U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB

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

For the quarterly period ended June 30, 2001

___ 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 small business issuer 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
(Issuer's telephone number)

Check whether the issuer (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 issuer 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 issuer's classes of common equity, as of the latest practicable date: as of August 13, 2001, issuer had outstanding 8,987,083 shares of Common Stock, $.01 par value per share.

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

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INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS	June 30, 2001 UNAUDITED	December 31, 2000
Current assets:		
Cash and cash equivalents	$ 486,846	$ 4,694,476
Accounts receivable (net of allowances of $379,776 in 2001 and $552,609 in 2000)	760,831	1,754,200
Investment in discontinued operations (Note 3)	49,302	49,302
Prepaid expenses and other current assets	950,801	1,036,996
Total current assets	2,247,780	7,534,974
Investments (Note 2)	2,678,546	2,678,546
Deferred subscription expense	193,482	337,245
Property and equipment - net	1,687,622	1,479,105
Security deposits	374,466	375,580
Other assets	101,046	300,810
Total assets	$7,282,942	$12,706,260

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2001 UNAUDITED	December 31, 2000
Current liabilities:		
Accounts payable	$2,216,598	$ 2,534,027
Accrued expenses	492,543	462,800
Deferred advertising revenue	1,446,839	1,987,067
Total current liabilities	4,155,980	4,983,894
Deferred advertising revenue	147,668	532,653
Deferred subscription revenue	2,525,580	2,607,407
Total liabilities	6,829,228	8,123,954
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, $.01 par value, authorized 2,000,000 shares, 7,880 issued and outstanding in 2001 and in 2000	79	79
Common stock, $.01 par value; authorized 40,000,000 shares, 9,173,083, issued and outstanding in 2001 and; 8,972,886 issued and outstanding in 2000	91,731	89,729
Additional paid-in capital	33,669,806	33,576,719
Warrants	770,842	872,052
Deferred compensation	(80,383)	(29,490)
Accumulated deficit	(33,998,361)	(29,926,783)
Total stockholders' equity	453,714	4,582,306
Total liabilities and stockholders' equity	$7,282,942	$12,706,260

See Notes to Consolidated Condensed Financial Statements

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

UNAUDITED

<S>	3 Months Ended June 30, 2001	3 Months Ended June 30, 2000	6 Months Ended ,June 30, 2001	6 Months Ended ,June 30, 2000
Revenues:				
Print Publications	$ 1,562,638	$ 4,251,157	$ 4,185,298	$ 9,190,288
Online Services	240,510	981,134	850,233	2,254,653
Total revenues	1,803,148	5,232,291	5,035,531	11,444,941
Operating expenses:				
Editorial, production and distribution	1,972,618	3,495,011	4,265,898	6,964,807
Promotion and selling	1,278,967	2,292,358	2,779,568	5,106,559
General and administrative	607,845	1,234,868	1,533,646	2,688,437
Depreciation and amortization	186,163	143,223	338,320	283,189
Total operating expenses	4,045,593	7,165,460	8,917,432	15,042,992
Operating loss from continuing operations	(2,242,445)	(1,933,169)	(3,881,901)	(3,598,051)
Investment and other income	(95,163)	58,518	(110,877)	126,817
Net loss	($2,337,608)	($1,874,651)	($3,992,778)	($3,471,234)
Basic and dilutive net loss per common share (Note 5):	($0.26)	($0.19)	($0.45)	($0.34)
Average number of common shares used in computing basic and dilutive loss per common share	9,093,775	10,392,173	9,032,697	10,378,082

</TABLE>

See Notes to Consolidated Condensed Financial Statements

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

UNAUDITED

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
Cash flows from operating activities:		
Net loss	($3,992,778)	(3,471,234)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	338,320	283,189
Stock option and warrant transactions	(47,213)	115,646
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,286,097	147,255
Prepaid expenses and other current assets	86,206	(176,507)
Security deposits	1,114	(3,720)
Other assets	189,060	126,560
Deferred subscription expense	143,763	(83,201)
Increase (decrease) in:		

Accounts payable and accrued expenses	(287,686)	277,617
Deferred advertising revenue	(925,214)	(1,325,556)
Deferred subscription revenue	(81,827)	439,678
Net cash used in operating activities	(3,290,158)	(3,670,273)
Cash flows from investing activities:		
Purchase of property and equipment	(545,943)	(217,976)
Net cash provided by investing activities	(545,943)	(217,976)
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	59,845
Receivables financing	(292,729)	-
Preferred stock dividends	(78,800)	(100,000)
Net cash provided by financing activities	(371,529)	(40,155)
Net decrease in cash and cash equivalents	(4,207,630)	(3,928,404)
Cash and cash equivalents, beginning of period	4,694,476	6,437,542
Cash and cash equivalents, end of period	$486,846	$2,509,138

See Notes to Consolidated Condensed Financial Statements

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001 AND 2000
(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 accounting principles generally accepted in the United States of America for interim financial reporting and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes as required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary in order to make the financial statements not misleading have been included. Operating results for the three and six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. 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, 2000 on Form 10-K.

The Company on January 01, 2001, adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," which is effective for fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS 133, certain contracts that were not formally considered derivatives may now meet the definition of a derivative. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In June 2001, the FASB approved the final standards resulting from its business combinations project. The FASB issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," in July 2001. SFAS No. 141 is effective for any business combination accounted for by the purchase method that is completed after June 30, 2001. SFAS No. 142, which includes the requirements to test goodwill and intangible assets with indefinite lives for impairment, rather than amortize them, will be effective for fiscal years beginning after December 15, 2001. The Company believes that the adoption of SFAS No. 141 and No. 142 will not have a material impact on the financial position, results of operations, or cash flows of the Company.

Certain balances for the period ended June 30, 2000 have been reclassified to conform to fiscal 2001 presentation.

2. INVESTMENTS

On May 4, 2000, the Company and Tradeworx, Inc. ("Tradeworx") entered into an agreement pursuant to which the Company acquired 1,045,000 newly issued shares of common stock of Tradeworx, representing at the time a 7% stake (with warrants to acquire up to 10.5%), on a fully diluted basis, of Tradeworx. The purchase price was paid for in the form of a credit for Tradeworx to use to purchase advertising in the Company's magazines and websites during the 24 months ending August 1, 2002. The investment and the deferred advertising revenues were recorded at the fair market value at the date of the transaction of approximately $1.1 million. The Company was informed that in January 2001, Tradeworx completed a capital raise pursuant to which Tradeworx raised $3.0 million cash, selling 1,181,102 shares at a price of $2.54 per share (a 134% premium to the value at which the shares are recorded on the Company's books).

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 and brokerage firms. 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.

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

Pricing Dynamics provides e-commerce tools and dynamic pricing software for the business-to- business, business-to-consumer and consumer-to-consumer markets. There currently is no public market for Pricing Dynamics securities and there is no assurance that the Company will realize any value (and the Company may in fact realize a loss) with respect to its investment in Pricing Dynamics.

On June 2, 1999, the Company, Kirlin Holding Corp ("Kirlin") and VentureHighway (at the time a wholly-owned subsidiary of Kirlin), entered into an agreement pursuant to which the Company acquired 3,308,688 newly issued shares (adjusted to reflect subsequent stock splits) 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 approximately $2.6 million.

VentureHighway owns and operated 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. In April 2000, VentureHighway acquired Princeton Securities, Inc., a retail-oriented broker-dealer based in Princeton, New Jersey. In December 2000, VentureHighway suspended the operations of its web site while it is exploring strategic alternatives. During the fourth quarter 2000, the Company became aware of an other than temporary decline in the value of its Venture Highway investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately $2.6 million during the fourth quarter of the year-ended December 31, 2000.

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, 2001, the domestic investment fund had remaining net assets of approximately $511,000. The Company's net investment in discontinued operations of $49,302 at June 30, 2001 represents its share of the net assets of the domestic investment fund, less any costs associated with discontinuing the investment management services.

The Company expects that assets left in the domestic investment fund will be distributed to its investors, including the Company, during the third quarter of 2001.

4. STOCK OPTIONS

During the three and six months ended June 30, 2001: the Company granted none and 886,000 options, respectively, to purchase the Company's Common Stock pursuant to the Company's stock option plans; no options were exercised; 92,334 and 123,834 options, respectively, were canceled; and 9,500 and 9,500 options, respectively, expired.

Of the options granted during the six months ended June 30, 2001, the 420,000 options granted to Jonathan Steinberg, the Company's President and Chief Executive Officer, were granted at an exercise price equal to 110% of the fair market value of the stock on the date of grant; all other options granted during the period have an exercise price equal to the fair market value of the stock at the date of issuance and expire at various dates through February 2011.

In April 2001, the Company's board of directors approved the 2001 Performance Equity Plan ("2001 Plan"). In order to grant options intended to qualify as incentive options under the Internal Revenue Code, the Company's stockholders must adopt the 2001 Plan by April 2002. The 2001 Plan covers 1,000,000 shares of the Company's common stock, and is similar to the Company's 1993, 1996 and 2000 Plans, except that incentive options may only be granted until April 24, 2011. The 2001 Plan is administered by the Company's stock option committee pursuant to the powers delegated to it by the Company's board of directors.

In May 2001, the Stock Option Committee, pursuant to the Company's 2000 Performance Equity Plan, awarded 223,000 shares ("Restricted Shares") of authorized but unissued Common Stock in the aggregate to certain employees subject to the terms of a restricted stock agreement. In July 2001, as a result of the sale of the subscriber list and discontinuance of publication of Individual Investor magazine (the "Magazine Sale") (see Note 10), the Company terminated the majority of its employees and 186,000 of the Restricted Shares were cancelled.

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, 2001 and 2000, 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:

<TABLE>
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<S>	<C>	<C>	<C>	<C>
	Three Months Ended June 30,		Six Months Ended June	

30,

	2001	2000	2001	2000
Net loss	$ (2,337,608)	$ (1,874,651)	$(3,992,778)	$(3,471,234)
Preferred stock dividends	39,400	50,000	78,800	100,000
Net loss applicable to common shareholders	$ (2,377,008)	$ (1,924,651)	$ 4,071,578)	$(3,571,234)

</TABLE>

6. COMPREHENSIVE LOSS

Comprehensive loss for the three and six months ended June 30, 2001 and 2000, respectively, is presented in the following table:

<TABLE>
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<S>	Three Months Ended June 30, <C>	<C>	Six Months Ended June 30, <C>	<C>
	2001	2000	2001	2001
Net loss	$ (2,337,608)	$ (1,874,651)	$ (3,992,778)	$ (3,471,234)
Other comprehensive loss:	-	-	-	-
Total comprehensive loss:	$ (2,337,608)	$ (1,874,651)	$ (3,992,778)	$ (3,471,234)

</TABLE>

7. SEGMENT INFORMATION

The Company's business segments are focused on providing research and analysis of investment information to individuals and investment professionals through two operating segments: Print Publications and Online Services. For the period ended June 30, 2000, the Company's Print Publications operations published and marketed Individual Investor magazine, a personal finance and investment magazine, Ticker, a magazine for investment professionals, and Individual Investor's Special Situations Report, a financial investment newsletter. The Company's Online Services operations for the period ended June 30, 2000 included individualinvestor.com (www.individualinvestor.com) and InsiderTrader.com. The assets of Ticker magazine and InsiderTrader.com were sold during the quarter ended September 30, 2000. During the first quarter of 2001, the Company launched another online product, SHORTInterest.com (www.shortinterest.com). 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 consolidated condensed 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, 2000. Operating contribution represents the difference between operating revenues less operating expenses (before general and administrative ("G&A") and depreciation and amortization expenses). The column entitled "2000 Excluding Sold Assets" reflects results excluding the results of Ticker magazine and InsiderTrader.com.

<TABLE>

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	Three Months Ended June 30,		
	2001	2000	2000 Excluding Sold Assets
Revenues:			
Print Publications	$ 1,562,638	$ 4,251,157	$3,185,396
Online Services	240,510	981,134	788,483
	$ 1,803,148	$ 5,232,291	$3,973,879
Operating contribution (before G&A and depreciation and amortization expenses)			
Print Publications	($1,177,953)	$ 71,438	($231,130)
Online Services	(270,484)	(626,516)	(617,549)
	(1,448,437)	(555,078)	(848,679)
G&A and depreciation and amortization expenses	(794,008)	(1,378,091)	(1,378,091)
Investment and other income	(95,163)	58,518	58,518
Net loss	($2,337,608)	($1,874,651)	($2,168,252)

</TABLE>

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<S> <C> <C> <C>

	Six Months Ended June 30,		
	2001	2000	2000 Excluding Sold Assets
Revenues:			
Print Publications	$4,185,298	$9,190,288	$6,986,354
Online Services	850,233	2,254,653	1,878,254
	$5,035,531	$11,444,941	$8,864,608
Operating contribution (before G&A and depreciation and amortization expenses)			
Print Publications	($1,718,829)	$ 73,379	($ 551,090)
Online Services	(291,106)	(699,804)	(688,635)
	(2,009,935)	(626,425)	(1,239,725)
G&A and depreciation and amortization expenses	(1,871,966)	(2,971,626)	(2,971,626)
Investment and other income	(110,877)	126,817	126,817
Net loss	($3,992,778)	($3,471,234)	($4,084,534)

</TABLE>

There was no change in non-current investments as of June 30, 2001 as compared to December 31, 2000. Net accounts receivable as of June 30, 2001 decreased approximately $1.0 million due to the decreased advertising sales and improved collections. Accounts payable as of June 30, 2001 decreased approximately $0.3 million due to the timing of payments to vendors. Deferred advertising revenue as of June 30, 2001 decreased approximately $0.9 million due to revenue earned during the period. Additionally, deferred subscription revenue as of June 30, 2001 decreased approximately $0.1 million due to the timing of direct mail and subscription renewal campaigns. There were no other material changes from year-end 2000 in total assets, in the basis of segmentation, or in the basis of measurement of segment profit or loss.

8. ACCOUNTS RECEIVABLE FINANCING

In August 2000, the Company entered into a securitization facility with an unrelated financial services company. Under the terms

of the facility, the Company may transfer an undivided ownership interest in certain trade accounts receivable to the financial services company. The Company receives cash from the third party based on a formula of a percentage of the face value of the eligible transferred receivables, less certain fees. The maximum amount of transferred receivables that may be outstanding under this facility is $2.0 million. The Company pays a variable interest rate (prime plus 1.5%) during the period from when a receivable is transferred until the time the third party collects and remits the balance of the receivable. During the three and six months ended June 30, 2001, this interest rate averaged approximately 9.0% and approximately 9.7% respectively. The Company retains the credit risk for any receivable that is transferred and with respect to which the customer subsequently defaults on payment. The Company had no credit losses under this facility during the period. The Company recorded interest expense of approximately $7,000. and $23,000, respectively, related to this facility during the three and six months ended June 30, 2001. The amount of transferred receivables at June 30, 2001 was approximately $0.3 million. The securitization facility ends June 30, 2002, subject to earlier termination in accordance with the contract.

Following the Magazine Sale on July 9, 2001 (see Note 10) the facility was terminated in accordance with the contract terms. The facility continues to collect the eligible transferred receivables in accordance with the contract terms. The estimated cancellation cost of the contract is reflected in the pro-forma results (Note 11) as a cost of the sale and has reduced the gain accordingly.

9. COMMITMENTS AND CONTINGENCIES

In May 2001, the Company entered into a sublease agreement with an unrelated third party to sublet approximately 17,000 square feet of its New York City corporate office space, through March 31, 2004, at a rental amount per square foot in excess of the Company's current cost. Pursuant to the sublet, the Company is entitled to receive annual rent of approximately $607,000, escalating to approximately $642,000 over the term of the sublease. The anticipated sublease payments will reduce the Company's effective rent to approximately $0.4 million per year, excluding the effect of the capital expenses related to the sublease that have been or will be paid this year. The Company required and received a deposit of approximately $0.2 million as advance payment of rent for certain months in 2001 to offset in part the capital expenses related to the sublease. Additionally, the Company is seeking to sublet the remaining 18,000 square feet of its office space. (see Note 10).

10. SUBSEQUENT EVENT

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

-- sold to Kiplinger the subscriber list to the Company's Individual Investor magazine ("II");

-- agreed, until July 9, 2006, not to use the name "Individual Investor" for print periodical publishing or list rental purposes, except in connection with the Company's Individual Investor's Special Situations Report newsletter; and

-- agreed to provide certain consulting services to Kiplinger until July 9, 2002.

In return, Kiplinger:

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

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

In connection with this transaction, the Company reduced its employee headcount by approximately 90% in order to focus on its stock index licensing operations and the low-cost maintenance of its online operations, which include www.individualinvestor.com and www.SHORTInterest.com. Additionally, the Company announced that it would seek to sublet 18,000 square feet of its office space.

11. PRO FORMA FINANCIAL INFORMATION

The following pro forma June 30, 2001 balance sheet shows the effects of the Magazine Sale on July 9, 2001 (see Note 10) as if such transaction had occurred as of June 30, 2001. The pro forma income statements for the year ended December 31, 2000 and six months ended June 30, 2001 show the effect of the Magazine Sale on July 9, 2001 (see Note 10) as if such transaction had occurred as of January 1, 2000 and 2001, respectively. The pro forma information as presented below is not necessarily indicative of the results that would have been obtained had the transaction occurred as of January 1, 2000 and January 1, 2001 respectively (e.g. potential reductions in general and administrative expenses).

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

<TABLE>
<CAPTION>

UNAUDITED

<S> ASSETS	<C> June 30, 2001	<C> PRO FORMA ADJUSTMENT		<C> PRO FORMA June 30, 2001
Current assets:				
Cash and cash equivalents	$ 486,846	$ 2,691,956	(1)	$ 3,178,802
Accounts receivable (net of allowances of $379,776)	760,831	(151,490)	(7)	609,341
Investment in discontinued operations	49,302	-		49,302
Prepaid expenses and other current assets	950,801	(88,499)	(2)	862,302
Total current assets	2,247,780	2,451,967		4,699,747
Investments	2,678,546	-		2,678,546
Deferred subscription expense	193,482	(189,603)	(3)	3,879
Property and equipment - net	1,687,622	(379,972)	(4)	1,307,650
Security deposits	374,466	-		374,466
Other assets	101,046	1,229,800	(8)	1,330,846
Total assets	$7,282,942	$ 3,112,192		$10,395,134
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$2,216,598	$ -		$ 2,216,598
Accrued expenses	492,543	-		492,543
Deferred consulitng fees and non compete	-	1,000,000	(5)	1,000,000
Deferred advertising revenue	1,446,839	(25,241)	(10)	1,421,598
Total current liabilities	4,155,980	974,759		5,130,739
Deferred advertising revenue	147,668	-		147,668
Deferred subscription revenue	2,525,580	-		2,525,580
Total liabilities	$6,829,228	974,759		7,803,987
Stockholders' Equity:				
Preferred stock, $.01 par value, authorized 2,000,000 shares, 7,880 issued	79	-		79
Common stock, $.01 par value; authorized 40,000,000 shares, 9,173,083 issued and outstanding, 8,987,083 pro forma	91,731	(1,860)	(9)	89,871
Additional paid-in capital	33,669,806	(81,840)	(9)	33,587,966
Warrants	770,842	-		770,842
Deferred compensation	(80,383)	69,750	(9)	(10,633)
Accumulated deficit	(33,998,361)	2,151,383	(6)	(31,846,978)
Total stockholders' equity	453,714	2,137,433		2,591,147
Total liabilities and stockholders' equity	$ 7,282,942	$ 3,112,192		$10,395,134

</TABLE>

Notes to Pro Forma Consolidated Condensed Balance Sheet

(1) Net cash proceeds on Magazine sale
(2) Cash proceeds put in escrow (125,000), net of writeoff of prepaid expenses not refundable (213,499)
(3) Write off of deferred subscription expense
(4) Writedown of furniture and fixtures to estimated net realizable value
(5) Non compete and consulting fees to be earned
(6) Estimated gain Magazine sale net of estimated expenses and writedowns and reversal of amortization of deferred compensation
(7) Termination of securitization facility
(8) Purchaser's responsibility for potential subscriber cancellations
(9) Cancellation of 186,000 restricted shares to terminated employees
(10) Deferred advertising revenue earned

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

UNAUDITED

	AS REPORTED 6 Months Ended June 30, 2001	PRO FORMA ADJUSTMENT		PRO FORMA 6 Months Ended June 30, 2001
<S>	<C>	<C>	<C>	<C>
Revenues:				
Print Publications	$ 4,185,298	($3,602,832)	(1)(2)	$ 582,466
Online Services	850,233	-		850,233
Other income	-	450,000	(5)	450,000
Total revenues	5,035,531	(3,152,832)		1,882,699
Operating expenses:				
Editorial, production and distribution	4,265,898	(3,286,864)	(3)	979,034
Promotion and selling	2,779,568	(2,557,890)	(4)	221,678
General and administrative	1,533,646	(13,950)	(8)	1,519,696
Depreciation and amortization	338,320	-		338,320
Total operating expenses	8,917,432	(5,858,704)		3,058,728
Gain on sale of assets	-	2,151,383	(7)	2,151,383
Operating income (loss) from continuing operations	(3,881,901)	4,857,255		975,354
				-
Investment and other income	(110,877)	53,839	(6)	(57,038)
				-
Net income (loss)	($3,992,778)	$ 4,911,094		$918,316
Basic income (loss) per common share:	($0.45)			$0.09
Average number of common shares used in computing basic income (loss) per common share	9,032,697			9,032,697
Dilutive income (loss) per common share	($0.45)			$0.09
Average number of common shares used in computing dilutive income (loss) per common share	9,032,697			9,776,093

</TABLE>

Notes to Pro Forma Consolidated Condensed Statement of Operations

(1) Elimination of print revenues related to Magazine sale
(2) Recognition of deferred subscription revenues
(3) Elimination of editorial, production and distribution costs related to Magazine sale
(4) Elimination of promotion and selling expenses related to Magazine sale
(5) Accretion of non - compete and consulting income
(6) Investment income earned on net cash from Magazine sale
(7) Pro forma gain on Magazine sale
(8) Amortization of deferred compensation related to restricted shares

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

UNAUDITED

<S>	AS REPORTED YEAR ENDED December 31, 2000 <C>	PRO FORMA ADJUSTMENT <C>	<C>	PRO FORMA YEAR ENDED December 31, 2000 <C>
Print Publications	$ 16,590,782	($12,180,393)	(1)(2)	$ 4,410,389
Online Services	3,188,022	-		3,188,022
Other Income	-	900,000	(5)	900,000
Total revenues	19,778,804	(11,280,393)		8,498,411
Editorial, production and distribution	12,683,600	(7,487,973)	(3)	5,195,627
Promotion and selling	8,683,141	(6,099,415)	(4)	2,583,726
General and administrative	5,494,521	-		5,494,521
Depreciation and amortization	557,802	-		557,802
Total operating expenses	27,419,064	(13,587,388)		13,831,676
Gain on sale of assets	6,702,219	2,151,383	(7)	8,853,602
Impairment of investment	(2,638,356)	-		(2,638,356)
Operating income (loss) from continuing operations	(3,576,397)	4,458,378		881,981
Investment and other income	170,608	107,807	(6)	278,415
Net Income (loss)	($3,405,789)	$ 4,566,185		$ 1,160,396
Basic and dilutive income (loss) per common share:	($0.34)			$0.09
Average number of common shares used in computing basic income (loss) per common share:	10,439,887			10,439,887
Dilutive income (loss) per common share:	($0.34)			$0.09
Average number of common shares used in computing basic income (loss) per common share:	10,439,887			11,183,283

</TABLE>

Notes to Pro Forma Consolidated Condensed Statement of Operations

(1) Elimination of print revenues related to Magazine sale
(2) Recognition of deferred subscription revenues
(3) Elimination of editorial, production and distribution costs related to Magazine sale
(4) Elimination of promotion and selling expenses related to Magazine sale
(5) Accretion of non - compete and consulting income
(6) Investment income earned on net cash from Magazine sale
(7) Pro forma gain on sale of Magazine sale

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, 2001 and June 30, 2000, 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, 2001. These sentences typically use words or phrases like "believes," "expects," "anticipates," "estimates," "projects," "will continue" and similar expressions. Statements using those words or similar expressions are intended to identify "forward-looking statements" as that term is used in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, projections of operating results for periods after June 30, 2001, 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, however, actual results may be materially different from the results projected in the forward-looking statements. These risks and uncertainties include those set forth in Item 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, 2000, 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, 2001 as Compared to the Three and Six Months Ended June 30, 2000

Operating Loss

The Company's operating loss for the three and six months ended June 30, 2001 increased approximately 16% and 8%, respectively, to approximately $2.2 million and $3.9 million, respectively, as compared to approximately $1.9 million and $3.6 million, respectively, for the three and six months ended June 30, 2000. The increase is primarily due to lower advertising revenues offset by decreased promotion and selling, editorial, production and distribution, and general and administrative expenses. Results from operations for the three and six months ended June 30, 2000 include the results of Ticker magazine and InsiderTrader.com, assets that were sold during the quarter ended September 30, 2000. Excluding the results of Ticker magazine and InsiderTrader.com, the Company's operating loss for the three months ended June 30, 2001 remained at approximately $2.2 million as compared to the comparable three month period ended June 30, 2000 and improved approximately 8%, to approximately $4.0 million, as compared to approximately $4.2 million for the six months ended June 30, 2000.

Print Publications operations provided a negative operating contribution (before deducting G&A and depreciation and amortization expenses) of approximately $1.2 million and $1.7 million, respectively, for the three and six months ended June 30, 2001, as compared to a positive contribution of approximately $ 0.1 million and $0.1 million, respectively, for the three and six months ended June 30, 2000. The change in operating contribution is primarily due to decreased advertising revenues, partially offset by decreased promotion and selling, and production and distribution expenses. Excluding the results of Ticker magazine, Print Publications operations provided a negative operating contribution (before deducting G&A and depreciation and amortization expenses) of approximately $1.2 million and $1.7 million, respectively, for the three and six months ended June 30, 2001, as compared to a negative operating contribution of approximately $0.2 million and $0.6 million, respectively, for the three and six months ended June 30, 2000.

Online Services operations provided a negative operating contribution (before deducting G&A, and depreciation and amortization expenses) of approximately $0.3 million and $0.3 million , respectively, for the three and six months ended June 30, 2001 as compared to a negative operating contribution (before deducting G&A, and depreciation and amortization expenses) of approximately $0.6 million and $0.7 million, respectively, for the three and six months ended June 30, 2000. The change in operating contribution is primarily due to decreased advertising revenues, offset by decreased editorial, production

and development, and promotion and selling expenses. The results of InsiderTrader.com for the three and six months ended June 30, 2000 were break-even.

Revenues

Revenues for the three and six months ended June 30, 2001 decreased approximately 66% and 56%, respectively, to approximately $1.8 million and $5.0 million, respectively, as compared to approximately $5.2 million and $11.4, million respectively, for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine and InsiderTrader.com, revenues decreased approximately 55% and 43%, respectively, in the three and six months ended June 30, 2001, to approximately $1.8 million and $5.0 million, respectively, as compared to approximately $4.0 million and $8.9 million, respectively, for the three and six months ended June 30, 2000.

Revenues from Print Publications operations for the three and six months ended June 30, 2001 decreased approximately 63% and 54%, respectively, to approximately $1.6 million and $4.2 million, respectively, as compared to approximately $4.3 million and $9.2 million, respectively for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine, revenues from Print Publications operations decreased approximately 51% and 40%, respectively, in the three and six months ended June 30, 2001, to approximately $1.6 million and $4.2 million, respectively, as compared to approximately $3.2 million and $7.0 million, respectively, for the three and six months ended June 30, 2000.

Revenues from Online Services operations for the three and six months ended June 30, 2001 decreased approximately 75% and 62%, respectively, to approximately $0.2 million and $0.9 million, respectively, as compared to approximately $1.0 million and $2.3 million, respectively, for the three and six months ended June 30, 2000. Excluding the results of InsiderTrader.com, revenues from Online Services operations decreased approximately 69% and 55%, respectively, in the three and six months ended June 30, 2001, to approximately $0.2 million and $0.9 million, respectively, as compared to approximately $0.8 million and $1.9 million, respectively, for the three and six months ended June 30, 2000.

Print Publications advertising revenues for the three and six months ended June 30, 2001 decreased approximately 74% and 64%, respectively, to approximately $0.8 million and $2.3 million, respectively, as compared to approximately $3.0 million and $6.5 million, respectively, for the three and six months ended June 30, 2000. Individual Investor advertising revenues for the three and six months ended June 30, 2001 decreased approximately 59% and 47%, respectively, to approximately $0.8 million and $2.3 million, respectively, as compared to approximately $1.9 million and $4.4 million, respectively, for the three and six months ended June 30, 2000, due to a decrease in advertising pages sold, combined with a decrease in the net advertising rate per page (excluding the effect of revenue recognized in connection with the Company's equity-for-advertising agreements), offset in part by an increase in revenue recognized in connection with the Company's equity-for-advertising agreements, when compared to the three and six months ended June 30, 2000. Ticker advertising revenues for the three and six months ended June 30, 2000 were approximately $1.0 million and $2.1 million, respectively. Since the fourth quarter of 2000, the advertising climate has been weak for the magazine industry in general and has been particularly weak for the personal finance and business titles.

Print Publications circulation revenues for the three and six months ended June 30, 2001 decreased approximately 34% and 24%, to approximately $0.6 million and $1.4 million, respectively, as compared to approximately $1.0 million and $1.9 million, respectively, for the three and six months ended June 30, 2000. Subscription revenues for the three and six months ended June 30, 2001 decreased approximately 18 % and 16%, respectively, to approximately $0.6 million and $1.2 million, respectively, as compared to approximately $0.7 million and $1.4 million, respectively, for the three and six months ended June 30, 2000. Newsstand revenues for the three and six months ended June 30, 2001 decreased approximately 75% and 46%, respectively, to approximately $0.1 million and $0.3 million, respectively, as compared to approximately $0.3 million and $0.5 million, respectively, for the three and six months ended June 30, 2000. The decrease in circulation revenues is primarily due to a decrease in newsstand sales for Individual Investor magazine during the three and six months ended June 30, 2001, as compared to the prior-year period. The Company believes that the magazine industry in general, and personal finance titles in particular, have experienced declining newsstand sales since approximately the middle of 2000.

Print Publications list rental and other revenues for the three and six months ended June 30, 2001 decreased approximately 55% and 47%, respectively, to approximately $149,000, and $404,000, respectively, as compared to approximately $333,000 and $762,000, respectively, for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine, list rental revenues and other revenues from Print Publications decreased approximately 51% and 43%, respectively, in the three and six months ended June 30, 2001, to approximately $149,000 and $404,000, respectively, as compared to approximately $304,000 and

$706,000, respectively, for the three and six months ended June 30, 2000. List rental and other revenues for Individual Investor magazine have declined by approximately the same percentage as advertising revenues for Individual Investor magazine, when comparing the three and six months ended June 30, 2001 with the prior-year period.

Online Services advertising revenues for the three and six months ended June 30, 2001 decreased approximately 77% and 62%, respectively to approximately $0.2 million and $0.8 million, respectively, as compared to approximately $0.9 million and $2.0 million, respectively, for the three and six months ended June 30, 2000. The decrease in advertising revenues is attributable to a decrease in demand for and pricing of advertising impressions due to the current market conditions in online advertising.

Operating Expenses

Operating expenses for the three and six months ended June 30, 2001 decreased approximately 44% and 41%, respectively, to approximately $4.0 million and $8.9 million, respectively, as compared to approximately $7.2 million and $15.0 million, respectively, for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine and InsiderTrader.com, operating expenses decreased approximately 35% and 32%, respectively, in the three and six months ended June 30, 2001, to approximately $4.0 million and $8.9 million, respectively, as compared to approximately $6.2 million and $13.1 million, respectively, for the three and six months ended June 30, 2000.

Editorial, production and distribution expenses for the three and six months ended June 30, 2001 decreased approximately 44% and 39%, respectively, to approximately $2.0 million and $4.3 million, respectively, as compared to approximately $3.5 million and $7.0 million, respectively, for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine and InsiderTrader.com, editorial, production and distribution expenses decreased approximately 32% and 26%, respectively, in the three and six months ended June 30, 2001, to approximately $2.0 million and $4.3 million, respectively, as compared to approximately $2.9 million and $5.8 million, respectively, for the three and six months ended June 30, 2000. The decrease is primarily related to the sale of Ticker magazine, an approximate $0.5 million and $1.1 million, reduction in editorial, production and distribution expenses for the three and six months ended June 30, 2001, respectively, and a reduction in editorial, production and distribution expenses for www.individualinvestor.com, to approximately $0.4 million and $0.9 million, respectively, as compared to approximately $0.8 million and $1.7 million, respectively, for the three and six months ended June 30, 2000; and for Individual Investor magazine, to approximately $1.5 million and $3.3 million, respectively, as compared to approximately $1.9 and $3.8 million, respectively, for the three and six months ended June 30, 2000.

Promotion and selling expenses for the three and six months ended June 30, 2001 decreased approximately 44% and 46%, respectively, to approximately $1.3 million and $2.8 million, respectively, as compared to approximately $2.3 million and $5.1 million, respectively, for the three and six months ended June 30, 2000. Print Publications promotion and selling expenses for the three and six months ended June 30, 2001 decreased approximately 30% and 38%, respectively, to approximately $1.2 million, and $2.6 million, respectively, as compared to approximately $1.7 million and $4.1 million, respectively, for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine, Print Publications promotion and selling expenses decreased approximately 15% and 25%, respectively, in the three and six months ended June 30, 2001, to approximately $1.2 million and $2.6 million, respectively, as compared to approximately $1.4 million and $3.5 million, respectively, for the three and six months ended June 30, 2000. The decrease is primarily due to decreased subscription promotion expense; absence of severance expenses related to a termination arrangement and the non-recurrence of recruiting fees as a result of hiring additional in-house sales personnel for the three and six months ended June 30, 2000. Online Services promotion and selling expenses for the three and six months ended June 30, 2001 decreased approximately 84% and 79%, respectively, to approximately $0.1 million and $0.2 million, respectively, as compared to approximately $0.6 million and $1.0 million, respectively, for the three and six months ended June 30, 2000. The decrease from the prior year is primarily attributable to lower marketing and promotion expenses associated with the Individual Investor of the Year(TM) and Magic 25(TM) online trading contests offered by the Company.

General and administrative expenses for the three and six months ended June 30, 2001 decreased approximately 51% and 43%, respectively, to approximately $0.6 million and $1.5 million, respectively, as compared to approximately $1.2 and $2.7 million, respectively for the three and six months ended June 30, 2000. The Company during the third quarter of 2000 implemented a significant reduction in its general and administrative expenses through a reduction in general and administrative personnel, which, has favorably impacted results for the three months and six months ended June 30, 2001.

Depreciation and amortization expense for the three and six months ended June 30, 2001 increased approximately 30% and 19%, respectively, to approximately $186,000, and $338,000, respectively, as compared to approximately

$143,000 and $283,000, respectively, for the three and six months ended June 30, 2000. The increase is attributable to additional depreciation for furniture and fixtures as well as the amortization of leasehold improvements.

Investment and Other Income (Loss)

Investment and other income (loss) for the three and six months ended June 30, 2001 decreased to approximately ($95,000) and ($111,000), respectively, as compared to approximately $59,000 and $127,000, respectively, for the three and six months ended June 30, 2000. The fiscal 2001 results include the costs associated with the accounts receivable securitization financing.

Net Loss

The Company's net loss for the three and six months ended June 30, 2001 increased approximately 25% and 15%, respectively, to approximately $2.3 million and $4.0 million, respectively, as compared to approximately $1.9 million and $3.5 million, respectively, for the three and six months ended June 30, 2000. No income taxes were provided in 2001 or 2000 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, 2001 was $0.26 and $0.45, respectively, as compared to $0.19 and $0.34, respectively for the three and six months ended June 30, 2000. Excluding the results of Ticker magazine and InsiderTrader.com, the Company's net loss for the three and six months ended June 30, 2001 increased (decreased) approximately 8% and (2%), to approximately $2.3 million and $4.0 million, respectively, as compared to approximately $2.2 million and $4.1 million for the three and six months ended June 30, 2000.

Liquidity and Capital Resources

As of June 30, 2001, the Company had cash and cash equivalents of approximately $0.5 million, and negative working capital of approximately $1.9 million. The pro forma June 30, 2001 impact of the transaction described in the following paragraph (see Note 11 to the Company's unaudited consolidated condensed financial statements for the period endied June 30, 2001 filed with this Report) decreased negative working capital to approximately $0.4 million and cash (after considering the estimated expenses of the sale) to approximately $3.2 million.

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

- -- sold to Kiplinger the subscriber list to the Company's Individual Investor magazine ("II");

- -- agreed, until July 9, 2006, not to use the name "Individual Investor" for print periodical publishing or list rental purposes, except in connection with the Company's Individual Investor's Special Situations Report newsletter; and

- -- agreed to provide certain consulting services to Kiplinger until July 9, 2002.

- -- In return, Kiplinger:

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

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

In connection with this transaction, the Company reduced its employee headcount by approximately 90% in order to focus on its stock index licensing operations and the low-cost maintenance of its online operations, which include www.individualinvestor.com and www.SHORTInterest.com. Additionally, the Company announced that it would seek to sublet 18,000 square feet of its office space.

In August 2000, the Company arranged a line of credit whereby the Company may borrow principal amounts up to $2.0 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. Total funding pursuant to this line of credit at June 2001 was approximately $0.3 million. Following the Magazine Sale, the facility was terminated in accordance with the contract terms. The facility continues to collect the eligible transferred receivables in accordance with the contract terms. The cancellation cost of the contract is approximately $75,000 and will be recorded in the third quarter of fiscal 2001.

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 and, as noted above, with the approximately 90% reduction in headcount and the consummation of the Magazine Sale, the Company has substantially reduced operating and general and administrative expenses. The Company is not able to predict the magnitude of the licensing revenues, if any, that it might obtain in connection with the Company's license of the America's Fastest Growing Companies(TM) Index to Nuveen Investments and the American Stock Exchange for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon the America's Fastest Growing Companies(TM) Index. The licensing revenue, which the Company would be owed quarterly once the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index began trading, would be almost 100% gross margin as the Company would have essentially no marginal expenses associated with such revenues. Nuveen is working to obtain the necessary regulatory approval to commence trading of such an exchange-traded fund but there can be no assurance that Nuveen will obtain the necessary regulatory approval or that the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index will commence trading. There also can be no assurance that, if it does commence trading, the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index will prove to be popular or that the Company will receive any material amount of revenues with respect to the licenses described in this paragraph. The Company recently announced three additional indexes, the America's Fastest Growing Companies(TM) MidCap 300 Index, the America's Fastest Growing Companies(TM) LargeCap 50 Index and the America's Fastest Growing Companies(TM) Total Market Index and has announced its intention to develop sector indexes in the America's Fastest Growing Companies(TM) Index family. The Company is in discussions with a variety of parties concerning the potential license of those additional indexes for the creation of financial products. There can no assurance the Company will execute licensing agreements with respect to such indexes, that financial products based upon such indexes would enter the market or that the Company would derive any material revenues with respect to any such licenses.

The Company believes that its working capital and the value it believes it could realize from the sale of assets and/or securities of the Company will be sufficient to fund its operations and capital requirements through 2001. The Company might need to obtain additional capital in the last half of 2002 in order to sustain operations if its stock index licensing operations do not generate significant revenue, its online services continue to operate at a loss and the Company is unsuccessful in finding a subtenant for its office space. The Company is continuing its exploration of strategic alternatives to maximize shareholder value, including exploring sources of additional financing and/or the sale of assets. There can be no assurance, however, that the Company will be able to obtain additional financing or sell additional assets, or as to the terms upon which the Company could do so. Any additional financing could result in substantial dilution of an investor's equity investment in the Company.

Recent Accounting Pronouncements

The Company on January 01, 2001, adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," which is effective for fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS 133, certain contracts that were not formally considered derivatives may now meet the definition of a derivative. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In June 2001, the FASB approved the final standards resulting from its business combinations project. The FASB issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," in July 2001. SFAS No. 141 is effective for any business combination accounted for by the purchase method that is completed after June 30, 2001. SFAS No. 142, which includes the requirements to test goodwill and intangible assets with indefinite lives for impairment, rather than amortize them, will be effective for fiscal years beginning after December 15, 2001. The Company believes that the adoption of SFAS No. 141 and No. 142 will not have a material impact on the financial position, results of operations, or cash flows of the Company.

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 2. Changes in Securities

Sales of Unregistered Securities
<TABLE>

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<S> <C> <C> <C> <C> <C>

Date of sale	Title of security	Number Sold	Consideration received and description of underwriting or other discounts to market price afforded to purchasers	Exemption from registration claimed	If option, warrant or convertible security, terms of exercise or conversion
4/01/01 - 6/30/01	Restricted shares of common stock granted to employees	223,000	Employment services; no cash payment required by employees.	Section 4(2)	Vesting over a period of one year to May 11, 2002, subject to certain conditions of continued service.

</TABLE>

ITEM 6. Exhibits and Reports on Form 8-K

<TABLE>

<CAPTION>
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(a) Exhibits

Exhibit No.	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of Issuer, as amended through June 22, 1999	Incorporated by reference to Exhibit 3.2 to the of Form 10-Q for the quarter ended June 30, 1999
3.2	By-laws of Issuer amended through April 27, 1999	Incorporated by reference to Exhibit 3.3 to the Form 10-Q for the quarter ended June 30, 1999
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, 2001 but filed a Form 8-K on July 23, 2001 with respect to the Magazine Sale described in Note 10 to the Company's consolidated condensed financial statements for the period ending June 30, 2001 filed with this Report.

SIGNATURES

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

DATE: August 14, 2001

INDIVIDUAL INVESTOR GROUP, INC. (Issuer)

By: /s/ Jonathan L. Steinberg

Jonathan L. Steinberg, Chief Executive Officer
and Director

By: /s/ Gregory E. Barton

Gregory E. Barton, President and Chief Financial
Officer (Principal Financial Officer)

By: /s/ Howard B. Lorch

Howard B. Lorch, Vice President, Controller
(Principal Accounting Officer)

EXHIBIT 99
CERTAIN RISK FACTORS

Dated: August 14, 2001

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

We may need to raise additional capital in the future. Our current levels of revenues are not sufficient to cover our expenses. We intend to control our operating expenses while continuing to invest in its existing products - and, as noted in the Form 10-QSB, with the approximately 90% reduction in headcount and the sale of the subscriber list and discontinuance of publication of Individual Investor magazine, the Company has substantially reduced operating and general and administrative expenses. Our current expenses, however, exceed our current revenue from our online operations, monthly newsletter and stock index licensing, the latter of which has not yet contributed (and might not contribute) revenue this year. We believe that our working capital and the value we believe we could realize from the sale of assets and/or securities will be sufficient to fund our capital requirements through 2001. We might need to obtain additional capital in the last half of 2002 if our stock index licensing operations do not generate significant revenue, our online services continue to operate at a loss and we are unsuccessful in finding a subtenant for our office space. We are continuing our exploration of strategic alternatives, including exploring sources of additional financing and/or the sale of assets.

We cannot predict whether our index licensing operations will generate significant revenue in the future. We have licensed our America's Fastest Growing Companies(TM) Index to Nuveen Investments and the American Stock Exchange for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon the America's Fastest Growing Companies(TM) Index. We are not able to predict the magnitude of the licensing revenue, if any, that we might obtain in connection with that license. The licensing revenue, which would be owed to us quarterly once the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index began trading, would be almost 100% gross margin as we would have essentially no marginal expenses associated with such revenue. Nuveen is working to obtain the necessary regulatory approval to commence trading of such an exchange-traded fund but we cannot assure you that Nuveen will obtain the necessary regulatory approval or that the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index will commence trading. We also cannot assure you that, if it does commence trading, the exchange-traded fund based upon the America's Fastest Growing Companies(TM) Index will prove to be popular or that we will receive any material amount of revenue with respect to the licenses described in this paragraph. We recently announced three additional indexes, the America's Fastest Growing Companies(TM) MidCap 300 Index, the America's Fastest Growing Companies(TM) LargeCap 50 Index and the America's Fastest Growing Companies(TM) Total Market Index and has announced our intention to develop sector indexes in the America's Fastest Growing Companies(TM) Index family. We are in discussions with a variety of parties concerning the potential license of those additional indexes for the creation of financial products. We cannot assure you that we will execute licensing agreements with respect to such indexes, that financial products based upon such indexes would enter the market or that we would derive any material revenues with respect to any such licenses.

We have a history of losses and we anticipate that our losses will continue in the future. As of June 30, 2001, we had an accumulated deficit of approximately $34.0 million. Since inception, the only calendar year during which we were profitable was 1995. We expect to continue to incur operating losses during 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 our online services business. A large number of financial news and information sources compete for consumers' and advertisers' attention and spending. We expect this competition to continue and the number of competitors might increase. These competitors include:

- 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; MSN Money Central; SmartMoney.com; Money.com; and Multex.com;

- web "portal" companies, such as Yahoo!; Excite; Lycos; and America Online; and

- 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 allows 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 and 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, 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.

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. Accordingly, our web sites must be able to 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, operating results 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 individualinvestor.com, Magic 25(R), America's Fastest Growing Companies(R), Investor University(R) and Investment University(R)) is an important aspect of our efforts to continue to attract customers and advertisers. We cannot assure you that our efforts to build positive brand recognition will be successful.

We depend on certain advertisers to generate revenues. In 2000, 1999 and 1998, the majority of our online advertising revenues came from financial services companies, followed by consumer advertisers and others. In fiscal 2001, approximately 44 % of the online services advertising revenues came from Pricing Dynamics and Tradeworx , (companies in which we have acquired an equity interest through an equity-for-advertising barter transaction). We expect that the majority of advertising revenues derived from our online services operations will come from financial services companies (including online brokerage firms and mutual fund companies) and from companies in which we have obtained equity stakes in exchange for advertising. In the event that financial services

companies choose to scale back on their online 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 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 revenues 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, operating results and financial condition could be materially adversely affected by any event, damage or failure that interrupts or delays our operations.

Our online services operations depend on the continued growth in use and efficient operation of the web. Our online services operations 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 or other online content providers 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, operating results and financial condition.

We realized a loss related to our investment in VentureHighway.com, Inc. and we may realize losses related to our investments in Pricing Dynamics, Inc. 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 an other than temporary impairment in such securities or unless and until such securities become readily marketable. We originally recorded the value of VentureHighway.com, Inc. at approximately $2.6 million, Pricing Dynamics, Inc. at approximately $1.5 million and Tradeworx, Inc. at approximately $1.1 million. As of December 31, 2000, we determined that the value of our VentureHighway.com securities had become impaired and we adjusted the carrying value to the estimated fair market value. Accordingly, we took a charge to operating earnings in 2000 of approximately $2.6 million. There currently is no public market for VentureHighway.com, Inc., Pricing Dynamics, Inc. or Tradeworx, Inc. securities, and there is no assurance that we will realize any value with respect to these investments. If we need to take any additional downward adjustments to the carrying value of our investments, our financial condition could be materially adversely affected.

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, operating results 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. We currently are relying upon the services of Jonathan Steinberg, our Chief Executive Officer , and Gregory Barton, our President, neither of whom is under any employment contract with us. The loss of either of our key management personnel could materially adversely affect our business.

We rely on several third party sole providers to conduct many of our operations. Our strategy is to enter into relationships with various third parties to be the exclusive provider of their respective service 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.

Control of the Company by Principal Stockholders. At the present time, Jonathan Steinberg, and Saul Steinberg (who is Jonathan Steinberg's father), beneficially own approximately 22.2% of the common stock of the Company. Additionally, the following entities currently beneficially own the following amount of the common stock of the Company: Telescan, Inc., approximately 12.8%; American Financial Group, Inc., approximately 8.3%; and Reliance Financial Services Corporation, approximately 7.4%. As a result of their beneficial ownership of common stock, these parties will be able to significantly influence all matters requiring approval by the Company's stockholders, including the election of its directors. Because it may be very difficult for another company to acquire us without the approval of the Steinbergs, other companies might not view us as an attractive takeover candidate. 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, copyright and patent law, trade secret protection, confidentiality agreements, laws governing tortuous conduct (including, for example, unfair competition) and other contractual arrangements with our employees, affiliates, clients, strategic partners and others. The protective steps we have taken may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We have registered certain of our trademarks in the United States and have pending U.S. applications for other trademarks. Effective trademark, copyright, trade secret and patent 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, individualinvestor.com, Magic25(R), America's Fastest Growing Companies(R), Investor University(R) and Investment University(R). 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.

We may be liable for information published in our current or former print publications or on our online services. We may be subject to claims for defamation, libel, copyright or trademark infringement, invasion of privacy or based on other theories relating to the information we publish or published in our current or former print publications or through our 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.