drake Mosier ----- E. Drake Mosier	Director	June 30, 2003
/s/ Peter M. Ziemba ----- Peter M. Ziemba	Director	June 30, 2003

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SECTION 302 CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Index Development Partners, Inc. (the "Company") on Form 10-KSB for the period ended December 31, 2002 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: June 30, 2003

/s/ Jonathan L. Steinberg  
-----  
Jonathan L. Steinberg  
Chief Executive Officer and Director  
(and principal financial officer)

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CERTIFICATION  
PURSUANT TO RULE 13a-14 AND 15d-14 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jonathan L. Steinberg, certify that:

1. I have reviewed this annual report on Form 10-KSB of Index Development Partners, Inc.;
2. based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. the registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. the registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 30, 2003

/s/ Jonathan L. Steinberg

-----  
Name: Jonathan L. Steinberg  
Title: Chief Executive Officer and  
Director (and principal financial  
officer)

Individual Investor Group, Inc.  
2001 Performance Equity Plan

Approved by Board of Directors on  
April 25, 2001

Section 1. Purpose; Definitions.

1.1 Purpose. The purpose of the Individual Investor Group, Inc. 2001 Performance Equity Plan is to enable the Company to offer to its employees, officers, directors and consultants whose past, present and/or potential contributions to the Company and its Subsidiaries have been, are or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company. The various types of long-term incentive awards that may be provided under the Plan will enable the Company to respond to changes in compensation practices, tax laws, accounting regulations and the size and diversity of its businesses.

1.2 Definitions. For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Agreement" means the agreement between the Company and the Holder setting forth the terms and conditions of an award under the Plan.

(b) "Board" means the Board of Directors of the Company.

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

(d) "Committee" means the Stock Option Committee of the Board or any other committee of the Board that the Board may designate to administer the Plan or any portion thereof. If no Committee is so designated, then all references in this Plan to "Committee" shall mean the Board.

(e) "common stock" means the common stock of the Company, \$.01 par value per share.

(f) "Company" means Individual Investor Group, Inc., a corporation organized under the laws of the State of Delaware.

(g) "Deferred Stock" means common stock to be received, under an award made pursuant to Section 8, below, at the end of a specified deferral period.

(h) "Disability" means physical or mental impairment as determined under procedures established by the Committee for purposes of the Plan.

(i) "Effective Date" means the date set forth in Section 11.1, below.

(j) "Fair Market Value", unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, means, as of any given date: (i) if the common stock is listed on a national securities exchange or quoted on the Nasdaq National Market or Nasdaq SmallCap Market, the last sale price of the common stock in the principal trading market for the common stock on the last trading day preceding the date of grant of an award hereunder, as reported by the exchange or Nasdaq, as the case may be; (ii) if the common stock is not listed on a national securities exchange or quoted on the Nasdaq National Market or Nasdaq SmallCap Market, but is traded in the over-the-counter market, the closing bid price for the common stock on the last trading day preceding the date of grant of an award hereunder for which such quotations are reported by the OTC Bulletin Board or the National Quotation Bureau, Incorporated or similar publisher of such quotations; and (iii) if the fair market value of the common stock cannot be determined pursuant to clause (i) or (ii) above, such price as the Committee shall determine, in good faith.

(k) "Holder" means a person who has received an award under the Plan.

(l) "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code.

(m) "Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(n) "Normal Retirement" means retirement from active employment with the Company or any Subsidiary on or after age 65.

(o) "Other Stock-Based Award" means an award under Section 9, below, that is valued in whole or in part by reference to, or is otherwise based upon, common stock.

(p) "Parent" means any present or future "parent corporation" of the Company, as such term is defined in Section 424(e) of the Code.

(q) "Plan" means the Individual Investor Group, Inc. 2001 Performance Equity Plan, as hereinafter amended from time to time.

(r) "Restricted Stock" means common stock, received under an award made pursuant to Section 7, below, that is subject to restrictions under said Section 7.

(s) "SAR Value" means the excess of the Fair Market Value (on the exercise date) over the exercise price that the participant would have otherwise had to pay to exercise the related Stock Option, multiplied by the number of shares for which the Stock Appreciation Right is exercised.

(t) "Stock Appreciation Right" means the right to receive from the Company, on surrender of all or part of the related Stock Option, without a cash payment to the Company, a number of shares of common stock equal to the SAR Value divided by the Fair Market Value (on the exercise date).

(u) "Stock Option" or "Option" means any option to purchase shares of common stock which is granted pursuant to the Plan.

(v) "Stock Reload Option" means any option granted under Section 5.3 of the Plan.

(w) "Subsidiary" means any present or future "subsidiary corporation" of the Company, as such term is defined in Section 424(f) of the Code.

## Section 2. Administration.

2.1 Committee Membership. The Plan shall be administered by the Board or a Committee. Committee members shall serve for such term as the Board may in each case determine, and shall be subject to removal at any time by the Board.

2.2 Powers of Committee. The Committee shall have full authority to award, pursuant to the terms of the Plan: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock, (iv) Deferred Stock, (v) Stock Reload Options and/or (vi) Other Stock-Based Awards. For purposes of illustration and not of limitation, the Committee shall have the authority (subject to the express provisions of this Plan):

(a) to select the officers, employees, directors and consultants of the Company or any Subsidiary to whom Stock Options, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Reload Stock Options and/or Other Stock-Based Awards may from time to time be awarded hereunder.

(b) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, number of shares, share exercise price or types of consideration paid upon exercise of such options, such as other securities of the Company or other property, any restrictions or limitations, and any vesting, exchange, surrender, cancellation, acceleration, termination, exercise or forfeiture provisions, as the Committee shall determine);

(c) to determine any specified performance goals or such other factors or criteria which need to be attained for the vesting of an award granted hereunder;

(d) to determine the terms and conditions under which awards granted hereunder are to operate on a tandem basis and/or in conjunction with or apart from other equity awarded under this Plan and cash awards made by the Company or any Subsidiary outside of this Plan;

(e) to permit a Holder to elect to defer a payment under the Plan under such rules and procedures as the Committee may establish, including the crediting of interest on deferred amounts denominated in cash and of dividend equivalents on deferred amounts denominated in common stock;

(f) to determine the extent and circumstances under which common stock and other amounts payable with respect to an award hereunder shall be deferred that may be either automatic or at the election of the Holder; and

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(g) to substitute (i) new Stock Options for previously granted Stock Options, which previously granted Stock Options have higher option exercise prices and/or contain other less favorable terms, and (ii) new awards of any other type for previously granted awards of the same type, which previously granted awards are upon less favorable terms.

## 2.3 Interpretation of Plan.

(a) Committee Authority. Subject to Section 10, below, the Committee shall

have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any award issued under the Plan (and to determine the form and substance of all Agreements relating thereto), and to otherwise supervise the administration of the Plan. Subject to Section 10, below, all decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding upon all persons, including the Company, its Subsidiaries and Holders.

(b) Incentive Stock Options. Anything in the Plan to the contrary notwithstanding, no term or provision of the Plan relating to Incentive Stock Options (including but limited to Stock Reload Options or Stock Appreciation rights granted in conjunction with an Incentive Stock Option) or any Agreement providing for Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Holder(s) affected, to disqualify any Incentive Stock Option under such Section 422.

### Section 3. Stock Subject to Plan.

3.1 Number of Shares. The total number of shares of common stock reserved and available for issuance under the Plan shall be 1,000,000 shares. Shares of common stock under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares. If any shares of common stock that have been granted pursuant to a Stock Option cease to be subject to a Stock Option, or if any shares of common stock that are subject to any Stock Appreciation Right, Restricted Stock, Deferred Stock award, Reload Stock Option or Other Stock-Based Award granted hereunder are forfeited or any such award otherwise terminates without a payment being made to the Holder in the form of common stock, such shares shall again be available for distribution in connection with future grants and awards under the Plan. Only net shares issued upon a stock-for-stock exercise (including stock used for withholding taxes) shall be counted against the number of shares available under the Plan.

3.2 Adjustment Upon Changes in Capitalization, Etc. In the event of any merger, reorganization, consolidation, dividend (other than a cash dividend) payable on shares of common stock, stock split, reverse stock split, combination or exchange of shares, or other extraordinary or unusual event occurring after the grant of an award which results in a change in the shares of common stock of the Company as a whole, the Committee shall determine, in its sole discretion, whether such change equitably requires an adjustment in the terms of any award or the aggregate number of shares reserved for issuance under the Plan. Any such adjustments will be made by the Committee, whose determination will be final, binding and conclusive.

### Section 4. Eligibility.

Awards may be made or granted to employees, officers, directors and consultants who are deemed to have rendered or to be able to render significant services to the Company or its Subsidiaries and who are deemed to have contributed or to have the potential to contribute to the success of the Company. No Incentive Stock Option shall be granted to any person who is not an employee of the Company or a Subsidiary at the time of grant.

### Section 5. Stock Options.

5.1 Grant and Exercise. Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Nonqualified Stock Options. Any Stock Option granted under the Plan shall contain such terms, not inconsistent with this Plan, or with respect to Incentive Stock Options, not inconsistent with the Plan and the Code, as the Committee may from time to time approve. The Committee shall have the authority to grant Incentive Stock Options or Non-Qualified Stock Options, or both types of Stock Options which may be granted alone or in addition to other awards granted under the Plan. To the extent that any Stock Option intended to qualify as an Incentive Stock Option does not so qualify, it shall constitute a separate Nonqualified Stock Option.

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5.2 Terms and Conditions. Stock Options granted under the Plan shall be subject to the following terms and conditions:

(a) Option Term. The term of each Stock Option shall be fixed by the Committee; provided, however, that an Incentive Stock Option may be granted only within the ten-year period commencing from the Effective Date and may only be exercised within ten years of the date of grant (or five years in the case of an Incentive Stock Option granted to an optionee who, at the time of grant, owns common stock possessing more than 10% of the total combined voting power of all classes of stock of the Company ("10% Stockholder").

(b) Exercise Price. The exercise price per share of common stock



purchasable under a Stock Option shall be determined by the Committee at the time of grant and may be less than 100% of the Fair Market Value on the day of grant; provided, however, that the exercise price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value on the day of grant and, if granted to a 10% Stockholder, shall not be less than 110% of the Fair Market Value on the day of grant.

(c) Exercisability. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides, in its discretion, that any Stock Option is exercisable only in installments, i.e., that it vests over time, the Committee may waive such installment exercise provisions at any time at or after the time of grant in whole or in part, based upon such factors as the Committee shall determine.

(d) Method of Exercise. Subject to whatever installment, exercise and waiting period provisions are applicable in a particular case, Stock Options may be exercised in whole or in part at any time during the term of the Option, by giving written notice of exercise to the Company specifying the number of shares of common stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price, which shall be in cash or, if provided in the Agreement, either in shares of common stock (including Restricted Stock and other contingent awards under this Plan) or partly in cash and partly in such common stock, or such other means which the Committee determines are consistent with the Plan's purpose and applicable law. Cash payments shall be made by wire transfer, certified or bank check or personal check, in each case payable to the order of the Company; provided, however, that the Company shall not be required to deliver certificates for shares of common stock with respect to which an Option is exercised until the Company has confirmed the receipt of good and available funds in payment of the purchase price thereof. Payments in the form of common stock shall be valued at the Fair Market Value on the date prior to the date of exercise. Such payments shall be made by delivery of stock certificates in negotiable form that are effective to transfer good and valid title thereto to the Company, free of any liens or encumbrances. Subject to the terms of the Agreement, the Committee may, in its sole discretion, at the request of the Holder, deliver upon the exercise of a Nonqualified Stock Option a combination of shares of Deferred Stock and common stock; provided that, notwithstanding the provisions of Section 8 of the Plan, such Deferred Stock shall be fully vested and not subject to forfeiture. A Holder shall have none of the rights of a Stockholder with respect to the shares subject to the Option until such shares shall be transferred to the Holder upon the exercise of the Option.

(e) Transferability. Except as may be set forth in the Agreement, no Stock Option shall be transferable by the Holder other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Holder's lifetime, only by the Holder (or, to the extent of legal incapacity or incompetency, the Holder's guardian or legal representative).

(f) Termination by Reason of Death. If a Holder's employment by the Company or a Subsidiary terminates by reason of death, any Stock Option held by such Holder, unless otherwise determined by the Committee at the time of grant and set forth in the Agreement, shall be fully vested and may thereafter be exercised by the legal representative of the estate or by the legatee of the Holder under the will of the Holder, for a period of one year (or such other greater or lesser period as the Committee may specify at grant) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(g) Termination by Reason of Disability. If a Holder's employment by the Company or any Subsidiary terminates by reason of Disability, any Stock Option held by such Holder, unless otherwise determined by the Committee at the time of grant and set forth in the Agreement, shall be fully vested and may thereafter be exercised by the Holder for a period of one year (or such other greater or lesser period as the Committee may specify at the time of grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

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(h) Other Termination. Subject to the provisions of Section 12.3, below, and unless otherwise determined by the Committee at the time of grant and set forth in the Agreement, if a Holder is an employee of the Company or a Subsidiary at the time of grant and if such Holder's employment by the Company or any Subsidiary terminates for any reason other than death or Disability, the Stock Option shall thereupon automatically terminate, except that if the Holder's employment is terminated by the Company or a Subsidiary without cause or due to Normal Retirement, then the portion of such Stock Option that has vested on the date of termination of employment may be exercised for the lesser of three months after termination of employment or the balance of such Stock Option's term.

(i) Additional Incentive Stock Option Limitation. In the case of an Incentive Stock Option, the aggregate Fair Market Value (on the date of grant of the Option) with respect to which Incentive Stock Options become exercisable for

the first time by a Holder during any calendar year (under all such plans of the Company and its Parent and Subsidiary) shall not exceed \$100,000.

(j) Buyout and Settlement Provisions. The Committee may at any time, in its sole discretion, offer to repurchase a Stock Option previously granted, based upon such terms and conditions as the Committee shall establish and communicate to the Holder at the time that such offer is made.

5.3 Stock Reload Option. If a Holder tenders shares of common stock to pay the exercise price of a Stock Option ("Underlying Option"), and/or arranges to have a portion of the shares otherwise issuable upon exercise withheld to pay the applicable withholding taxes, the Holder may receive, at the discretion of the Committee, a new Stock Reload Option to purchase that number of shares of common stock equal to the number of shares tendered to pay the exercise price and the withholding taxes (but only if such shares were held by the Holder for at least six months). Stock Reload Options may be any type of option permitted under the Code and will be granted subject to such terms, conditions, restrictions and limitations as may be determined by the Committee, from time to time. Such Stock Reload Option shall have an exercise price equal to the Fair Market Value as of the date of exercise of the Underlying Option. Unless the Committee determines otherwise, a Stock Reload Option may be exercised commencing one year after it is granted and shall expire on the date of expiration of the Underlying Option to which the Reload Option is related.

#### Section 6. Stock Appreciation Rights.

6.1 Grant and Exercise. The Committee may grant Stock Appreciation Rights to participants who have been, or are being granted, Stock Options under the Plan as a means of allowing such participants to exercise their Stock Options without the need to pay the exercise price in cash. In the case of a Nonqualified Stock Option, a Stock Appreciation Right may be granted either at or after the time of the grant of such Nonqualified Stock Option. In the case of an Incentive Stock Option, a Stock Appreciation Right may be granted only at the time of the grant of such Incentive Stock Option.

6.2 Terms and Conditions. Stock Appreciation Rights shall be subject to the following terms and conditions:

(a) Exercisability. Stock Appreciation Rights shall be exercisable as shall be determined by the Committee and set forth in the Agreement, subject to the limitations, if any, imposed by the Code, with respect to related Incentive Stock Options.

(b) Termination. A Stock Appreciation Right shall terminate and shall no longer be exercisable upon the termination or exercise of the related Stock Option.

(c) Method of Exercise. Stock Appreciation Rights shall be exercisable upon such terms and conditions as shall be determined by the Committee and set forth in the Agreement and by surrendering the applicable portion of the related Stock Option. Upon such exercise and surrender, the Holder shall be entitled to receive a number of shares of common stock equal to the SAR Value divided by the Fair Market Value on the date the Stock Appreciation Right is exercised.

(d) Shares Affected Upon Plan. The granting of a Stock Appreciation Right shall not affect the number of shares of common stock available under for awards under the Plan. The number of shares available for awards under the Plan will, however, be reduced by the number of shares of common stock acquirable upon exercise of the Stock Option to which such Stock Appreciation Right relates.

#### Section 7. Restricted Stock.

7.1 Grant. Shares of Restricted Stock may be awarded either alone or in addition to other awards granted under the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be awarded, the number of shares to be awarded, the price (if any) to be paid by the Holder, the time or times within which such awards may be subject to forfeiture ("Restriction Period"), the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the awards.

7.2 Terms and Conditions. Each Restricted Stock award shall be subject to the following terms and conditions:

(a) Certificates. Restricted Stock, when issued, will be represented by a stock certificate or certificates registered in the name of the Holder to whom such Restricted Stock shall have been awarded. During the Restriction Period, certificates representing the Restricted Stock and any securities constituting Retained Distributions (as defined below) shall bear a legend to the effect that ownership of the Restricted Stock (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions,

terms and conditions provided in the Plan and the Agreement. Such certificates shall be deposited by the Holder with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Stock and any securities constituting Retained Distributions that shall be forfeited or that shall not become vested in accordance with the Plan and the Agreement.

(b) Rights of Holder. Restricted Stock shall constitute issued and outstanding shares of common stock for all corporate purposes. The Holder will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute on such Restricted Stock and to exercise all other rights, powers and privileges of a holder of common stock with respect to such Restricted Stock, with the exceptions that (i) the Holder will not be entitled to delivery of the stock certificate or certificates representing such Restricted Stock until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled; (ii) the Company will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; (iii) other than regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute, the Company will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Stock (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested and with respect to which the Restriction Period shall have expired; (iv) a breach of any of the restrictions, terms or conditions contained in this Plan or the Agreement or otherwise established by the Committee with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto.

(c) Vesting; Forfeiture. Upon the expiration of the Restriction Period with respect to each award of Restricted Stock and the satisfaction of any other applicable restrictions, terms and conditions (i) all or part of such Restricted Stock shall become vested in accordance with the terms of the Agreement, and (ii) any Retained Distributions with respect to such Restricted Stock shall become vested to the extent that the Restricted Stock related thereto shall have become vested. Any such Restricted Stock and Retained Distributions that do not vest shall be forfeited to the Company and the Holder shall not thereafter have any rights with respect to such Restricted Stock and Retained Distributions that shall have been so forfeited.

## Section 8. Deferred Stock.

8.1 Grant. Shares of Deferred Stock may be awarded either alone or in addition to other awards granted under the Plan. The Committee shall determine the eligible persons to whom and the time or times at which grants of Deferred Stock will be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period ("Deferral Period") during which, and the conditions under which, receipt of the shares will be deferred, and all the other terms and conditions of the awards.

8.2 Terms and Conditions. Each Deferred Stock award shall be subject to the following terms and conditions:

(a) Certificates. At the expiration of the Deferral Period (or the Additional Deferral Period referred to in Section 8.2 (d) below, where applicable), share certificates shall be issued and delivered to the Holder, or his legal representative, representing the number equal to the shares covered by the Deferred Stock award.

(b) Rights of Holder. A person entitled to receive Deferred Stock shall not have any rights of a Stockholder by virtue of such award until the expiration of the applicable Deferral Period and the issuance and delivery of the certificates representing such common stock. The shares of common stock issuable upon expiration of the Deferral Period shall not be deemed outstanding by the Company until the expiration of such Deferral Period and the issuance and delivery of such common stock to the Holder.

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(c) Vesting; Forfeiture. Upon the expiration of the Deferral Period with respect to each award of Deferred Stock and the satisfaction of any other applicable restrictions, terms and conditions all or part of such Deferred Stock shall become vested in accordance with the terms of the Agreement. Any such Deferred Stock that does not vest shall be forfeited to the Company and the Holder shall not thereafter have any rights with respect to such Deferred Stock.

(d) Additional Deferral Period. A Holder may request to, and the Committee may at any time, defer the receipt of an award (or an installment of an award) for an additional specified period or until a specified event ("Additional

Deferral Period"). Subject to any exceptions adopted by the Committee, such request must generally be made at least one year prior to expiration of the Deferral Period for such Deferred Stock award (or such installment).

#### Section 9. Other Stock-Based Awards.

Other Stock-Based Awards may be awarded, subject to limitations under applicable law, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of common stock, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, purchase rights, shares of common stock awarded which are not subject to any restrictions or conditions, convertible or exchangeable debentures, or other rights convertible into shares of common stock and awards valued by reference to the value of securities of or the performance of specified Subsidiaries. Other Stock-Based Awards may be awarded either alone or in addition to or in tandem with any other awards under this Plan or any other plan of the Company. Each other Stock-Based Award shall be subject to such terms and conditions as may be determined by the Committee.

#### Section 10. Amendment and Termination.

The Board may at any time, and from time to time, amend alter, suspend or discontinue any of the provisions of the Plan, but no amendment, alteration, suspension or discontinuance shall be made that would impair the rights of a Holder under any Agreement theretofore entered into hereunder, without the Holder's consent.

#### Section 11. Term of Plan.

11.1 Effective Date. The Plan shall be effective as of April 25, 2001, subject to the approval of the Plan by the Company's stockholders within one year after the Effective Date. Any awards granted under the Plan prior to such approval shall be effective when made (unless otherwise specified by the Committee at the time of grant), but shall be conditioned upon, and subject to, such approval of the Plan by the Company's stockholders and no awards shall vest or otherwise become free of restrictions prior to such approval.

11.2 Termination Date. Unless terminated by the Board, this Plan shall continue to remain effective until such time as no further awards may be granted and all awards granted under the Plan are no longer outstanding. Notwithstanding the foregoing, grants of Incentive Stock Options may be made only during the ten year period following the Effective Date.

#### Section 12. General Provisions.

12.1 Written Agreements. Each award granted under the Plan shall be confirmed by, and shall be subject to the terms, of the Agreement executed by the Company and the Holder. The Committee may terminate any award made under the Plan if the Agreement relating thereto is not executed and returned to the Company within 10 days after the Agreement has been delivered to the Holder for his or her execution.

12.2 Unfunded Status of Plan. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Holder by the Company, nothing contained herein shall give any such Holder any rights that are greater than those of a general creditor of the Company.

#### 12.3 Employees.

(a) Engaging in Competition With the Company; Disclosure of Confidential Information. If a Holder's employment with the Company or a Subsidiary is terminated for any reason whatsoever, and within 18 months after the date thereof such Holder either (i) accepts employment with any competitor of, or otherwise engages in competition with, the Company or (ii) discloses to anyone outside the Company or uses any confidential information or material of the Company in violation of the Company's policies or any agreement between the Holder and the Company, the Committee, in its sole discretion, may require such Holder to return to the Company the economic value of any award that was realized or obtained by such Holder at any time during the period beginning on that date that is six months prior to the date such Holder's employment with the Company is terminated.

(b) Termination for Cause. The Committee may, if a Holder's employment with the Company or a Subsidiary is terminated for cause, annul any award granted under this Plan to such employee and, in such event, the Committee, in its sole discretion, may require such Holder to return to the Company the economic value of any award that was realized or obtained by such Holder at any time during the period beginning on that date that is six months prior to the date such Holder's employment with the Company is terminated.

(c) No Right of Employment. Nothing contained in the Plan or in any award hereunder shall be deemed to confer upon any Holder who is an employee of the Company or any Subsidiary any right to continued employment with the Company or any Subsidiary, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any Holder who is an employee at any time.

12.4 Investment Representations; Company Policy. The Committee may require each person acquiring shares of common stock pursuant to a Stock Option or other award under the Plan to represent to and agree with the Company in writing that the Holder is acquiring the shares for investment without a view to distribution thereof. Each person acquiring shares of common stock pursuant to a Stock Option or other award under the Plan shall be required to abide by all policies of the Company in effect at the time of such acquisition and thereafter with respect to the ownership and trading of the Company's securities.

12.5 Additional Incentive Arrangements. Nothing contained in the Plan shall prevent the Board from adopting such other or additional incentive arrangements as it may deem desirable, including, but not limited to, the granting of Stock Options and the awarding of common stock and cash otherwise than under the Plan; and such arrangements may be either generally applicable or applicable only in specific cases.

12.6 Withholding Taxes. Not later than the date as of which an amount must first be included in the gross income of the Holder for Federal income tax purposes with respect to any option or other award under the Plan, the Holder shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount. If permitted by the Committee, tax withholding or payment obligations may be settled with common stock, including common stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditioned upon such payment or arrangements and the Company or the Holder's employer (if not the Company) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Holder from the Company or any Subsidiary.

12.7 Governing Law. The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of New York (without regard to choice of law provisions); provided, however, that all matters relating to or involving corporate law shall be governed by the laws of the State of Delaware.

12.8 Other Benefit Plans. Any award granted under the Plan shall not be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any Subsidiary and shall not affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation (unless required by specific reference in any such other plan to awards under this Plan).

12.9 Non-Transferability. Except as otherwise expressly provided in the Plan or the Agreement, no right or benefit under the Plan may be alienated, sold, assigned, hypothecated, pledged, exchanged, transferred, encumbered or charged, and any attempt to alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void.

12.10 Applicable Laws. The obligations of the Company with respect to all Stock Options and awards under the Plan shall be subject to (i) all applicable laws, rules and regulations and such approvals by any governmental agencies as may be required, including, without limitation, the Securities Act of 1933, as amended, and (ii) the rules and regulations of any securities exchange on which the common stock may be listed.

12.11 Conflicts. If any of the terms or provisions of the Plan or an Agreement conflict with the requirements of Section 422 of the Code, then such terms or provisions shall be deemed inoperative to the extent they so conflict with such requirements. Additionally, if this Plan or any Agreement does not contain any provision required to be included herein under Section 422 of the Code, such provision shall be deemed to be incorporated herein and therein with the same force and effect as if such provision had been set out at length herein and therein. If any of the terms or provisions of any Agreement conflict with any terms or provisions of the Plan, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of the Plan. Additionally, if any Agreement does not contain any provision required to be included therein under the Plan, such provision shall be deemed to be incorporated therein with the same force and effect as if such provision had been set out at length therein.

12.12 Non-Registered Stock. The shares of common stock to be distributed under this Plan have not been, as of the Effective Date, registered under the Securities Act of 1933, as amended, or any applicable state or foreign securities laws and the Company has no obligation to any Holder to register the common stock or to assist the Holder in obtaining an exemption from the various registration requirements, or to list the common stock on a national securities exchange or any other trading or quotation system, including the Nasdaq National



THE REGISTERED HOLDER OF THIS WARRANT, BY ITS  
ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT  
SELL, TRANSFER OR ASSIGN THIS WARRANT  
EXCEPT AS HEREIN PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, AUGUST 10, 2003

WARRANT

For the Purchase of  
250,000 Shares of Common Stock  
of  
INDIVIDUAL INVESTOR GROUP, INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of \$10.00 and other good and valuable consideration, duly paid by or on behalf of MAIL.COM, Inc. ("Holder"), as registered owner of this Warrant, to Individual Investor Group, Inc. ("Company"), Holder is entitled, at or before 5:00 p.m., Eastern Time August 10, 2003 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to TWO HUNDRED AND FIFTY THOUSAND (250,000) shares of Common Stock of the Company ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised at or before 5:00 p.m. Eastern Time on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Warrant. This Warrant is initially exercisable at TWO DOLLARS (\$2.00) per share of Common Stock purchased; provided, however, that upon the occurrence of any of the events specified in Section 5 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

2. Exercise.

2.1 Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern Time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Legend. Each certificate for Securities purchased under this Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

2.3 Conversion Right.

2.3.1 Determination of Amount. In lieu of the payment of the Exercise Price in cash, the Holder shall have the right (but not the obligation) to convert this Warrant, in whole or in part, into Common Stock ("Conversion Right"), as follows: upon exercise of the Conversion Right, the Company shall deliver to the Holder (without payment by the Holder of any of the Exercise Price) that number of shares of Common Stock equal to the quotient obtained by dividing (x) the "Value" (as defined below) of the portion of the Warrant being converted at the time the Conversion Right is exercised by (y) the Market Price. The "Value" of the portion of the Warrant being converted shall equal the remainder derived from subtracting (a) the Exercise Price multiplied by the number of shares of Common Stock being converted from (b) the Market Price of the Common Stock multiplied by the number of shares of Common Stock being converted. As used herein, the term "Market Price" at any date shall be deemed to be the last reported sale price of the Common Stock on such date, or, in case no such reported sale takes place on such day, the average of the last reported sale prices for the immediately preceding three trading days, in either case as officially

reported by the principal securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any national securities exchange or if any such exchange on which the Common Stock is listed is not its principal trading market, the last reported sale price as furnished by the National Association of Securities Dealers, Inc. ("NASD") through the Nasdaq National Market or SmallCap Market, or, if applicable, the OTC Bulletin Board, or if the Common Stock is not listed or admitted to trading on any of the foregoing markets, or similar organization, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it.

2.3.2 Exercise of Conversion Right. The Conversion Right may be exercised by the Holder on any business day on or after the Warrant is exercisable and not later than the Expiration Date by delivering the Warrant with a duly executed exercise form attached hereto with the conversion section completed to the Company, exercising the Conversion Right and specifying the total number of shares of Common Stock the Holder will purchase pursuant to such conversion.

### 3. Transfer.

3.1 General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. Upon receipt of the foregoing and satisfaction of the requirements set forth in Section 3.2, the Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

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3.2 Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

### 4. New Warrants to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall, subject to the restrictions in Section 3 hereof, cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification, the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

### 5. Adjustments

5.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

5.1.1 Stock Dividends - Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 5.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.



5.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 5.2, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

5.1.3 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 5.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

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5.1.4 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 5.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 5.1.1 or 5.1.2, then such adjustment shall be made pursuant to Sections 5.1.1, 5.1.2, 5.1.3 and this Section 5.1.4. The provisions of this Section 5.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

5.1.5 Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock and Warrants as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

5.2 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

6. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

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7. Certain Notice Requirements.

7.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having

any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the events described in Section 7.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

7.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 7 upon one or more of the following events: (i) if the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution, or (ii) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a merger or reorganization in which the Company is not the surviving party, or (iv) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

7.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 5 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's President and Chief Financial Officer.

7.4 Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt by the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

## 8. Miscellaneous.

8.1 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

8.2 Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

8.3 Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

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8.4 Governing Law; Submission to Jurisdiction. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws. The Company and each Holder hereby agree that any action, proceeding or claim against such party arising out of, or relating in any way to this Warrant (a "Proceeding") shall be brought and enforced in the courts of the State of New York, County of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. Each party hereby waives any objection to the exclusive jurisdiction of such courts over a Proceeding, whether based on grounds of venue, or inconvenient forum or otherwise. Each party agrees that any process or summons to be served upon a party in connection with a Proceeding may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at the address set forth in Section 7 hereof, as well as in any other manner permitted by law. Such mailing shall be deemed personal service and shall be legal and binding upon the party in the Proceeding. Each party agrees that the prevailing party(ies) in a Proceeding shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such Proceeding and/or incurred in connection with the preparation therefor.

8.5 Waiver, Etc. The failure of the Company or the Holder to at any time

enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

8.6 Amendments in Writing. This Warrant may not be amended or modified except by means of a written instrument signed by the Company and each Holder affected thereby.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 10th day of August, 2000.

INDIVIDUAL INVESTOR GROUP, INC.

By: /s/

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Form to be used to exercise Warrant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

The undersigned hereby elects irrevocably to exercise the within Warrant and to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ and hereby makes payment of \$\_\_\_\_\_ (at the rate of \$\_\_\_\_\_ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

or

The undersigned hereby elects irrevocably to convert its right to purchase \_\_\_\_\_ shares of Common Stock purchasable under the within Warrant into \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ (based on a "Market Price" of \$\_\_\_\_\_ per share of Common Stock). Please issue the Common Stock in accordance with the instructions given below.

-----  
Signature

- -----  
Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name \_\_\_\_\_  
(Print in Block Letters)

Address \_\_\_\_\_

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Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto \_\_\_\_\_ the right to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: \_\_\_\_\_, \_\_\_\_\_

-----  
Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

SUBSIDIARIES  
OF  
INDEX DEVELOPMENT PARTNERS, INC.

Subsidiary

- - - - -

WisdomTree Capital Management, Inc.

State of Organization

- - - - -

New York

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders of  
Index Development Partners, Inc.

We consent to the incorporation by reference in Registration Statements Nos. 33-74846 and 333-89933 on Form S-3 and Registration Statements Nos. 33-72266, 33-85910, 333-17697 and 333-89939 on Form S-8 of Index Development Partners, Inc. and subsidiaries of our report dated June 25, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to substantial doubt about the ability of Index Development Partners, Inc. to continue as a going concern), appearing in this Annual Report on Form 10-KSB of Index Development Partners, Inc. and subsidiaries for the year ended December 31, 2002.

DELOITTE & TOUCHE LLP  
New York, New York

June 30, 2003

## CERTAIN RISK FACTORS

Dated: June 30, 2003

You should carefully consider these risks, as well as those described in the Form 10-KSB filed with this Exhibit, before making an investment decision. The risks described below are not the only risks we face. Additional risks may also impair our business operations. If any of the following risks occur, our business, operating results or financial condition could be materially adversely affected. If that happens, the trading price of our common stock could decline, and you may lose all or part of your investment. In the risk factors below, the word "web," refers to the portion of the Internet commonly referred to as the "world wide web."

We need to raise additional capital to pursue our business plan. Our ability to pursue our business plan to become a fund sponsor exploiting the indexes we have created requires us to raise external financing of approximately \$8 million to \$10 million. We are currently seeking to obtain this financing. We cannot assure you that we will be able to obtain this financing nor can we assure you that the terms upon which we might be able to obtain this financing will not result in substantial dilution of your equity investment in us.

We need to raise additional capital before the end of this year or we may need to discontinue our already limited operations. If we continue to defer payment of the dividends accrued (\$157,600 at December 31, 2003) and accruing on our outstanding Series A Preferred Stock and we eliminate certain expenses within our control by the fourth quarter of 2003, we believe that our working capital and the amount we are entitled to receive from our landlord on a monthly basis will be sufficient to fund our presently limited operations and enable us to continue to seek through December 31, 2003 the external financing described above that we need to implement our business plan to become a fund sponsor. Beyond that time, in all likelihood, we would need to cease our operations if we do not obtain external financing. There can be no assurance that we be able to obtain this financing on a timely basis.

We cannot predict whether our proposes future business operations will generate significant revenue. With the exception of certain monthly payments we will receive from our landlord, our present operations are not generating any revenue and there is no assurance that our future operations as a fund sponsor (contingent upon obtaining the financing described above) will generate revenues. In order to become a sponsor of funds based upon our indexes, we will seek to assign to a third party the ownership of our indexes and receive back an exclusive license to commercially exploit these indexes. There can be no assurance that we will complete this transaction with a third party nor that we will be able to successfully sponsor financial products based upon the indexes. In addition, we will need to obtain from the SEC an exemptive order to allow us to sponsor exchange-traded funds based upon our indexes. There can be no assurance that we will obtain this order. Also, exchange-traded funds sponsored by us only could commence trading if registration statements with respect to such funds were declared effective by the SEC. We cannot assure you that the SEC would declare effective these registration statements, or that exchange-traded funds based upon our indexes will commence trading. We also cannot assure you that, if they did commence trading, exchange-traded funds based upon our indexes would prove to be popular or that we will receive any material amount of revenue with respect to them.

We have a history of losses and we anticipate that our losses will continue in the future. As of December 31, 2002, we had an accumulated deficit of approximately \$34.5 million. Since inception, the only calendar year during which we were profitable was 1995. We expect to continue to incur operating losses during 2003 and most likely for several years thereafter. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future.

Control of the Company by Principal Stockholders. At the present time, Jonathan Steinberg, and Saul Steinberg (who is Jonathan Steinberg's father), beneficially own approximately 51.6% of our common stock. As a result of their beneficial ownership of common stock, they could be able to significantly influence all matters requiring approval by our stockholders, including the election of directors. Because it may be very difficult for another company to acquire us without the approval of the Steinbergs, other companies might not view us as an attractive takeover candidate.

We rely on our intellectual property. To protect our rights to our intellectual property, we rely on a combination of trademark and copyright law, trade secret protection, confidentiality agreements, laws governing tortious conduct (including, for example, unfair competition) and other contractual arrangements with our employees, affiliates, clients, strategic partners and others. The protective steps we have taken may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We have registered certain of our trademarks in the United States and have pending U.S.

and foreign applications for other trademarks. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. We are somewhat dependent upon the use of certain trademarks in our operation, including the mark America's Fastest Growing Companies (R).

We may be liable for information published in our current or former print publications or on our online services. We may be subject to claims for defamation, libel, copyright or trademark infringement, invasion of privacy or based on other theories relating to the information we publish or published in our current or former print publications or through our former online services. We could also be subject to claims based upon the content that was accessible from our web sites through links to other web sites. Defending against any such claim could be costly and divert the attention of management from the operation of our business, and the award of damages against us could adversely affect our financial condition. Our insurance may not adequately protect us against such claims.