

U.S. Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2000

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-10932

INDIVIDUAL INVESTOR GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-3487784

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

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

(Address of principal executive offices)

(212) 742-2277

(Registrant's telephone number)

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: As of August 1, 2000, registrant had outstanding 10,424,602 shares of Common Stock, \$.01 par value per share.

<TABLE>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

ASSETS	June 30, 2000	December 31, 1999
<S>	----- <C>	----- <C>
Current assets:		
Cash and cash equivalents	\$2,509,138	\$6,437,542
Accounts receivable (net of allowances of \$434,849 in 2000 and \$419,048 in 1999)	2,872,455	3,019,710
Investment in discontinued operations	49,302	49,302
Prepaid expenses and other current assets	1,034,295	864,851
	-----	-----
Total current assets	6,465,190	10,371,405
Investments	5,316,902	2,638,356
Deferred subscription expense	466,825	383,624
Property and equipment - net	1,599,928	1,653,659
Security deposits	378,247	374,527
Other assets	685,509	836,396
	-----	-----
Total assets	\$14,912,601	\$16,257,967

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$3,403,211	\$3,024,395
Accrued expenses	615,471	716,670
Deferred advertising revenue	1,700,895	1,467,210
	-----	-----
Total current liabilities	5,719,577	5,208,275
Deferred advertising revenue	2,057,469	938,164
Deferred subscription revenue	2,888,269	2,448,591
	-----	-----
Total liabilities	10,665,315	8,595,030
	-----	-----

Stockholders' Equity:

Preferred stock, \$.01 par value, authorized 2,000,000 shares, 10,000 issued and outstanding in 2000 and 1999	100	100
Common stock, \$.01 par value; authorized 18,000,000 shares; 10,399,602 issued and outstanding in 2000 and 10,353,901 shares in 1999	103,996	103,539
Additional paid-in capital	33,480,930	33,421,542
Warrants	742,079	742,079
Deferred compensation	(176,300)	(272,038)
Accumulated deficit	(29,903,519)	(26,332,285)
	-----	-----
Total stockholders' equity	4,247,286	7,662,937
	-----	-----
Total liabilities and stockholders' equity	\$14,912,601	\$16,257,967
	=====	=====

See Notes to Consolidated Condensed Financial Statements

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INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended	
June 30,				
	2000	1999	2000	
1999				--
<S>	<C>	<C>	<C>	<C>
Revenues:				
Online Services	\$975,684	\$318,547	\$2,247,335	
\$571,516				
Print Publications	4,212,331	3,385,090	9,104,014	
7,133,937	-----	-----	-----	-----
Total revenues	5,188,015	3,703,637	11,351,349	
7,705,453	-----	-----	-----	-----
Operating expenses:				
Editorial, production and distribution	3,450,735	2,684,104	6,871,215	
5,439,822				
Promotion and selling	2,292,358	1,824,526	5,106,559	
3,676,002				
General and administrative	1,234,868	1,359,985	2,688,437	
2,532,476				
Depreciation and amortization	143,223	151,575	283,189	
248,405	-----	-----	-----	-----
Total operating expenses	7,121,184	6,020,190	14,949,400	

11,896,705				
-----	-----	-----	-----	---
Operating loss (4,191,252)	(1,933,169)	(2,316,553)	(3,598,051)	
Investment and other income 596,394	58,518	39,827	126,817	
-----	-----	-----	-----	---
Net loss (\$3,594,858)	(\$1,874,651)	(\$2,276,726)	(\$3,471,234)	
=====	=====	=====	=====	
Basic and dilutive loss per common share (\$0.40)	(\$0.19)	(\$0.25)	(\$0.34)	
=====	=====	=====	=====	
Average number of common shares used in computing 8,902,315	10,392,173	9,016,759	10,378,082	
basic and dilutive loss per common share				

See Notes to Consolidated Condensed Financial Statements

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<TABLE>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)

Six Months Ended June 30,

	2000	1999
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	(\$3,471,234)	(\$3,594,858)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	283,189	248,405
Stock option and warrant transactions	115,646	160,862
Preferred stock dividends payable	(100,000)	-
Gain on sale of investments	-	(503,215)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	147,255	(564,681)
Prepaid expenses and other current assets	(176,507)	(378,361)
Deferred subscription expense	(83,201)	216,491
Security deposits	(3,720)	96,892
Other assets	126,560	-
Increase (decrease) in:		
Accounts payable and accrued expenses	277,617	510,204
Deferred advertising revenue	(1,325,556)	239,931
Deferred subscription revenue	439,678	(350)
Net cash used in operating activities	(3,770,273)	(3,568,680)
Cash flows from investing activities:		
Purchase of property and equipment	(217,976)	(1,457,346)
Proceeds from sale of investments	-	990,729
Increase in investments	-	(753,076)
Net cash provided by discontinued operations	-	139,849
Net cash used in investing activities	(217,976)	(1,079,844)
Cash flows from financing activities:		

Proceeds from exercise of stock options	59,845	2,228,100
	-----	-----
Net cash provided by financing activities	59,845	2,228,100
	-----	-----
Net decrease in cash and cash equivalents	(3,928,404)	(2,420,424)
Cash and cash equivalents, beginning of period	6,437,542	4,752,587
	-----	-----
Cash and cash equivalents, end of period	\$2,509,138	\$2,332,163
	=====	=====

See Notes to Consolidated Condensed Financial Statements

</TABLE>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999

(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated condensed financial statements include the accounts of Individual Investor Group, Inc. and its subsidiaries (collectively, the "Company"). Such financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes as required by generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report for the year ended December 31, 1999 on Form 10-K.

2. INVESTMENTS

On June 2, 1999, the Company, Kirlin Holding Corp. ("Kirlin") and VentureHighway.com Inc. ("VentureHighway") (at the time a wholly-owned subsidiary of Kirlin), entered into an agreement pursuant to which the Company acquired 1,654,344 newly issued shares (adjusted to reflect a subsequent stock split) of common stock of VentureHighway, representing 19.9% of the then-outstanding shares of common stock (the other 80.1% of which immediately after the transaction were held by Kirlin). The purchase price was paid in the form of a credit for VentureHighway to use to purchase advertising in the Company's magazines and web sites during the 30 months ending December 31, 2001. The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of \$2,638,356 (or \$1.595 per share). In December 1999, VentureHighway raised \$7.65 million cash, selling 2,142,000 shares at a price of \$3.57 per share.

VentureHighway owns and operates VentureHighway.com, a branded web site designed to serve as an interactive portal for the matching of companies seeking funding with qualified investors seeking to fund such companies, and the facilitation of private placements and public offerings of securities of companies. There currently is no public market for VentureHighway securities, and there is no assurance that the Company will realize any value (and the Company in fact may realize a loss) with respect to its investment in VentureHighway.

On February 23, 2000, the Company and ReverseAuction.com, Inc. ("ReverseAuction") entered into an agreement pursuant to which the Company acquired 1,166,667 newly issued shares of common stock of ReverseAuction, representing a 3.3% stake (on a fully-diluted basis) of ReverseAuction.com, Inc. (constituting 7.4% of the then-outstanding shares). The purchase price was paid in the form of a credit for ReverseAuction to use to purchase advertising in the Company's magazines and web sites during the 21 months ending December 31, 2001.

The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of \$1,544,736.

ReverseAuction owns and operates ReverseAuction.com, an Internet site that features a declining price auction format that decreases the price of a product incrementally depending upon the auction duration. As the price drops, buyers are able to click anytime to make a purchase. Once a purchase is made, the item is sold and the auction is over. There currently is no public market for ReverseAuction securities, and there is no assurance that the Company will realize any value (and the Company in fact may realize a loss) with respect to its investment in ReverseAuction.

On May 4, 2000, the Company and Tradeworx, Inc. entered into an agreement pursuant to which the company acquired 1,045,000 shares of common stock of Tradeworx, representing 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 to Tradeworx to use to purchase advertising in the Company's magazines and websites during the 24 months ending July 4, 2002. The investment and the deferred advertising revenue were recorded at the fair market value at the date of the transaction of \$1,133,810.

Tradeworx is in the business of developing proprietary software and other financial analytical tools that provide online investment analysis and investment decision support platforms for retail and institutional Investors. There currently is no public market for Tradeworx securities, and there is no assurance that the Company will realize any value (and the Company in fact may realize a loss) with respect to its investment in Tradeworx.

3. DISCONTINUED OPERATIONS

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. ("WTCM"). WTCM serves as general partner of (and is an investor in) a domestic private investment fund. The Company is also a limited partner in the fund. As a result of the Board's decision to discontinue the investment management services business, WTCM is continuing to dissolve the domestic investment fund, liquidating its investments and distributing the net assets to all investors as promptly as possible.

In 1998, the Company recorded provisions to accrue for its share of any net operating losses of the domestic fund and related costs that are expected to occur until the fund liquidates its investments. The Company believes that any remaining net operating losses and related costs associated with these discontinued operations have been adequately provided for by the provisions established in 1998.

At June 30, 2000, the domestic investment fund had remaining net assets of approximately \$804,318. The Company's net investment in discontinued operations of \$49,302 at June 30, 2000 represents its share of the net assets of the domestic investment fund, less any costs associated with discontinuing the investment management services.

4. STOCK OPTIONS

During the three and six months ended June 30, 2000, the Company granted 77,000 and 660,909 options, respectively, to purchase the Company's Common Stock; 15,000 and 45,701 options, respectively, were exercised (providing proceeds of \$18,750 and \$59,845 respectively); and 115,166 and 183,999 options were cancelled, respectively. Of the total options granted, all were granted under the Company's stock option plans, and expire at various dates through June 2010.

5. LOSS PER COMMON SHARE

Basic net loss per share is computed by dividing the net loss, after deducting dividends on cumulative convertible preferred stock, by the weighted average number of shares of Common Stock outstanding during the period. Diluted loss per 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. The loss per common share for the three and six months ended June 30, 2000 and 1999, is computed based on the weighted average number of shares of Common Stock outstanding during the period. 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 net loss applicable to common shareholders is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000		1999	
	----		----	
	<C>	<C>	<C>	<C>
Net loss	\$ (1,874,651)	\$ (2,276,726)	\$ (3,471,234)	\$ (3,594,858)
Preferred stock dividends	50,000	-	100,000	
Net loss applicable to common				
	-----	-----	-----	-----
Shareholders	\$ (1,924,651)	\$ (2,276,726)	\$ (3,571,234)	\$ (3,594,858)
	=====	=====	=====	=====

</TABLE>

6. COMPREHENSIVE INCOME

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," requires the disclosure of comprehensive income (loss), defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income (loss) is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income (loss).

Comprehensive income (loss) for the three and six months ended June 30, 2000 and 1999, respectively, is presented in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000		1999	
	----		----	
	<C>	<C>	<C>	<C>
Net loss	\$ (1,874,651)	\$ (2,276,726)	\$ (3,471,234)	\$ (3,594,858)
Other comprehensive income (loss):				
Net unrealized gain on investments	-	6,334,239	-	6,363,583
	-----	-----	-----	-----
Total comprehensive (loss) income:	\$ (1,874,651)	\$ 4,057,513	\$ (3,471,234)	\$ 2,768,725
	=====	=====	=====	=====

</TABLE>

7. SEGMENT INFORMATION

In 1998, the Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which changes the way the Company reports information about its operating segments.

The Company's business segments are focused on providing research and analysis of investment information to individuals and investment professionals through two operating segments: Online Services and Print Publications. The Company's Online Services operations include individualinvestor.com (www.individualinvestor.com) and InsiderTrader.com (www.insidertrader.com). The Company's Print Publications operations publishes and markets Individual Investor magazine, a personal finance and investment magazine, Ticker, a magazine for financial advisors, planners and brokers, and Individual Investor's Special Situations Report, a financial investment newsletter. Substantially all of the Company's operations are within the United States.

The table below presents summarized operating data for the Company's two business segments, consistent with the way such data is utilized by Company management in evaluating operating results. Any inter-segment revenues included in segment data are not material. The accounting policies utilized in the table below are the same as those described in Note 1 of the Notes to Condensed Consolidated Financial

Statements, as well as the consolidated financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 1999. Operating contribution represents the difference between operating revenues less operating expenses (before general and administrative ("G&A") and depreciation and amortization expenses).

<TABLE>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues:				
Online Services	\$ 975,684	\$ 318,547	\$ 2,247,335	\$ 571,516
Print Publications	4,212,331	3,385,090	9,104,014	7,133,937
	-----	-----	-----	-----
	\$5,188,015	\$3,703,637	\$ 11,351,349	\$7,705,453
	=====	=====	=====	=====
Operating contribution (before G&A and depreciation and amortization expenses):				
Online Services	(626,516)	(712,357)	(699,804)	(1,194,467)
Print Publications	71,438	(92,636)	73,379	(215,904)
	-----	-----	-----	-----
	(555,078)	(804,993)	(626,425)	(1,410,371)
G&A and depreciation and amortization expenses	(1,378,091)	(1,511,560)	(2,971,626)	(2,780,881)
Investment and other income	58,518	39,827	126,817	596,394
	-----	-----	-----	-----
Net loss from continuing operations	\$ (1,874,651)	\$ (2,276,726)	\$ (3,471, 234)	\$ (3,594,858)
	=====	=====	=====	=====

</TABLE>

Investments as of June 30, 2000 increased approximately \$2.7 million as compared to December 31, 1999. This was primarily due to investments in Tradeworx, Inc. and ReverseAuction.com, Inc. (see Note 2). Deferred advertising revenue as of June 30, 2000 increased approximately \$1.4 million as compared to December 31, 1999 mainly due to investments in Tradeworx, Inc. and ReverseAuction.com, Inc. (see Note 2), partially offset by revenue earned during the period. Additionally, deferred subscription revenue as of June 30, 2000 increased approximately \$0.4 million due to the timing of direct mail and subscription renewal campaigns. There were no other material changes from year-end 1999 in total assets, in the basis of segmentation, or in the basis of measurement of segment profit or loss.

8. SUBSEQUENT EVENTS

Subsequent to June 30, 2000, the Company arranged a line of credit whereby the Company may borrow principal amounts up to \$2 million secured by certain of its assets. Availability under the facility is based on a formula of a percentage of eligible accounts receivable and provides for interest on direct borrowings at an annual rate equal to prime plus 1.5% plus fees based on the amount of the invoices financed. The term of the line of credit is for a period of two years, subject to certain termination provisions. On August 10, 2000 the Company received its initial funding under this facility of \$930,817.

The Company entered in to an agreement, dated August 10, 2000, for the sale of two domain names that are not related to its current business for cash consideration of \$1 million. In connection with the sale, the Company also agreed to issue a warrant to purchase 250,000 shares of the Company's Common Stock at an exercise price of \$2.00 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Important Notice Concerning "Forward-looking Statements" in this Report

1. "Forward-looking Statements." Certain parts of this Report describe historical information (such as operating results for the three and six months ended June 30, 2000 and June 30, 1999, respectively), 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 June 30, 2000. These sentences typically use words or phrases like "believes," "expects," "anticipates," "estimates," "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 June 30, 2000, 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, net income or loss, contribution to overhead, number of subscribers, subscription revenues, revenues per advertising page, number of advertising pages, production expense per copy, page views, revenues per page view, marketing expenses, sales expenses, and general and administrative expenses. 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, 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 2 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part I hereof, in Exhibit 99 hereof and elsewhere in this Report, and in Item 1 (entitled "Business") of Part I and in Item 7 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part II of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, filed with the Securities and Exchange Commission.

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.

Three and Six Months Ended June 30, 2000 as Compared to the Three and Six Months Ended June 30, 1999

Operating Loss

The Company's operating loss for the three and six months ended June 30, 2000 decreased 17% and 14%, to \$1,933,169 and \$3,598,051, respectively, as compared to \$2,316,553 and \$4,191,252, respectively, in 1999. The decrease from the prior year is primarily due to increased advertising revenues, partially offset by increased promotion and selling and editorial, production and distribution expenses.

Online Services operations provided a negative operating contribution (before deducting G&A and depreciation and amortization expenses) of \$626,516 and \$699,804 for the three and six months ended June 30, 2000, as compared to a negative operating contribution of \$712,357 and \$1,194,467, respectively, in 1999. The change in operating contribution from the prior year is primarily due to increased advertising revenues, partially offset by increased editorial, production and development, and promotion and selling expenses.

Print Publications operations provided a positive operating contribution (before deducting G&A and depreciation and amortization expenses) of \$71,438 and \$73,379 for the three and six months ended June 30, 2000, as compared to negative contribution margins of \$92,636 and \$215,904 respectively, in 1999. The change in operating contribution is primarily due to increased advertising revenues, partially offset by increased promotion and selling, and production and distribution expenses.

Revenues

Total revenues for the three and six months ended June 30, 2000 increased 40% and 47%, to \$5,188,015 and \$11,351,349, respectively, as compared to \$3,703,637 and \$7,705,453, respectively, in 1999. Revenues for the Online Services operations for the three and six months ended June 30, 2000 increased 206% and 293%, to \$975,684 and \$2,247,335, respectively, as compared to \$318,547 and \$571,516, respectively, in 1999. Revenues for the Print Publications operations for the three and six months ended June 30, 2000 increased 24% and 28%, to \$4,212,331 and \$9,104,014, respectively, as compared to \$3,385,090 and \$7,133,937, respectively, in 1999.

Online Services advertising revenues for the three and six months ended June 30, 2000 increased 225% and 343%, to \$871,064 and \$2,049,729, respectively, as compared to \$267,989 and \$463,276, respectively, in 1999. The increase in advertising revenues from the prior year is attributable to several factors, including a growth in page views and advertising impressions. Traffic to the Company's web sites for the three and six months ended June 30, 2000 increased

56% and 88% to approximately 25 million and 53 million page views, respectively, as compared to approximately 16 million and 28 million page views, respectively, in 1999. For the six months ended June 30, 2000, the Company's Online Services had 36 advertisers, two of which accounted for 48% of advertising revenues.

Print Publications advertising revenues for the three and six months ended June 30, 2000 increased 30% and 35%, to \$2,953,068 and 6,530,403, respectively, as compared to \$2,266,808 and \$4,833,715 respectively, in 1999. Individual Investor magazine's advertising revenues for the three and six months ended June 30, 2000 increased 25% and 32%, to \$1,916,967 and \$4,382,012, respectively, as compared to \$1,533,090 and \$3,317,479, respectively, in 1999. This change relates primarily to an 9% and 16% respective increase in advertising pages sold, combined with a 11% and 13% respective increase in the net advertising rate per page, when compared to 1999. Ticker magazine's advertising revenues for the three and six months ended June 30, 2000 increased 45% and 42%, to \$1,036,101 and \$2,148,391 respectively, as compared to \$713,718 and \$1,516,236, respectively, in 1999. This change relates primarily to a 44% and 37% increase in advertising pages sold, respectively, when compared to 1999.

Print Publications circulation revenues for the three and six months ended June 30, 2000 increased 15% and 12%, to \$964,854 and \$1,898,034, respectively, as compared to \$837,013 and \$1,694,567, respectively, in 1999. Subscription revenues for the three and six months ended June 30, 2000 increased 13% and 11%, to \$697,914 and \$1,410,286, respectively, as compared to \$616,139 and \$1,274,824, respectively, in 1999. The increase from the prior year is primarily attributable to a change in the subscriber mix for Individual Investor magazine, with more of the subscriber base being obtained from more lucrative direct-to-publisher sources. This increase was partially offset by a reduction in the number of subscribers to Individual Investor's Special Situations Report. Newsstand revenues for the three and six months ended June 30, 2000 increased 21% and 16%, to \$266,940 and \$487,748, respectively, as compared to \$220,874 and \$419,743, respectively, in 1999.

Print Publications list rental and other revenues for the three and six months ended June 30, 2000 increased 5% and, 12% to \$294,409 and \$675,577, respectively, as compared to \$281,269 and \$605,655, respectively, in 1999. The increase relates primarily to higher list rental revenues attributable to the Individual Investor magazine subscriber lists.

Operating Expenses

Total operating expenses from continuing operations for the three and six months ended June 2000 increased 18% and 26%, to \$7,121,184 and \$14,949,400, respectively, as compared to \$6,020,190 and \$11,896,705, respectively, in 1999.

Editorial, production and distribution expenses for the three and six months ended June 30, 2000 increased 29% and 26%, to \$3,450,735 and \$6,871,215, respectively, as compared to \$2,684,104 and \$5,439,822, respectively, in 1999. Online Services production, development and editorial expenses for the three and six months ended June 30, 2000 increased 73% and 75%, to \$1,013,479 and \$1,969,949 respectively, as compared to \$585,516 and \$1,127,110, respectively, in 1999. The increase from the prior year is primarily related to higher editorial salaries and consulting fees, increased research costs, and costs associated with enhanced analytical and research tools now available on the Company's web sites, individualinvestor.com and InsiderTrader.com. Print Publications editorial, production and distribution expenses for the three and six months ended June 30, 2000 increased 16% and 14%, to \$2,437,256 and \$4,901,266, respectively, as compared to \$2,098,588 and \$4,312,712, respectively, in 1999. The increase from the prior year relates primarily to Individual Investor magazine, which had an increase in the average number of pages per issue, as well as higher editorial salaries and related costs.

Promotion and selling expenses for the three and six months ended June 30, 2000 increased 26% and 39%, to \$2,292,358 and \$5,106,559, respectively, as compared to \$1,824,526 and \$3,676,002, respectively, in 1999. Online Services promotion and selling expenses for the three and six months ended June 30, 2000 increased 32% and 56%, to \$588,721 and \$977,190, respectively, as compared to \$445,388 and \$638,873, respectively, in 1999. The increase from the prior year is primarily attributable to higher marketing and promotion expenses. Print Publications promotion and selling expenses for the three and six months ended June 30, 2000 increased 23% and 35% to \$1,695,485 and \$4,102,203, respectively, as compared to \$1,379,138 and \$3,037,129, respectively, in 1999. The increase from the prior year is primarily due to increased sales commissions relating to higher sales, and higher recruiting fees as a result of hiring additional in-house sales personnel.

General and Administrative expenses for the three and six months ended June 30, 2000 were \$1,234,868, and \$2,688,437, respectively, as compared to \$1,359,985 and \$2,532,476, respectively, in 1999. The decrease in the three-month figure as compared to the same period in 1999 was primarily due to lower professional fees, partially offset by higher salaries. The increase in the six-month figure as compared to the same period in 1999 was primarily due to higher salaries and rent expense, partially offset by lower professional fees.

Depreciation and amortization expense for the three and six months

ended June 30, 2000 were \$143,223 and \$283,189, respectively, as compared to \$151,757 and \$248,405, respectively, in 1999. The increase in the six-month figure as compared to the prior year is attributable to additional depreciation for furniture and fixtures as well as the amortization of leasehold improvements, primarily related to the move to the new corporate office in March 1999.

Investment and Other Income

Investment and other income for the three months ended June 30, 2000 increased 47% to \$58,518 as compared to \$39,827 in 1999. The increase for the three-month period is primarily a result of higher average cash balances. Investment and Other Income for the six months ended June 30, 2000 decreased 79%, to \$126,817, as compared to \$596,394 in 1999. The decrease for the six month period is primarily attributable to realized gains of \$502,451 from the sales of investments during the first quarter of 1999.

Discontinued Operations

There was no net loss from discontinued operations for the three and six months ended June 30, 2000 or June 30, 1999. No additional loss amounts were recorded by the Company for discontinued operations because the Company believes that any remaining net operating losses and related material costs associated with these discontinued operations have been adequately provided for by provisions established in 1998.

The Company's net investment in discontinued operations of \$49,302 at June 30, 2000 represents its share of the net assets of the domestic investment fund, less any costs associated with discontinuing the investment management services business.

Net Loss

The Company's net loss for the three and six months ended June 30 decreased 18% and 3% to \$1,874,651 and \$3,471,234, respectively, as compared to \$2,276,726 and \$3,594,858, respectively, in 1999. No income taxes were provided in 2000 or 1999 due to the net loss. The basic and dilutive net loss per weighted average common share for the three and six months ended June 30, 2000 was \$0.19 and \$0.34, respectively, as compared to \$0.25 and \$.40, respectively, in 1999. Although the Company's net loss for the six months ended June 30, 2000 decreased 3% as compared to 1999, the June 30, 1999 net loss included realized gains of \$502,451 from the sale of investments. Excluding the realized gains the net loss for the six months ended June 30, 2000 decreased 15% as compared to 1999.

Liquidity and Capital Resources

As of June 30, 2000, the Company had working capital of \$745,613, which included cash and cash equivalents totaling \$2,509,138. Subsequent to June 30, 2000, the Company arranged a line of credit whereby the Company may borrow principal amounts up to \$2 million secured by certain of its assets. Availability under the facility is based on a formula of a percentage of eligible accounts receivable and provides for interest on direct borrowings at an annual rate equal to prime plus 1.5% plus fees based on the amount of the invoices financed. The term of the line of credit is for a period of two years, subject to certain termination provisions. On August 10, 2000 the Company received its initial funding under this facility of \$930,817.

The Company entered in to an agreement, dated August 10, 2000, for the sale of two domain names that are not related to its current business for cash consideration of \$1 million. In connection with the sale, the Company also agreed to issue a warrant to purchase 250,000 shares of the Company's Common Stock at an exercise price of \$2.00 per share.

During the second quarter of 2000, the Company retained The Jordan, Edmiston Group, Inc., the media investment bank, to explore a range of strategic alternatives to enhance shareholder value, including the possible sale of the Company. The Company is currently in discussions with several parties in connection with this process. There can be no assurance that these discussions will result in the Company obtaining additional financing or enhancing shareholder value.

The Company's current levels of revenues are not sufficient to cover its expenses. It is the Company's intention to control its operating expenses while continuing to invest in its existing products. The Company anticipates quarterly losses to continue through the remainder of 2000 and into 2001. Profitability may be achieved in future periods only if the Company can substantially increase its revenues and/or realize capital gains on investments or the sale of certain assets while controlling increases in expenses. There can be no assurance that revenues will be substantially increased, that capital gains will be realized on investments (instead capital losses in fact may be realized) or that certain assets will be sold, or that the increases in expenses can be controlled adequately to enable the Company to attain profitability.

Management continues to expect that revenues will continue to grow in

the remainder of 2000 as compared to 1999. The Company plans to continue investing in its Online Services because it believes that this line of business offers the greatest opportunity for generating substantial revenues and shareholder value over the longer term. There can be no assurance, however, that online traffic growth in fact will be realized, or that if realized, it would result in higher revenues or shareholder value. The Company also expects to launch additional subscription-based online products if resources permit. There can be no assurance, however, that such products in fact will be launched, be launched on time, or that if launched, such products would be successful.

Print Publications advertising sales are expected to continue to increase year-over-year. There can be no assurance, however, that advertising sales will increase because higher advertising rates may not be accepted by advertisers, advertising pages may decline for Individual Investor magazine, circulation may drop at either or both Individual Investor magazine and Ticker magazine, and the advertising mix may change. The Company also believes that a stock market correction or "bear" market could adversely affect its ability to sell advertising, particularly to the financial advertiser categories.

Based on the Company's current outlook, the Company believes that its working capital will be insufficient to fund its operations and capital requirements beyond the latter part of the fourth quarter of 2000 unless the Company is able to obtain additional financial resources. The Company is currently exploring its ability to obtain additional financing and/or the sale of certain Company assets. No assurance can be given as to the availability of additional financial resources or, if available, the terms upon which it may be obtained. Any additional financing may result in dilution of an investor's equity investment in the Company. If the Company is unable to obtain additional financing on favorable terms, or at all, the Company would be unable to sustain its current operations.

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

In July 1997, certain former limited partners of WisdomTree Associates, L.P. ("WTA"), a domestic private investment fund of which WisdomTree Capital Management, Inc., a wholly-owned subsidiary of the Company, is the general partner, initiated an action in the Supreme Court of the State of New York, County of New York, captioned Richard Tarlow and Sandra Tarlow v. WisdomTree Associates, L.P., Bob Schmidt and Jonathan Steinberg, Index No. 113819/97. Defendants moved to dismiss the action based on plaintiffs' failure to file a complaint, and the action was dismissed without prejudice in October 1997. In October 1998, plaintiffs moved to vacate the default judgment. Defendants opposed the motion. In April 1999, the court denied plaintiffs' motion with respect to Messrs. Schmidt and Steinberg, but granted the motion with respect to WTA and plaintiffs were permitted to and did file and serve a complaint solely against this defendant. WTA moved to dismiss the complaint as to all causes of action other than the breach of contract claim, which motion was denied. WTA subsequently answered the complaint and discovery was commenced. In February 2000, plaintiffs moved to amend their complaint to add Messrs. Schmidt and Steinberg as defendants, and defendants moved for summary judgment. Both motions were denied. Plaintiffs allege that WTA did not timely process plaintiffs' request for redemption of their interest in WTA and the complaint seeks approximately \$470,000 in alleged compensatory damages, plus pre-judgment interest, as well punitive damages. In August 2000 the parties agreed to settle the litigation on undisclosed terms. The impact of the settlement is not material to the Company's financial position or results of operations.

In addition to the foregoing matters, 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.

<TABLE>

ITEM 2. Changes in Securities

Sales of Unregistered Securities

<S>	<C>	<C>	<C>	<C>	<C>
warrant or	Title of security	Number Sold	Consideration received and description of underwriting or other discounts to market	Exemption from registration claimed	If option, convertible of exercise
Date of sale					
security, terms					

or conversion

price afforded to purchasers

<p>4/00 - 6/00 period of from date of subject to certain of continued exercisable for a lasting ten years grant at prices ranging from \$4.4375 per share</p>	<p>Options to purchase common stock granted to employees</p>	<p>77,000</p>	<p>Exercise price would be received upon exercise</p>	<p>Section 4(2)</p>	<p>Vesting over a four years grant, conditions service; period from date of exercise \$2.00 to</p>
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</TABLE>

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

On June 21, 2000, the company held the annual meeting of stockholders for the purpose of electing two directors for a term of three years and of adopting the 2000 Performance Equity Plan.

Mr. Jonathan Steinberg and Mr.E Drake Mosier were elected directors of the Company for a term three years. The shares of Common Stock voted on the election of Mr. Steinberg and Mr. Mosier were as follows:

	For ---	Authority Withheld -----
Mr. Steinberg	8,232,048	191,664
Mr. Mosier	8,240,514	183,198

The shares of Common Stock voted on the matter to approve the 2000 Performance Equity Plan were as follows:

For ---	Against -----	Abstention -----	Broker Non-Votes -----
5,783,726	230,702	17,500	2,391,784

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

<TABLE>

Exhibit No. ---	Description -----	Method of Filing -----
<S>	<C>	<C>
3.1	Amended and Restated Certificate of Incorporation Registrant, of as amended through June 22, 1999	Incorporated by reference to Exhibit 3.2 to the Form 10-Q for the quarter ended June 30, 1999
3.2	By-laws of Registrant amended through April 27, 1999	Incorporated by reference to Exhibit 3.3 to the Form 10-Q for the quarter ended June 30, 1999
4.1	Specimen Certificate for Common Stock of Registrant	Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-18 (File No. 33-43551-NY)
10.1	Factoring Agreement, dated August 1, 2000	File herewith

between SYSTRAN Financial Services Corporation and the Registrant

27	Financial Data Schedule March 31, 2000	Filed only with the electronic submission of Form 10-Q in accordance with the EDGAR requirement
99	Certain Risk Factors	Filed herewith

</TABLE>

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the Quarter Ended June 30, 2000.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: August 14, 2000

INDIVIDUAL INVESTOR GROUP, INC. (Registrant)

By: /s/ Jonathan L. Steinberg

Jonathan L. Steinberg, Chief Executive Officer and Director

By: /s/ David H. Allen

David H. Allen, Chief Financial Officer

By: /s/ Henry G. Clark

Henry G. Clark, Vice President Finance
(Principal Accounting Officer)

Exhibit 10.1

SYSTRAN Financial Services Corporation

FACTORING AGREEMENT

This Factoring Agreement (the "Agreement") is between SYSTRAN Financial Services Corporation and its affiliates, including but not limited to Textron Financial Corporation ("SYSTRAN") and Individual Investor Group, Inc. (the "Seller"), whose address is set forth on the last page hereof. In consideration of mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS: A "Debtor" means a person or entity obligated to pay a Bill. A "Bill" means any right to payment for services rendered or goods sold by Seller to a Debtor evidenced by a writing which complies with the general requirements of SYSTRAN as those may be set forth in the Seller Information Manual, as described in Paragraph 2.8. A "Chargeback" means a return of a Bill to Seller and a debit of Seller's account. "Recourse" means the right to Chargeback a Bill to Seller.

2. PURCHASE OF BILLS.

2.1. Seller agrees to present for purchase such Bills as it desires SYSTRAN to purchase arising from the services of Seller and goods sold by Seller. SYSTRAN, at its sole discretion, may purchase such Bills as SYSTRAN determines meet the standards set by SYSTRAN from time to time. Seller shall submit to SYSTRAN an original and two (2) copies of each Bill which shall be attached to a schedule form provided by SYSTRAN. Should the Debtor require any additional documentation as a prerequisite to payment, Seller will also provide such documentation with each Bill.

2.2. SYSTRAN will settle with the Seller by mailing or sending via facsimile to the Seller a settlement statement setting forth the Bills purchased, the amount paid, and any deductions made for fees, charges or security deposit and depositing funds as follows:

Mail funds due Seller. U.P.S. funds due Seller. Wire funds due Seller into bank account specified by Seller on wire authorization form. Deposit funds due Seller.

2.3. Any payment to Seller may be reduced by SYSTRAN by any amount due from Seller to SYSTRAN, including but not limited to the security deposit, Chargebacks, fees and costs.

2.4. SYSTRAN will give notice to the Debtors of the assignment of any Bills purchased by placing a legend on the Bills stating the Bills have been sold and assigned to SYSTRAN and are payable to SYSTRAN at an address designated by SYSTRAN. Seller agrees that all Debtors can be notified of an address specified by SYSTRAN, and Seller will not attempt to direct payment other than to that address. Seller agrees to pay all costs and expenses incurred by SYSTRAN in giving such notice or notices as SYSTRAN deems necessary by whatever means SYSTRAN deems necessary. All remittances received by Seller for payment of Bills previously sold to SYSTRAN are the property of SYSTRAN and shall be held in trust by Seller for SYSTRAN and shall be delivered immediately to SYSTRAN in the identical form of payment received by Seller. Should Seller receive a check comprising payment both to Seller and SYSTRAN, Seller will turn over the check to SYSTRAN, and SYSTRAN will refund Seller's portion to Seller, less any amounts outstanding and due from Seller to SYSTRAN. In the event that Seller collects directly from the Debtor a Bill which has been sold to SYSTRAN and Seller does not deliver immediately to SYSTRAN the identical form of payment received by Seller, Seller will be charged an administrative fee. The amount of the fee shall be determined by SYSTRAN at its sole discretion, but shall not exceed three times the normal fee, pursuant to paragraph three below. Seller agrees that any collection by or directly from the Debtor by Seller of a Bill which has been sold to SYSTRAN is a default under the terms of this Agreement.

2.5. Any Bills in a special purchase shall be subject to all provisions of this Agreement. A special purchase is the purchase at the beginning of the factoring relationship of Seller's Bills that are either billed by Seller, previously financed by a lender, or previously sold and assigned to another factor.

2.6. SYSTRAN has provided to Seller a Seller Information Manual, which is a guide to policy and procedures concerning daily submission of Bills, collection efforts, and other matters. The Seller Information Manual is not part of this Agreement. Seller hereby acknowledges receipt of the Seller Information Manual. These procedures are only guidelines to ensure the efficient operation of the factoring process. SYSTRAN may change any procedure at any time, and may choose not to follow procedures at its discretion.

3. SERVICE FEES. SYSTRAN shall charge and Seller shall pay a fee of one point two five (See Exhibit "A") percent (%) of the face amount of all Bills purchased and an additional service fee as follows: \$1.15 per bill. The service fee shall be payable upon the purchase of any Bill by SYSTRAN, and SYSTRAN may choose to collect service fees either from payments due Seller or may bill the Seller periodically. SYSTRAN may, upon prior notice to Seller, change any fee and such change shall be effective upon receipt of the notice; provided, that SYSTRAN may change the amount of any fee caused by a change in SYSTRAN's cost of funds without prior notice to Seller, but must notify Seller of such change on the next settlement statement sent to the Seller. A fee change due to a change in cost of funds will be effective upon the date of the change which will be indicated on the settlement statement.

3.1. MINIMUM VOLUME AND FEE. Seller agrees to sell to SYSTRAN a minimum of \$15,000.00 in Bills per month. In the event that Seller fails to sell \$15,000.00 in Bills per month for each of two consecutive months, Seller's fee will automatically be increased at the beginning of the third month. The minimum fee after the increase will be 4.5% or the current fee, whichever is higher. SYSTRAN may increase the fee beyond these levels at its discretion. The fee will be automatically lowered to the last fee in effect should Seller's monthly purchase volume exceed \$15,000.000 per month for each of two consecutive months.

4. DEPOSIT. In order (a) to secure Seller's performance of its obligations arising hereunder, (b) to provide security for payment of Seller's liabilities or deficiencies arising hereunder, and (c) to provide security to SYSTRAN's borrowing sources, Seller shall deliver to SYSTRAN the deposit described below. Seller acknowledges that SYSTRAN has given its lender a

security interest in all of its customer deposits to secure payment of certain credit lines to finance SYSTRAN's Sellers' accounts receivable. Seller hereby transfers and assigns to SYSTRAN all of Seller's rights in and to such deposit on the conditions set forth below and subordinates all of its right, title and interest in and to such deposit to the right, title and interest of SYSTRAN's lender to such deposit. The foregoing transfer and subordination are absolute and unconditional. Subject to the subordination, the terms of the deposit are as follows.

4.1. AMOUNT OF DEPOSIT. Seller's deposit shall be equal to twenty percent (20%) of Seller's Bills that are ninety (90) days old or less computed from date of purchase.

4.2. ADJUSTMENT OF DEPOSIT. The amount of Seller's deposit will be reviewed and, if necessary, adjusted each day. Increases in the amount of Seller's deposit will be withheld by SYSTRAN from payments to Seller to the extent necessary pursuant to this Agreement. If sufficient bills are not purchased to fund the increase, Seller will pay the amount of the increase upon demand. Decreases will be repaid to Seller from Seller's deposit amount.

4.3. REPAYMENT OF DEPOSIT. Effective upon termination of this Agreement, no Deposit will be released to Seller except at SYSTRAN's sole discretion, unless all amounts owing to SYSTRAN have been paid in full by Seller. Effective upon termination, all other sums that may become due to Seller by SYSTRAN will be included in the Deposit. The effective Deposit percentage may be greater than the Deposit percentage set forth in paragraph 4.1. The balance of the Deposit will be repaid to Seller at such time as all Bills are paid in full. In the event that Chargebacks to Seller exceed the amount of Seller's Deposit, none of Seller's Deposit will be repaid and Seller will pay SYSTRAN an amount equal to such excess. Such excess amount shall bear interest at four percent (4%) over prime as announced by SYSTRAN's lender from the date notice of the excess liability is rendered to Seller until payment is received.

5. SECURITY INTEREST. The purchase of the Bills of Seller by SYSTRAN is absolute subject to the right to Chargeback. In addition to the outright ownership of those Bills purchased by SYSTRAN, to secure the payment and performance of indebtedness and obligations of Seller to SYSTRAN now existing and hereafter arising, SYSTRAN shall have and is hereby granted a present continuing security interest in all Bills, accounts and accounts receivable of Seller, whether now existing or hereafter created, together with all guaranties, securities, books and records, accounts, correspondence, and documents with respect to such Bills, and, in addition, Seller hereby grants SYSTRAN a security interest in the deposit provided for in Section 4 above, all of Seller's inventory, contract rights, general intangibles, money, instruments, documents, chattel paper, securities, credits, claims and demands against SYSTRAN or others, and all other goods and personal property of all kinds belonging to the Seller, whether presently existing or hereafter acquired, together with any proceeds, products.

5.1. FINANCING STATEMENTS. Seller shall not execute or file any financing statement, supplements or amendments thereto, or any other instruments or security agreement covering the collateral described above in favor of anyone other than SYSTRAN. Seller shall execute and deliver to SYSTRAN any financing statements, title documents, supplements or amendments thereto and any other instruments which SYSTRAN from time to time may reasonably require to perfect, preserve, protect or enforce the security interest of SYSTRAN hereunder or the priority of such security interest. Seller shall pay all costs of filing such statements or instruments with appropriate governmental authorities together with the costs of all lien searches. Seller agrees that either a carbon, photocopy, or other reproduction of this Agreement is sufficient as a financing statement under this Agreement.

5.2. SYSTRAN may, in its sole discretion, elect to discharge any security interest, lien or other encumbrance upon any bill for service or bill for goods sold purchased by SYSTRAN. Any such payments and all expenses incurred in connection therewith shall be treated as a Chargeback. SYSTRAN shall have no obligation to discharge any such security interest, lien or encumbrance.

6. RECOURSE, DISPUTES AND CHARGEBACKS.

6.1. All Bills are purchased by SYSTRAN from Seller with full recourse. All Bills may be Chargedback to Seller at any time after ninety (90) days after the purchase date if not collected from Debtor within such period or at any time, if SYSTRAN determines, in its sole discretion, that the Bill is not collectible. SYSTRAN shall not deem a disputed Bill uncollectible without allowing Seller a reasonable time to settle the dispute not to exceed twenty-one (21) days from notice of dispute. It is within SYSTRAN's discretion as to when a Bill over such time periods may be Chargedback to Seller. Regardless of Bill type: 1) All Bills in a special purchase by SYSTRAN, as defined in paragraph 2.5, are subject to Chargeback ninety (90) days from the date of special purchase by SYSTRAN; 2) All Bills owing by Canadian Debtors and logistics companies are subject to Chargeback ninety (90) days from the date of purchase by SYSTRAN.

6.2. In addition, SYSTRAN reserves the right, however, from time to

time and at its absolute discretion, to Chargeback to Seller any Bill which does not conform to the representations and warranties set forth in the Agreement or is discovered not to conform with the reasonable standards which SYSTRAN may set for Bills. SYSTRAN shall have a continuing security interest in any Bill which is Chargedback to the Seller, but Seller shall immediately upon receiving notice of a Chargeback pay to SYSTRAN the Chargeback amount and does hereby authorize SYSTRAN to deduct any Chargeback from the daily settlements described in Section 2. Interest on any unsatisfied Chargeback shall bear interest at the rate of four percent (4%) over prime as announced by SYSTRAN's lender. Chargeback of any Bill does not authorize Seller to collect any outstanding sum owing on that Bill from a Debtor. All amounts owing on from the Debtor on a Chargeback Bill remain payable to SYSTRAN.

6.3. COLLECTION OF BILLS. SYSTRAN may, but is not required to, commence any action, including legal action, to collect a Bill. All costs of collection, including attorney fees, court fees, and costs of investigation, will be the responsibility of the Seller. Prior to any act of default, SYSTRAN will commence litigation only with Seller's authorization. Subsequent to an act of default and failure to cure in accordance with paragraph 20, SYSTRAN may file suit as it decides necessary without Seller's authorization. In the event of default, Seller hereby grants authorization to SYSTRAN to settle or compromise any bill dispute, including litigation, with any uncollected amount being subject to Chargeback, together with all other amounts for which Seller is obligated to SYSTRAN.

7. WARRANTIES AND REPRESENTATIONS.

7.1. Seller warrants and represents with respect to all Bills sold to SYSTRAN that (a) the Bill is genuine and in all respects what it purports to be; (b) Seller has good title to the Bill and the Bill is free and clear of all encumbrances, liens and prior claims, and that the Seller has the legal right to sell the Bill; (c) Seller has no knowledge of any fact which may impair the validity of the Bill or make it uncollectible in accordance with its terms and face amount; (d) the Bill made according to lawful and valid contracts which Seller has executed; (e) Seller has no knowledge of any counterclaims or setoffs or defenses existing in favor of the Debtor, whether arising from the services or products which are the subject of the Bill or otherwise and there has been no agreement as to the issuance or granting of any discount on the Bill; (f) the Bill is not a duplicate of and does not cover the same services or charges or purchase price as a Bill previously purchased by SYSTRAN from the Seller or billed directly by the Seller to the Debtor; (g) Seller does not own, control, or exercise dominion over the business of any Debtor whose Bills are factored by Seller to SYSTRAN. Seller is not a subsidiary of any Debtor and no Debtors control or exercise dominion over the business of Seller; (h) Seller will not under any circumstances or in any manner whatsoever interfere with any of SYSTRAN's rights under the Factoring Agreement in connection with SYSTRAN's factoring of Seller's Bills; (i) immediately upon sale of Bills to SYSTRAN, Seller will make proper entries on its books and records, disclosing the absolute sale of such Bills to SYSTRAN; (j) Seller has not and will not pledge the credit of SYSTRAN to any person or business for any purpose whatsoever.

7.2. If the Seller is a corporation, it is duly organized, existing, and in good standing under the laws of Delaware. If Seller represents him or herself to be a sole proprietorship or a partnership, such representation shall be deemed conclusive and binding upon Seller. Seller is duly qualified to do business and is in good standing in every other state in which such qualification is required. If Seller is a corporation, execution, delivery and performance hereof are within its corporate powers, have been duly authorized, and are not in contradiction of law or the terms of its charter, by-laws or other incorporation papers, or any indenture, agreement or undertaking to which it is a party or by which it is bound. In addition, the Seller has all material licenses and certificates necessary for the operation of its business and the issuance of Bills.

8. POWER OF ATTORNEY. In order to carry out the Factoring Agreement, and to avoid unnecessary notification of Debtors, Seller irrevocably appoints SYSTRAN or any person designated by SYSTRAN, its special attorney-in-fact or agent with power to: Bill, receive and collect all amounts which may be due or become due to Seller from Debtors and to use Seller's name for purposes of billing and collection of amounts due; Delete Seller's address on all Bills mailed to Debtor and substitute SYSTRAN's address with regard to all Bills of Seller; Receive, open and dispose of all mail addressed to Seller or Seller's trade name at SYSTRAN's address; Negotiate checks received in payment whether payable to Seller or to SYSTRAN; endorse the name of Seller or Seller's trade name on any checks or other evidences of payment that may come into the possession of SYSTRAN on Bills purchased by SYSTRAN and on any invoices or other document relating to any of the Bills; In Seller's name, or otherwise, demand, sue for, collect and get or give releases for any and all monies due or to become due on Bills; Compromise, prosecute, or defend any action, claim or proceeding as to Bills purchased by SYSTRAN. Nothing herein shall require SYSTRAN to instigate or become a party to any litigation as more fully set forth in Paragraph 6.3; Notify Debtors of assignment of accounts to SYSTRAN; and notify, direct, and instruct Debtors in Seller's name or Seller's trade name of the remit-to address and procedures for making payment on any Bills that are sold to SYSTRAN; Take all steps necessary to ensure payment of such amounts due;

and do any and all things in Seller's name necessary and proper to carry out the purpose intended by the Factoring Agreement.

9. ADDITIONAL DOCUMENTS. The Seller shall at all times, do, make, execute and deliver all such additional and further instruments as may be reasonably requested by SYSTRAN in order to more completely vest in and assure to SYSTRAN and make available to it, the property and rights herewith or hereafter granted or assigned and transferred to SYSTRAN as collateral and to evidence the sale of the Bills to SYSTRAN and to carry into effect the provisions and intent of this Agreement.

10. LOCATION OF BOOKS AND RECORDS, PLACE OF BUSINESS. It is understood that Seller's place of business is the one set forth in this Agreement and that all of its books, accounts, correspondence, papers and records pertaining to the services or sales of products are located there, and all such books, accounts, correspondence, papers and records will be opened for SYSTRAN's inspection at all reasonable times.

11. INDEMNIFICATION OF SYSTRAN; SALES AND EXCISE TAXES. Seller will indemnify and hold SYSTRAN harmless against any and all liability, loss or expense, including attorney's fees, caused by or arising out of any alleged claims, defenses, setoffs or counterclaims asserted by any party and relating in any manner to the Bills purchased by SYSTRAN hereunder. In the event any sales or excise taxes are imposed by any state, federal or local authorities with respect to any of the Bills sold and assigned hereunder, where such taxes are required to be withheld or paid by SYSTRAN, Seller shall also indemnify SYSTRAN and hold it harmless with respect to all such taxes and hereby authorizes SYSTRAN to charge to Seller's account any such tax that is paid or withheld by SYSTRAN. SYSTRAN may charge the deposit for any amount due under this paragraph.

12. FINANCIAL INFORMATION. So long as Seller factors or has any absolute or contingent obligation of any kind owing to SYSTRAN, the Seller will provide information regarding the business, affairs and financial condition of the Seller and its subsidiaries as SYSTRAN may reasonably request, including financial statements.

13. REORGANIZATION, ACQUISITIONS, CHANGE OF NAME OR LOCATION. Seller shall notify SYSTRAN in writing not less than thirty (30) days prior to (a) any change of its name or use of any trade names or (b) any change in the address of the chief executive office and/or chief place of business of Seller or the location of any records pertaining to the Bills, and/or (c) any change in company form or status through merger or consolidation with or into any corporation or any sale, lease, transfer or disposal of all or any substantial parts of its assets whether now owned or hereafter acquired.

14. BANKRUPTCY. Seller agrees to notify SYSTRAN of any voluntary or involuntary bankruptcy petition filed by or against it or any guarantor within twenty-four (24) hours of such filing.

15. LITIGATION. Except as disclosed in writing, Seller represents and warrants to SYSTRAN as follows: There are no suits or proceedings pending or to the knowledge of Seller, threatened against or affecting Seller or any of its subsidiaries which, if adversely determined, would have a material adverse effect on the financial condition or business of Seller and its subsidiaries and there are no proceedings by or before any governmental commission, board, bureau, or other administrative agency pending or, to the knowledge of Seller, threatened, against Seller or any of its subsidiaries. Further, Seller represents and warrants there is no claim, loss contingency, or proceeding, whether or not pending, threatened or imminent, against or otherwise affecting Seller that involves the possibility of any judgment or liability not fully covered by insurance or that may result in a material adverse change in the business, properties, or condition, financial or otherwise, of Seller.

16. TRADE NAMES. Seller represents and warrants to SYSTRAN that it utilizes no trade names in the conduct of its business except Individual Investor Group, Inc. and Ticker Magazine.

17. TAXES. Seller represents and warrants to SYSTRAN that: Seller has filed all federal, state, and local tax returns and other reports it is required to file and has paid or made adequate provision for payment of all such taxes, assessments, and other governmental charges.

18. NO CONSENT OR APPROVAL NEEDED. Seller represents and warrants to SYSTRAN as follows: No consent or approval of any person, no waiver of any lien or other similar right, and no consent, license, approval, authorization, or declaration of any governmental authority, bureau, or agency is or will be required in connection with the execution, delivery, performance, or enforcement, validity or priority of this Agreement or any other agreement, instrument, or document to be executed or delivered in connection herewith.

19. Term and Termination

This Agreement is for a term of two(2) year from the date that a duly authorized representative of SYSTRAN executes this Agreement. The term of this Agreement shall renew automatically for additional one (1) year terms unless sooner

terminated in accordance with the terms hereof. Seller may terminate this Agreement effective at the end of any term by giving thirty(30) days prior written notice to SYSTRAN at the address set forth in this Agreement. Seller may continue to offer any of its Bills to SYSTRAN during such thirty(30) day period. SYSTRAN may terminate this Agreement at any time and for any reason by notifying Seller in writing of such termination.

All of Seller's representations, warranties, and other provisions of this Agreement shall survive such termination until SYSTRAN has been paid in full and Seller has fully performed all of its obligations. In addition, should any transfer of money or property to SYSTRAN hereunder be avoided in a bankruptcy proceeding involving Seller, any Account Debtor of Seller, or otherwise, then Seller's obligations hereunder shall be reinstated and/or supplemented to the extent of the avoided transfer, whether or not this Agreement has otherwise been terminated.

Notwithstanding the foregoing, Seller has the option to terminate this Agreement prior to the end of any term by giving SYSTRAN thirty (30) days prior written notice. Seller may continue to offer any of its Bills to SYSTRAN during such thirty (30) day period. Seller shall be deemed to have terminated this Agreement prior to the end of any term on the date that Seller shall have ceased presenting Bills to SYSTRAN in the normal course for an uninterrupted period of thirty (30) days ("Deemed Termination"). Upon notice of early termination, or the date of a Deemed Termination by Seller, prior to the end of any term, whether or not Seller continues to offer its Bills to SYSTRAN during the thirty (30) day notice period applicable to Seller, Seller shall be obligated to pay to SYSTRAN, and Seller's deposit may be charged, an early termination premium ("Early Termination Premium") in an amount equal to two point one seven percent (2.17%) times the dollar volume of Bills purchased by SYSTRAN during the month in which Seller's dollar volume of Bills purchased by SYSTRAN was the greatest multiplied by the number of months remaining in the then current term, or eleven (11) months, whichever is lower. Any partial month remaining in the current term shall constitute a full month for the purpose of calculating the Early Termination Premium. In addition, if SYSTRAN buys Bills from Seller as part of a special purchase, and should Seller terminate this Agreement within the first four (4) months of the term of this Agreement, Seller's Deposit shall be charged an Early Termination Premium in the amount of the balance of the Deposit on the termination date. The termination date shall be thirty (30) days after SYSTRAN'S receipt of the termination notice or on the Deemed Termination date, unless a termination notice specifies a date that is more than thirty (30) days but less than sixty (60) days after SYSTRAN'S receipt of the termination notice. If SYSTRAN terminates this Agreement prior to the end of any term upon any default in the performance of Seller under this Agreement, in view of the impracticality and extreme difficulty in ascertaining actual damages and by mutual agreement of the parties as to the reasonable calculation of SYSTRAN'S lost profits as a result thereof, Seller shall be obligated to pay SYSTRAN upon the effective date of such termination, and Seller's deposit may be charged, a premium in an amount equal to the Early Termination Premium as set forth above.

20. EVENTS OF DEFAULT. The following shall be events of default under the terms of this Agreement: (a) default by Seller in the performance or payment, when due or payable, of any obligation under this Agreement or any other obligation of the Seller to SYSTRAN or any other financial institution or bank; (b) Seller agrees to the appointment of a receiver for its assets, makes general assignment for the benefit of creditors or declares that it is unable to pay its debts as they mature; (c) Seller files a proceeding under any law for the relief of Debtors, including but not limited to, Title 11 of the United States Code, the so-called Bankruptcy Code or any other similar law which may exist; (d) any involuntary petition under the Bankruptcy Code or similar statute has been filed against the Seller and not dismissed within sixty (60) days after filing without the entry of an order for relief; (e) the issuance of an attachment, execution, tax assessment or similar process against the Seller or its property which is not released within ten (10) days of its attachment; (f) any of the representations and warranties in Section 7.1 of this Agreement were not true with respect to any Bill at the time the Bill was sold to SYSTRAN or any other representation or warranty in this Agreement was not true when made.

20.1. In addition to all other remedies provided by law, upon the occurrence of an event of default and failure to cure same within ten (10) business days of Seller's receipt of written notice thereof, SYSTRAN may upon notice to the Seller immediately increase the amount of the deposit required under Section 4 of this Agreement to one-hundred percent (100%) of the outstanding amount of Bills purchased from the Seller, and the Seller shall immediately deliver to SYSTRAN funds sufficient to create this one-hundred percent (100%) deposit. If Seller shall fail to make any such payment, SYSTRAN may immediately Chargeback to the Seller any or all of the Bills which SYSTRAN has purchased from Seller, and Seller shall immediately pay to SYSTRAN the amount of such Chargeback. Should Seller fail to make such payment, SYSTRAN may seek payment of the deficiency from Seller and simultaneously collect all Chargedback Bills until the deficiency is satisfied. The deficiency will bear interest at the rate of prime plus four percent (4%) from the date it is incurred. Prime shall be that rate announced by SYSTRAN'S lender on the date of the deficiency and may be adjusted with any change in the prime rate.

20.2 In addition to all other remedies provided by law, upon the

occurrence of an Event of Default and failure to cure same within ten (10) business days of Seller's receipt of written notice thereof, SYSTRAN, upon application to a court of competent jurisdiction and without the necessity of posting a bond or undertaking, shall be entitled as a matter of strict right, without notice and without regard to the value of any Bills or the solvency of any party bound for payment of the Bills, to injunctive relief to enforce the terms of this Agreement and to the appointment of a Receiver to (a) take possession of, collect and apply the proceeds of Bills, and take any and all actions deemed appropriate by such Receiver to enforce such Bills, and/or (b) enter upon the business premises of, take possession of and operate the Seller and all of its assets including, without limitation, taking any and all actions deemed appropriate, for the protection, possession, control, management and operation of the Seller's business, its assets and the Bills. Seller hereby acknowledges and agrees that if an Event of Default occurs and continues for a period of more than ten (10) business days after the Seller's receipt of written notice of such default, (a) the Bills and the proceeds of the same are then in danger of being lost, removed or materially injured; and (b) the Seller is insolvent, or in imminent danger of insolvency. Seller unconditionally consents to the appointment of a receiver as provided herein. The receiver shall have all of the rights and powers permitted under the laws of any state wherein any asset of the Seller is situated. Seller will pay SYSTRAN upon demand all expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to this paragraph, and any such amounts paid by SYSTRAN shall be secured by the security interest granted herein. Further, Seller expressly consents that the receiver appointed under this paragraph may be SYSTRAN or one of SYSTRAN's employees, representatives or attorneys. Nothing herein requires SYSTRAN to seek the appointment of a receiver or injunctive relief, nor does this paragraph in any way diminish SYSTRAN's right under paragraph 8 or any other provision of this Agreement or under applicable law.

21. EXPENSES OF ENFORCEMENT. With respect to any default under this Agreement, Seller shall reimburse SYSTRAN for all costs and expenses, including reasonable attorneys', paralegals', accountants', and other experts and professional fees and all other fees and costs reasonably and actually incurred in connection with the default, or in the event that a suit, action, arbitration, or other proceeding of any nature, including, without limitation, any proceeding under the United States Bankruptcy Code, any action seeking a declaration of rights or an action for rescission is instituted to interpret or enforce this Agreement, including, but not limited to such fees and cost associated with trial and appeals.

22. JURISDICTION AND VENUE. This Agreement shall be deemed to be a contract under the laws of the State of Oregon and for all purposes shall be governed by and construed in accordance with the laws of that state. Seller irrevocably agrees that any legal action or proceeding brought by or against Seller with respect to the Agreement will be brought in the courts of the State of Oregon or in the U.S. District Court for the District of Oregon. Seller consents to the jurisdiction of such courts. This provision shall not limit the right of SYSTRAN to bring such actions or proceedings against Seller in the court of such other states or jurisdictions where Seller may be subject to jurisdiction. Seller expressly authorizes service of process in any such suit or action on its behalf upon Registered Agent: , at (address) or upon such other agent as SYSTRAN may approve in writing, as its agent for such purposes.

23. WAIVER, NOTICE. The waiver by SYSTRAN of the breach of any term of this Agreement or of the compliance therewith shall not be construed as a waiver of any other breach or compliance. Notices from either party to the other shall be given in writing and mailed postage prepaid, registered or certified mail, or placed in the hands of a national overnight delivery service, addressed to the addresses set forth opposite each party's name below, or at such other address as either party may hereafter advise the other in writing.

24. ASSIGNMENT. Seller may not assign any of its rights or obligations hereunder. SYSTRAN may assign or grant a security interest in this Agreement or in any Bills purchased by SYSTRAN without Seller's consent. SYSTRAN may assign any of its rights and remedies with respect to such Bills including the right to notify Debtors to make payment to SYSTRAN's assignee.

25. SEVERABILITY. The provisions of this Agreement are severable and if any of these provisions shall be held by any court of competent jurisdiction to be unenforceable such holding shall not affect or impair any other provisions hereof.

26. COMPLETE UNDERSTANDING. This Agreement comprises the complete understanding among the parties and may only be varied by a writing executed by the parties hereto. Paragraph headings are for convenience only.

27. NO OFFER/COMMITMENT. The presentation of this Agreement to Seller does not constitute either an offer or commitment to purchase Bills or to extend to Seller credit of any kind.

Executed this 1st day of August, 2000.

Individual Investor Group, Inc.

By: /s/ Jonathan Steinberg

(Signature)

Title:

Address: 125 Broad Street, 14th Floor

New York, NY 10004

=====
County of New York

On this 1st day of August , 20 , before me personally appeared Jonathan Steinberg , whose identity is personally known to me (or proved to me on the basis of satisfactory evidence) and who by me duly sworn, (or affirmed), did say that he (she) is the CEO (title or office) of the Individual Investor Group, Inc. , and that said document was signed by him (her) in behalf of said corporation by authority of its bylaws or of a Resolution of its Board of Directors, and acknowledged to me that said corporation executed the same.

My Commission Expires:

/s/ Oliver Demassis

10/14/2000

(Signature of Notary Public)

Accepted:

SYSTRAN Financial Services Corporation Address: 4949 SW Meadows Rd. Suite 500
Lake Oswego, Oregon 97035
Post Office Box 3289
Portland, Oregon 97208-3289

By: /s/ J. David Retallick

(Signature)

EXHIBIT "A"

In addition to the fee charged in Paragraph 3, SYSTRAN shall charge and Customer shall pay a fee at an annual rate equal to prime plus one point five (1.5%) of all funds employed to purchase Bills. Prime is defined as the prime rate as announced by Wells Fargo Bank, N.A. Funds employed shall be calculated by SYSTRAN on a daily basis based upon bills unpaid and outstanding, less the deposit. Customer shall pay the factoring fee from payments due Customer or may bill Customer. A change in the factoring fee due to a prime rate change will be effective upon the date of the change, which will be indicated on the settlement statement.

Individual Investor Group, Inc.

By:

Title: /s/ Jonathan Steinberg

Date: 8-1-00

ADDENDUM TO FACTORING AGREEMENT

This is an Addendum to the Factoring Agreement (the "Agreement"), dated _____, 2000 between SYSTRAN Financial Services Corporation ("SYSTRAN") and Individual Investor Group Inc. (the "Customer").

Paragraph 19 Entitled "Term and Termination" is hereby amended in the following particulars only:

In the event of a sale of all or substantially all of a Customer's assets or merger or consolidation with or into any corporation or sales of securities requiring stockholder's approval in accordance with rules and regulations of the NASDAQ stock market at anytime during the initial twenty-four (24) month term of the Factoring Agreement and the Factoring Agreement is terminated as a result, Systran Financial Services Corporation agrees to accept the lesser of (1) Twenty Thousand Dollars (\$20,000.00) or, (2) the actual Early Termination Fee contemplated by the calculation method set forth in Paragraph 19 to the Agreement. This Addendum shall only apply in the event of a sale of the

Customer's business for the reasons set forth above and resulting termination of the Factoring Agreement. If termination should occur for any other reason the full Early Termination Fee shall apply.

The parties Acknowledge and Agree to the terms of this Addendum and incorporate the terms of this Addendum into the Factoring Agreement.

COMPANY NAME

By: /s/ Jonathan Steinberg
Title: CEO

Dated: August 1, 2000

SYSTRAN FINANCIAL SERVICES CORPORATION

By: /s/ J. David Retallick
Title: President

Dated: August 1, 2000

EXHIBIT 99

CERTAIN RISK FACTORS

Dated August 14, 2000

You should carefully consider these risks, as well as those described in our most recent Form 10-K, Form 10-Q and Form 8-K filings, 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, results of operations 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 will need to raise additional capital in the future. Based on our current forecasts, we believe that our working capital will be sufficient to fund our operations and capital requirements through the latter part of the fourth quarter of 2000. During the second quarter of 2000, the Company retained The Jordan, Edmiston Group, Inc., the media investment bank, to explore a range of strategic alternatives to enhance shareholder value, including the possible sale of the Company. The Company is currently in discussions with several parties in connection with this process. There can be no assurance that these discussions will result in the Company obtaining additional financing or enhancing shareholder value. Because we expect continuing net losses, we will need to raise additional capital in the future. The availability and the cost of financing will depend on many factors existing at the time we seek funding. These factors may include our sources and amounts of revenues, our business development and prospects and the state of the financial markets generally. It is possible that additional financing may not be available to us, or, if available, the terms upon which it may be obtained may be unfavorable to us and may result in dilution of an investor's equity investment in us. If the Company is unable to obtain additional financing on favorable terms, or at all, the Company would be unable to sustain its current operations.

We have a history of losses and we anticipate that our losses will continue in the future. As of June 30, 2000, we had an accumulated deficit of \$29.9 million. Since inception, the only calendar year during which we were profitable was 1995. We expect to continue to incur operating losses in the remainder of 2000 and in 2001. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future.

Our online services business has a limited operating history. Because we commenced our online services operations in May 1997, we have only a limited operating history upon which you can evaluate this business segment and its prospects. An investor in our common stock must consider the risks, expenses and difficulties frequently encountered by an early stage business in this new and rapidly evolving market of web-based financial news and information companies.

We face intense competition in both our print publications business and our online services business. An increasing number of financial news and information sources compete for consumers' and advertisers' attention and spending. We expect this competition to continue and to increase. These competitors include:

- o online services or web sites focused on business, finance and investing, such as CBS MarketWatch.com; The Wall Street Journal Interactive Edition; CNBC.com; CNNfn.com; TheStreet.com; Briefing.com; The Motley Fool; Yahoo! Finance; Silicon Investor; Microsoft Investor; SmartMoney.com; Money.com;

and Multex.com;

- o publishers and distributors of traditional print media, such as The Wall Street Journal; Barron's; Investors Business Daily; Business Week; Fortune; Forbes; Money; Kiplinger's; Smart Money; Worth; Registered Representative; Institutional Investor; Research and On Wall Street;
- o publishers and distributors of radio and television programs focused on business, finance and investing, such as Bloomberg Business Radio and CNBC;
- o web "portal" companies, such as Yahoo!; Excite; Lycos; Snap!; Go Network; and America Online; and
- o online brokerage firms, many of which provide financial and investment news and information, such as Charles Schwab and E*TRADE.

Our ability to compete depends on many factors, including the originality, timeliness, comprehensiveness and trustworthiness of our content and that of our competitors, the ease of use of services developed either by us or our competitors and the effectiveness of our sales and marketing efforts and that of our competitors.

Many of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. This may allow them to devote greater resources than we can to the development and promotion of their services and products, as well as adapting to rapid technological changes with regard to the Internet. In particular, future changes may evolve (for example, a rapid move to broadband or wireless technologies) which we may not be able to cope with in a timely manner. These competitors may also engage in more extensive research and development, undertake far-reaching marketing campaigns, adopt more aggressive pricing policies to attract Internet users, print readers, advertisers and make more attractive offers to existing and potential employees, outside contributors, strategic partners and advertisers. Our competitors may develop content that is equal or superior to our content or that achieves greater market acceptance than our content. It is also possible that new competitors may emerge and rapidly acquire significant market share. We may not be able to compete successfully for advertisers, Internet users, print readers, staff, outside contributors or strategic partners. Increased competition could result in price reductions, reduced margins or loss of our market share. Any of these could materially adversely affect our business.

We may not be able to attract and retain qualified employees for our online service business. There is a general perception in the employment market for personnel interested in online-related jobs that pure Internet companies offer a more attractive work environment for a youthful workforce. In addition, many employees in the Internet industry seek and often receive significant portions of their compensation through stock options. The stock prices of many pure Internet companies have increased dramatically over the last several years. Since we are also in the print publication business, people may perceive us as a less attractive employer than a pure Internet company. If we are unable to attract and retain qualified employees for our online services business, that business could suffer materially.

We may not be able to attract and retain qualified employees for our print publications business. Many of our competitors in the print publications business are larger than us and have a number of print titles. We only have two magazines and one newsletter. There is a general perception in the employment market that larger publishers are more prestigious or offer more varied career opportunities. We may be perceived by people as a less attractive employer than a larger publisher. If we are unable to attract and retain qualified employees for our print publications business, that business could suffer materially.

We may not be able to grow our online business. We intend to introduce new and/or enhanced products, content and services to retain the current users of our online services and to attract new users. If we introduce a new or enhanced product, content, or service that is not favorably received or fail to introduce certain new or enhanced products, content, or services, our current users may choose a competitive service over our service. Our business could be materially adversely affected if we experience difficulties and/or delays in introducing new products, content or services or if these new products, content or services are not favorably received by our users.

Increased traffic to our web sites may strain our systems and impair our online services business. On occasion, we have experienced significant spikes in traffic on our web sites. In addition, the number of users of our online services has increased over time and we are seeking to increase our user base further. Accordingly, our web sites must accommodate a high volume of traffic, often at unexpected times. Our web sites have in the past, and may in the future, experience slower response times than usual or other problems for a variety of reasons. These occurrences could cause our users to perceive our web sites as not functioning properly and, therefore, cause them to use other methods to obtain the financial information they desire. In such a case, our business, results of operations, and financial condition could be materially adversely affected.

Our efforts to build positive brand recognition may not be successful. We believe that maintaining and growing awareness about our brands (including Individual Investor, individualinvestor.com, Ticker, Magic25(TM) and the INDI SmallCap 500(TM)) is an important aspect of our efforts to continue to attract print subscribers, magazine readers and Internet users. The importance of positive brand recognition will increase in the future because of the growing number of providers of financial information. We cannot assure you that our efforts to build positive brand recognition will be successful.

In order to build positive brand recognition, it is very important that we maintain our reputation as a trustworthy source of investment ideas, research, analysis and news. The occurrence of certain events, including our misreporting a news story or the non-disclosure of a financial interest by one or more of our employees in a security that we write about, could harm our reputation for trustworthiness. These events could result in a significant reduction in the number of our Internet users and print readers, which could materially adversely affect our business, results of operations and financial condition.

For us to enhance our web brand awareness, it is important for us to continue to establish and maintain content distribution relationships with highly trafficked web sites operated by other companies. There is intense competition for relationships with these sites. Although we have not paid any material sum with respect to our relationships to date, it is possible that, in the future, we may be required to pay fees in order to establish or maintain relationships with these sites. Additionally, many of these sites compete with our web sites as providers of financial information, and these sites may become less willing to establish or maintain strategic relationships with us in the future. We may be unable to enter into relationships with these sites on commercially reasonable terms or at all.

We depend on certain advertisers to generate revenue. In 1998 and 1999, the majority of our print publications advertising revenue came from financial services companies, followed by consumer advertisers and others. We were not dependent upon any particular advertiser for our print publications revenues. During the first half of 2000, approximately 48% of the online services advertising revenue came from a combination of VentureHighway.com (a company in which we have acquired a 15.5% equity interest through an equity-for-advertising barter transaction) and one brokerage firm offering online trading. We expect that the majority of advertising revenues derived from our online services operations will come from online brokerage firms and companies in which we obtain equity stakes in exchange for advertising. In the event that online brokerage firms choose to scale back on their advertising (on the Internet in general or on our web sites in particular) or we do not enter into additional equity-for-advertising transactions, our online services business could be materially adversely affected.

We need to manage our growth. Our online services, which commenced in May 1997, have experienced rapid growth and our print publications business recently has grown at rates above the industry norm. This growth has placed a strain on our managerial, operational and financial resources. We expect this strain to increase with anticipated future growth in both print publications and online services. To manage our growth, we must continue to implement and improve our managerial controls and procedures and our operational and financial systems. In addition, our future success will depend on our ability to expand, train and manage our workforce, in particular our editorial, advertising sales and business development staff. We cannot assure you that we have made adequate allowances for the costs and risks associated with this expansion, that our systems, procedures or controls will be adequate to support our operations, or that our management will be able to successfully offer and expand our services. If we are unable to manage our growth effectively, our business, results of operations and financial condition could be materially adversely affected.

We face a risk of system failure for our online services business. Our ability to provide timely information and continuous news updates depends on the efficient and uninterrupted operation of our computer and communications hardware and software systems. Similarly, our ability to track, measure and report the delivery of advertisements on our sites depends largely on the efficient and uninterrupted operation of a third-party system maintained by DoubleClick. These systems and operations are vulnerable to damage or interruption from human error, natural disasters, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. We do not have a formal disaster recovery plan for the event of such damage or interruption. Any system failure that causes an interruption in our service or a decrease in responsiveness of our web sites could result in reduced traffic, reduced revenue and harm to our reputation, brand and our relations with our advertisers. Our insurance policies may not adequately compensate us for any losses that we may incur because of any failures in our system or interruptions in our delivery of content. Our business, results of operations and financial condition could be materially adversely affected by any event, damage or failure that interrupts or delays our operations.

We depend on the continued growth in use and efficient operation of the web. Our business will be materially adversely affected if web usage does not continue to grow or grows slowly. Web usage may be inhibited for a number of reasons, such

- as:
- o inadequate network infrastructure;
 - o security concerns;
 - o inconsistent quality of service; and
 - o unavailability of cost-effective, high-speed access to the Internet.

The users of our online services depend on Internet service providers, online service providers and other web site operators for access to our web sites. Many of these services have experienced significant service outages in the past and could experience service outages, delays and other difficulties due to system failures unrelated to our systems. These occurrences could cause our Internet users to perceive the web in general or our web sites in particular as an unreliable medium and, therefore, cause them to use other media to obtain their financial news and information. We also depend on certain information providers to deliver information and data feeds to us on a timely basis. Our web sites could experience disruptions or interruptions in service due to the failure or delay in the transmission or receipt of this information, which could have a material adverse effect on our business, results of operations and financial condition.

We may not realize the value of our investments in VentureHighway.com, ReverseAuction.com and Tradeworx, Inc. We record on our balance sheet investments in non-readily marketable securities at their fair market value at the date of acquisition, unless and until we become aware of any permanent impairment in such securities or unless and until such securities become readily marketable. VentureHighway.com is recorded at approximately \$2.6 million (1,654,344 shares at approximately \$1.59 per share), ReverseAuction.com at approximately \$1.5 million and Tradeworx, Inc. at approximately \$1.1 million. There currently is no public market for VentureHighway.com, ReverseAuction.com or Tradeworx securities, and there is no assurance that we will realize any value with respect to these investments.

Our quarterly financial results are subject to significant fluctuations. Our quarterly operating results may fluctuate significantly as a result of a variety of factors, many of which are outside our control. For example, revenues in our print publications business tend to reflect seasonal patterns. We believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance, nor would our operating results for any particular quarter be indicative of future operating results. In some quarters, our operating results may be below the expectations of public market analysts and investors. If that happens, the price of our common stock may fall, perhaps dramatically.

Because our editorial content is focused on the financial markets, a prolonged "bear market" may cause our businesses to suffer. Our editorial content is highly focused on the financial markets. If the markets suffer a prolonged downturn or "bear market," it is possible that our businesses might suffer materially for two reasons. First, during a bear market, people may become less interested in buying and selling securities, and thus less interested in our research and analysis of securities. If this occurs, fewer people might be interested in subscribing to our print publications and using our online services. Second, advertisers, particularly the financial services advertisers that are our most important source of advertising revenue, might decide to reduce their advertising budgets. Either of these developments could materially adversely affect our business.

Because our editorial content is focused on research and analysis of specific stocks, our businesses could suffer if our recommendations are poor. Our editorial content is focused on research and analysis of specific stocks. We frequently state that a particular company's stock is undervalued or overvalued at the current prices. If our opinions prove to be wrong, our customers may be less interested in subscribing to our print publications and in using our online services and our business could suffer materially.

We depend on our outside contributors. To some extent we depend upon the efforts of our outside contributors to produce original, timely, comprehensive and trustworthy content. Our outside contributors are not bound by employment agreements. Competition for financial journalists is intense, and we may not be able to retain existing or attract additional qualified contributors in the future. If we lose the services of our outside contributors or are unable to attract additional outside contributors with appropriate qualifications, our business, results of operations and financial condition could be materially adversely affected.

We depend on key management personnel. Our future success depends upon the continued service of key management personnel. The loss of one or more of our key management personnel could materially adversely affect its business. Moreover, the costs that may arise in connection with executive departures and replacements can be significant, as they were during 1998 and 1999.

We rely on several third party sole providers to conduct many of our operations.

Our strategy is to enter into relationships with various third party sole providers in order to obtain their technological expertise and capabilities as well as to achieve economies of scale. If the business of these providers is disrupted for any reason, our operating results could suffer materially. Some of these providers are listed as follows:

1. We depend on Quebecor to publish our print publications. We depend upon an independent party, Quebecor, to print our monthly magazines. If Quebecor's business is disrupted for any reason, such as fire or other natural disaster, labor strife, supply shortages, or machinery problems, we might not be able to distribute our publications in a timely manner and may lose subscribers and newsstand sales.
2. We depend on independent parties to distribute Individual Investor magazine to newsstands. We depend upon independent parties (the largest of which is International Circulation Distributors, a subsidiary of The Hearst Corporation) to distribute Individual Investor magazine to newsstands. If the business of our distributors is disrupted for any reason, such as labor strife or natural disaster, we may not be able to distribute Individual Investor magazine to newsstands in a timely manner and may lose newsstand sales.
3. We depend on an independent party to manage our subscriber files. We depend upon an independent party to manage our subscriber files. This party receives subscription orders and payments for our print publications, sends renewal and invoice notices to subscribers and generates subscribers' labels and circulation reports for us. If the business of this party is disrupted, we may become unable to process subscription requests, or send out renewal notices or invoices, or deliver our print publications. If this were to happen, our business could suffer materially.
4. We depend on independent parties to obtain the majority of the subscribers to Individual Investor magazine. We depend upon independent parties to obtain the majority of the subscribers to Individual Investor magazine. These agencies include NewSub services, American Family Publishers and Publishers Clearing House. These agencies obtain subscribers primarily through use of subscription offers in credit card statements and direct mail campaigns. If the positive response to the promotion of Individual Investor magazine by these agencies is not great enough, they may stop promoting our magazine. This could cause our subscriber base to shrink, which would lower our subscription revenue and reduce our advertising rate base, which would lead to lower advertising revenue. Also, many publications compete for services of subscription agencies, and one or more of these subscription agencies may choose not to continue to market Individual Investor in order to better serve one of our competitors. Any of those developments could cause our operating results to suffer materially.
5. We depend on WinStar Interactive Media Sales, Inc. to sell advertising, sponsorships and e-commerce partnerships on our web sites. We depend on an independent party, WinStar Interactive Media Sales, Inc. ("WinStar"), to sell advertising, sponsorships and e-commerce partnerships on our web sites. If WinStar's business is disrupted or its sales force is ineffective, the revenues generated from our web sites could be materially adversely affected.

Control of the Company by Principal Stockholders. At the present time, Jonathan Steinberg, Wise Partners, L.P. (a partnership controlled by Jonathan Steinberg), Saul Steinberg (who is Jonathan Steinberg's father) and Reliance Financial Services Corporation (a substantial portion of the common stock of Reliance Financial Services Corporation's parent, Reliance Group Holdings, Inc., is beneficially owned by Saul Steinberg, members of his family and affiliated trusts), beneficially own approximately 42.0% of the outstanding shares of common stock of the Company. As a result of their ownership of common stock, they will be able to significantly influence all matters requiring approval by the Company's stockholders, including the election of its directors. Because it would 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. Our stockholders, therefore, may have less of a chance to benefit from any possible takeover of the Company, than they would if the Steinbergs did not have as much influence.

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 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. 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 marks Individual Investor, individualinvestor.com, Ticker,

Magic25(TM) and the INDI SmallCap 500(TM). We have a perpetual license for use of the trademark Individual Investor. To perfect our interests in the mark, however, we filed suit in 1997 against the licensor and a third party whom we believed was infringing the mark. The litigation was resolved favorably to us, with an agreement by the third party not to further infringe the mark. We commenced negotiations with the licensor to obtain assignment of the mark, The Individual Investor, but did not reach an agreement. Although we will continuously monitor and may seek enforcement against any perceived infringement of the mark, we cannot assure you that our efforts will be successful.

Additionally, we are somewhat dependent upon the ability to protect our proprietary content through the laws of copyright, unfair competition and other law. We cannot assure you, however, that the laws will give us meaningful protection.

Claims of our infringement of the intellectual property rights of others could be costly and disruptive to our business operations. Other parties may assert claims against us that we have infringed a copyright, trademark or other proprietary right belonging to them. Defending against any such claim could be costly and divert the attention of management from the operation of our business. In addition, the inability to obtain or maintain the use of copyrights or trademarks could adversely affect our business operations, as could the award of damages against us. Our insurance may not adequately protect us against such claims

We may be liable for information published in our 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 in our print publications or through our online services. We could also be subject to claims based upon the content that is 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.

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