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 September 30, 1999

___ 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 October 29, 1999, registrant had outstanding 10,333,401 shares of Common Stock, $.01 par value per share.

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

INDEX

<TABLE>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

ASSETS	September 30, 1999	December 31, 1998
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$5,351,505	$4,752,587
Investments (Note 2)	3,216,352	877,231
Accounts receivable (net of allowances of $360,013 in 1999 and $391,328 in 1998)	3,003,776	2,356,126
Investment in discontinued operations (Note 3)	142,534	282,383
Prepaid expenses and other current assets	1,018,076	386,761
Total current assets	12,732,243	8,655,088
Investment (Note 2)	2,638,356	-
Deferred subscription expense	361,408	576,237
Property and equipment - net	1,725,354	586,007
Security deposits	374,527	469,627
Other assets	986,798	257,969
Total assets	$18,818,686	$10,544,928
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$2,472,978	$2,191,765
Accrued expenses	949,682	519,887
Deferred advertising revenue	2,050,736	138,097
Total current liabilities	5,473,396	2,849,749
Deferred advertising revenue	972,672	-
Deferred subscription revenue	2,190,456	2,246,422
Total liabilities	8,636,524	5,096,171
Stockholders' Equity:		
Preferred stock, $.01 par value, authorized 2,000,000 shares, 10,000 issued and outstanding in 1999 and 1998	100	100
Common stock, $.01 par value, authorized 40,000,000 shares, 10,332,401 issued and outstanding in 1999; authorized 18,000,000 shares, 8,490,851 issued and outstanding in 1998	103,324	84,909
Additional paid-in capital	34,009,734	27,352,836
Accumulated deficit	(26,894,272)	(21,922,595)
Accumulated other comprehensive income (loss)	2,963,276	(66,493)
Total stockholders' equity	10,182,162	5,448,757
Total liabilities and stockholders' equity	$18,818,686	$10,544,928

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 September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Print Publications	$3,798,338	$3,740,507	$10,932,275	$10,775,203
Online Services	656,714	307,204	1,228,230	888,011
Total revenues	4,455,052	4,047,711	12,160,505	11,663,214
Operating expenses:				
Editorial, production and distribution	2,937,584	2,818,854	8,377,406	8,687,742
Promotion and selling	2,062,076	1,609,155	5,738,078	4,857,883
General and administrative	1,429,861	932,156	3,962,337	3,825,309
Corporate advertising	57,490	-	57,490	-
Depreciation and amortization	143,212	80,888	391,617	232,467
Total operating expenses	6,630,223	5,441,053	18,526,928	17,603,401
Operating loss from continuing operations	(2,175,171)	(1,393,342)	(6,366,423)	(5,940,187)
Investment and other income	798,352	62,362	1,394,746	106,025
Net loss from continuing operations	(1,376,819)	(1,330,980)	(4,971,677)	(5,834,162)
Discontinued operations (Note 3)				
Loss from discontinued operations	-	(145,291)	-	(781,370)
Net loss	($1,376,819)	($1,476,271)	($4,971,677)	($6,615,532)
Basic and dilutive loss per common share:				
Continuing operations	($0.15)	($0.16)	($0.55)	($0.76)
Discontinued operations	$0.00	($0.02)	$0.00	($0.10)
Net loss per share	($0.15)	($0.17)	($0.55)	($0.86)
Average number of common shares used in computing basic and dilutive loss per common share	9,188,724	8,490,851	8,998,833	

7,669,479

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)

	Nine Months Ended September 30,	
	1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	($4,971,677)	($6,615,532)
Less:		
Loss from discontinued operations	-	(781,370)
Loss from continuing operations	(4,971,677)	(5,834,162)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	391,617	232,467
Non-cash revenue	(312,545)	-
Stock option and warrant transactions	301,304	-
Loss on sale of equipment	-	2,634
Gain on sale of investments	(1,277,512)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(647,650)	481,728
Prepaid expenses and other current assets	(216,872)	969
Deferred subscription expense	214,829	(196,354)
Security deposits	95,100	-
Other assets	(50,002)	(810)
Increase (decrease) in:		
Accounts payable and accrued expenses	711,008	137,430
Deferred advertising revenue	559,500	(176,216)
Deferred subscription revenue	(55,966)	(412,567)
Net cash used in operating activities	(5,258,866)	(5,764,881)
Cash flows from investing activities:		
Purchase of property and equipment	(1,513,740)	(102,011)
Proceeds from sale of equipment	-	3,451
Proceeds from sale of investments	2,721,236	-
Purchase of investments	(753,076)	-
Net cash provided by discontinued operations	139,849	1,589,654
Net cash provided by investing activities	594,269	1,491,094
Cash flows from financing activities:		
Proceeds from exercise of stock options (Note 4)	2,263,515	398,152
Proceeds from issuance of common stock (Note 5)	3,000,000	5,000,000
Net cash provided by financing activities	5,263,515	5,398,152
Net increase in cash and cash equivalents	598,918	1,124,365
Cash and cash equivalents, beginning of period	4,752,587	3,533,622
Cash and cash equivalents, end of period	$5,351,505	$4,657,987

Supplemental schedule of noncash investing and financing activities:

In June 1999, the Company acquired 19.9% of the then-outstanding shares of common stock of VentureHighway.com Inc. ("VentureHighway"). The purchase price was paid in the form of a credit for VentureHighway to use to purchase advertising in the Company's magazines and websites during the 30 months ending December 31, 2001. Although the purchase price had a stated value of $3.2 million, the investment and deferred revenue were recorded at the fair market value at the date of the transaction of $2.6 million (see Note 2).

See Notes to Consolidated Condensed Financial Statements
</TABLE>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998
(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 nine months ended September 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. 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, 1998 on Form 10-K.

Certain reclassifications have been made to the December 31, 1998 balance sheet to conform to the current period presentation.

2. INVESTMENTS

Investments included in Current Assets

Investments are in equity securities and are carried at fair market value. The aggregate fair value of such investments was $3,216,352 and $877,231 at September 30, 1999 and December 31, 1998, respectively. Gross unrealized holding gains were $2,963,276 and $86,477 at September 30, 1999 and December 31, 1998, respectively. Gross unrealized holding losses were $0 and $152,970 at September 30, 1999 and December 31, 1998, respectively. Unrealized gains and losses are shown as accumulated other comprehensive income (loss), which is a component of stockholders' equity (see Note 7).

The Company currently owns 175,000 shares of Wit Capital Group, Inc. Class C Common Stock. Wit Capital is an online investment banking and brokerage firm. The Company's stake in Wit Capital was acquired in 1997 as 250,000 shares of Series A Preferred Stock valued at $250,000, and was converted into 175,000 shares of Class C Common Stock due to a 7-for-10 reverse split of Class C Common Stock and the completion of Wit Capital's IPO on June 4, 1999. The investment is recorded on the Company's September 30, 1999 balance sheet at $3,193,750 based upon the September 30, 1999 closing price of Wit Capital Common Stock on the Nasdaq National Market. The Company may not transfer or dispose of the Class C Common Stock (or any interest in such shares) until 180 days from the completion of the IPO (i.e., until December 1, 1999), at which point it will automatically convert into Common Stock and will not be subject to any lock-up. The Company could realize a significant gain with respect to this investment, although there can be no assurance that the Company ultimately will realize any value with respect to its shares of Wit Capital. As of November 12, 1999, the value of the Company's investment in Wit Capital has increased to $3,893,750.

On June 2, 1999, the Company and Kirlin Holding Corp. ("Kirlin") entered into a Securities Purchase Agreement ("Securities Purchase Agreement") pursuant to which the Company acquired 300,000 shares ("Investor Shares") of common stock of Kirlin for $750,000, representing 4.9% of the then-outstanding shares of Kirlin's common stock (the share amount has been restated to reflect a 2-for-1 stock split effected July 30, 1999). The purchase price was paid from the Company's working capital. Kirlin contributed all the proceeds of this sale to the capital of its subsidiary, VentureHighway.com Inc. ("VentureHighway"). The shares were subsequently sold during August 1999 for net cash proceeds of $1,688,594, producing a net realized gain of $938,594.

Other Investment

On June 2, 1999, the Company, Kirlin and 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 (the number of shares reflects 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 websites during the 30 months ending December 31, 2001. Although the purchase price had a stated value of $3.2 million, the investment and the deferred advertising revenue were recorded at the fair market value at the date of the transaction of $2.6 million (or $1.595 per share).

VentureHighway owns and operates VentureHighway.com, a branded website 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 with respect to its investment in VentureHighway.

3. DISCONTINUED OPERATIONS

On April 30, 1998 the Company's Board of Directors decided to discontinue the Company's investment management services business. As a result, the operating results relating to investment management services have been segregated from continuing operations and reported as a separate line item on the consolidated condensed statements of operations.

The investment management services business was principally conducted by a wholly-owned subsidiary of the Company, WisdomTree Capital Management, Inc. ("WTCM"). WTCM served 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 dissolving 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 adequate provision has been made for any remaining net operating losses and related material costs associated with these discontinued operations.

The Company, through WTCM and another wholly-owned subsidiary, also provided investment management services to an offshore private investment fund. On May 21, 1998 the sole voting shareholder of the offshore fund, in consultation with WTCM, resolved to wind up the fund and appointed a liquidator to distribute the assets of the fund to its investors in accordance with Cayman Islands law. Substantially all of the fund assets were distributed in cash to its investors by December 31, 1998. The Company has no investment in the offshore fund.

In January 1999, the domestic investment fund distributed cash to its partners totaling $1,189,510, of which $139,849 was received by the Company and was used to reduce its net investment in discontinued operations. At September 30, 1999, the domestic investment fund had remaining net assets of approximately $1,425,575. The Company's net investment in discontinued operations of $142,534 at September 30, 1999 represents its share of the net assets of the domestic investment fund, less any costs associated with discontinuing the investment management services business.

4. STOCK OPTIONS

During the three and nine months ended September 30, 1999, the Company granted 692,750 and 790,350 options, respectively, to purchase the Company's Common Stock; 28,333 and 657,147 options, respectively, were exercised (providing proceeds of $35,416 and $2,263,515, respectively); and 14,500 and 59,933 options were canceled, respectively. Of the total options granted, 161,600 were granted under the Company's stock option plans, 628,750 shares were granted outside of the plans, and all expire at various dates through September 2009.

5. SALE OF COMMON STOCK

On September 29, 1999, the Company entered into a Stock Purchase Agreement with Telescan, Inc. ("Telescan") providing for the sale of 779,130 shares of Common Stock for an aggregate purchase price of $3,000,000, which was based upon one hundred and twenty-five percent (125%) of the average of the closing prices of the Common Stock, as reported by Nasdaq, for the seven business days prior to the date of the closing. Additionally, the Company and Telescan entered into an agreement pursuant to which the Company obtained a three-year license to use several of Telescan's propriety technology and investment tools on the Company's web sites. The Company paid the $1,134,500 license fee by issuing 368,301 shares of Common Stock to Telescan, which was based

upon the average of the closing prices of the Company's Common Stock, as reported by Nasdaq, for the seven business days prior to the date of the closing.

6. LOSS PER COMMON SHARE

Net loss per basic and dilutive common share for the three and nine month periods ended September 30, 1999 and 1998 were computed using the weighted average number of common shares outstanding during each period. The exercise of stock options and warrants were not assumed in the computation of loss per common share, as the effect would have been antidilutive.

7. 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 nine months ended September 30, 1999 and 1998, respectively, is presented in the following table:

<TABLE>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net loss	$(1,376,819)	$ (1,476,271)	$ (4,971,677)	$ (6,615,532)
Other comprehensive income (loss):				
Net unrealized (loss) gain on investments (see Note 2)	(3,333,814)	(331,436)	3,029,769	(331,436)
Total comprehensive loss	$(4,710,633)	$ (1,807,707)	$ (1,941,908)	$ (6,946,968)

</TABLE>

The unrealized loss for the three months ended September 30, 1999 primarily relates to a decrease in the value of the Company's investment in Wit Capital (approximately $2.8 million) together with a decrease in the unrealized gain reported as of June 30, 1999 related to investments sold by the Company (for a net realized gain of approximately $.8 million) during the September 1999 quarter. The net realized gain is included in the net loss as shown above. The unrealized gain for the nine months ended September 30, 1999 primarily relates to an increase in the value of the Company's investment in Wit Capital (approximately $2.9 million) during the period.

8. 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. Accordingly, the prior year's information has been restated to be consistent with the current year presentation. 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. The Company's Print Publications operations publishes and markets Individual Investor, 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 include individualinvestor.com (www.individualinvestor.com) and InsiderTrader.com (www.insidertrader.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. 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, 1998. Operating contribution represents the difference between operating revenues less operating expenses (before general and administrative ("G&A"), corporate advertising, and depreciation and amortization expenses).

<TABLE>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Print Publications	$3,798,338	$3,740,507	$10,932,275	$10,775,203
Online Services	656,714	307,204	1,228,230	888,011
	$4,455,052	$4,047,711	$12,160,505	$11,663,214
Operating contribution (before G&A, corporate advertising, and depreciation and amortization expenses):				
Print Publications	$(254,126)	$57,031	$(470,031)	$(440,087)
Online Services	(290,482)	(437,329)	(1,484,948)	(1,442,324)
	(544,608)	(380,298)	(1,954,979)	(1,882,411)
G&A, corporate advertising, and depreciation and amortization expenses	(1,630,563)	(1,013,044)	(4,411,444)	(4,057,776)
Investment and other income	798,352	62,362	1,394,746	106,025
Net loss from continuing operations	$(1,376,819)	$(1,330,980)	$(4,971,677)	$(5,834,162)

</TABLE>

Net property and equipment as of September 30, 1999 increased approximately $1.1 million as compared to December 31, 1998 (primarily leasehold improvements and furniture connected with the relocation of the Company's corporate office in March 1999). The net increase allocable to Print Publications, Online Services and corporate are approximately $0.5 million, $0.4 million, and $0.2 million, respectively. Investments as of September 30, 1999 increased approximately $5.0 million as compared to December 31, 1998. This was primarily due to an increase in the unrealized gain on Wit Capital (approximately $2.9 million), as well as an investment in VentureHighway.com Inc. (see Note 2). Additionally, prepaid expenses and other current assets, and other assets, as of September 30, 1999 increased approximately $0.6 million and $0.7 million, respectively. These increases were primarily due to prepaid license fees to be utilized over the next three years (see Note 5). There were no other material changes from year-end 1998 in total assets, in the basis of segmentation, or in the basis of measurement of segment profit or loss.

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 nine months ended September 30, 1999 and September 30, 1998, 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 September 30, 1999. 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 September 30, 1999, 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. Any statement in this Report that does not describe a historical fact 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, 1998, 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 Nine Months Ended September 30, 1999 as Compared to the Three and Nine Months Ended September 30, 1998

Net Loss from Continuing Operations

The Company's net loss from continuing operations for the three and nine months ended September 30, 1999 increased 3% and decreased 15%, to $1,376,819 and $4,971,677, respectively, as compared to $1,330,980 and $5,834,162, respectively, in 1998. The increase in the three months ended September 30, 1999 is primarily due to increased promotion and selling, and general and administrative ("G&A") expenses, partially offset by increased advertising revenues and realized gains on the sale of investments. The decrease in the nine months ended September 30, 1999 is primarily due to increased advertising revenues and realized gains on the sale of investments, partially offset by increased promotion and selling expenses.

Print Publications operations provided a negative operating contribution (before deducting G&A, corporate advertising, and depreciation and amortization expenses) of $254,126 and $470,031 for the three and nine months ended September 30, 1999, respectively, as compared to a positive operating contribution of $57,031 and negative operating contribution of $440,087, respectively, in 1998. The change in operating contribution for the three and nine months ended September 30, 1999 is primarily due to increased advertising and marketing and promotion expenses, partially offset by decreased production and distribution expenses for Individual Investor magazine as well as increased advertising revenues.

Online Services operations provided a negative operating contribution (before deducting G&A, corporate advertising, and depreciation and amortization expenses) of $290,482 and $1,484,948 for the three and nine months ended September 30, 1999, respectively, as compared to a negative operating contribution of $437,329 and $1,442,324, respectively, in 1998. The change in operating contribution for the three months ended September 30, 1999 is primarily attributable to increased advertising revenues for the Company's websites, together with reduced advertising sales commissions and advertising expenses, partially offset by increased editorial salaries and consulting fees, increased research costs, higher marketing and promotion expenses, and higher salaries for advertising personnel. The change in operating contribution for the nine months ended September 30, 1999 is primarily attributable to increased editorial salaries and consulting fees, increased research costs, higher marketing and promotion expenses, and higher salaries for advertising personnel, partially offset by increased advertising revenues for the Company's websites, together with reduced advertising sales commissions and advertising expenses.

Operating Revenues

Total revenues from continuing operations for the three and nine months ended September 30, 1999 increased 10% and 4% to $4,455,052 and $12,160,505, respectively, as compared to $4,047,711 and $11,663,214, respectively, in 1998. Revenues for the Print Publications operations for the three and nine months ended September 30, 1999 increased 2% and 1%, to $3,798,338 and $10,932,275, respectively, as compared to $3,740,507 and $10,775,203, respectively, in 1998. Revenues for the Online Services operations for the three and nine months ended September 30, 1999 increased 114% and 38%, to $656,714 and $1,228,230, respectively, as compared to $307,204, and $888,011, respectively, in 1998.

Print Publications advertising revenues for the three and nine months

ended September 30, 1999 increased 2% and 4%, to $2,664,226 and $7,497,941, respectively, as compared to $2,608,869 and $7,219,859, respectively, in 1998. Ticker advertising revenues for the three and nine months ended September 30, 1999 increased 8% and 35%, to $701,599 and $2,217,835, respectively, as compared to $651,748 and $1,638,653, respectively, in 1998. This increase relates primarily to an increase in advertising pages for the three and nine months ended September 30, 1999 of 7% and 30%, respectively, combined with an increase in the advertising net rate per page of 4% and 9%, respectively, when compared to 1998. Individual Investor advertising revenues for the three and nine months ended September 30, 1999 were essentially flat and decreased 5%, respectively, at $1,962,627 and $5,280,106, respectively, as compared to $1,957,121 and $5,581,206, respectively, in 1998. The increase in the three months ended September 30, 1999 relates primarily to a higher advertising net rate per page of 21%, partially offset by a reduction in advertising pages of 13%, when compared to 1998. The decrease in the nine months ended September 30, 1999 relates primarily to a reduction in advertising pages of 16%, offset in part by an increase in the advertising net rate per page of 16%, when compared to 1998.

Print Publications circulation revenues for the three and nine months ended September 30, 1999 decreased 4%, to $806,178 and $2,500,746, respectively, as compared to $835,715 and $2,605,576, respectively, in 1998. Subscription revenues for the three and nine months ended September 30, 1999 decreased 7% and 9%, to $621,181 and $1,896,005, respectively, as compared to $669,325 and $2,090,889, respectively, in 1998. The decrease is primarily attributable to a reduction in the number of subscribers to Individual Investor's Special Situations Report. The Company believes that subscription revenues for all print publications have stabilized at current levels. Newsstand revenues for the three and nine months ended September 30, 1999 increased 11% and 17%, to $184,997 and $604,741, respectively, as compared to $166,390 and $514,687, respectively, in 1998. The increase relates primarily to increased newsstand sell-through for Individual Investor magazine.

Print Publications list rental and other revenues for the three and nine months ended September 30, 1999 increased 11% and decreased 2%, to $327,934 and $933,588, respectively, as compared to $295,923 and $949,768, respectively, in 1998. List rental revenue for the three and nine months ended September 30, 1999 increased 23% and 19%, to $260,006 and $717,359, respectively, as compared to $210,996 and $600,521, respectively, in 1998. The increase in list rental revenue is primarily attributable to increased demand, partially offset by the decrease in the number of subscribers to Individual Investor's Special Situations Report. Other revenues for the three and nine months ended September 30, 1999 decreased 20% and 38%, to $67,928 and $216,229, respectively, as compared to $84,927 and $349,247, respectively, in 1998. The decrease in other revenues is primarily attributable to reduced orders for reprints of Individual Investor magazine.

Online Services advertising revenues for the three and nine months ended September 30, 1999 increased 96% and 20%, to $600,304 and $1,063,580, respectively, as compared to $306,649 and $887,457, respectively, in 1998. The increase in advertising revenues is attributable to several factors, including the Company's arrangement with VentureHighway.com Inc. (see Note 2), to an April 1999 sales reorganization which resulted in the Company selling sponsorship advertisements directly as opposed to through an outside sales agent, as well as advertising revenue earned by InsiderTrader.com, (www.insidertrader.com) which was purchased in November 1998. Traffic to the Company's web sites for the three months ended September 30, 1999 decreased 24% to an average of approximately 4.0 million page views per month, as compared to an average of approximately 5.3 million page views per month during the three months ended June 30, 1999. The Company believes that the decline in page views to its sites may have been caused in part by seasonal factors, as other financial media and service companies also reported declining usage over the summer months. Traffic to individualinvestor.com during the month of October was 21% greater than during the month of September.

Online Services subscription revenues for the three and nine months ended September 30, 1999 were $34,316 and $106,788, respectively. The Company had no subscription revenues in the first nine months of 1998. The increase in subscription revenues is attributable to InsiderTrader.com, which the Company purchased in November 1998. The Company anticipates launching other subscription-based web sites by the first half of 2000.

Operating Expenses

Total operating expenses from continuing operations for the three and nine months ended September 30, 1999 increased 22% and 5% to $6,630,223 and $18,526,928, respectively, as compared to $5,441,053 and $17,603,401, respectively, in 1998.

Editorial, production and distribution expenses for the three and nine months ended September 30, 1999 increased 4% and decreased 4% to $2,937,584 and $8,377,406, respectively, as compared to $2,818,854 and $8,687,742, respectively, in 1998. Print Publications editorial, production and distribution expenses for the three and nine months ended September 30, 1999 decreased 5% and 9% to $2,202,241 and $6,514,954, respectively, as compared to $2,322,716 and $7,120,937, respectively, in 1998. The decrease relates primarily to Individual

Investor magazine, which had fewer pages and less copies printed, along with lower paper costs, and reduced manufacturing expenses resulting from a renegotiated agreement with the Company's printer. Online Services production, development and editorial expenses for the three and nine months ended September 30, 1999 increased 48% and 19% to $735,343 and $1,862,452, respectively, as compared to $496,138 and $1,566,805, respectively, in 1998. The increase is primarily related to higher editorial salaries and consulting fees, and increased research costs, for the Company's primary website, individualinvestor.com (www.individualinvestor.com), together with production and research costs for InsiderTrader.com, which the Company purchased in November 1998, offset in part by lower outside development costs for individualinvestor.com.

Promotion and selling expenses for the three and nine months ended September 30, 1999 increased 28% and 18% to $2,062,076 and $5,738,078, respectively, as compared to $1,609,155 and $4,857,883 respectively, in 1998. Print Publications promotion and selling expenses for the three and nine months ended September 30, 1999 increased 36% and 19% to $1,850,223 and $4,887,352, respectively, as compared to $1,360,760 and $4,094,353, respectively, in 1998. The increase is primarily due increased marketing and promotion expenses, severance related to a termination arrangement, and higher recruiting fees as a result of hiring additional in-house sales personnel. Online Services promotion and selling expenses for the three and nine months ended September 30, 1999 decreased 15% and increased 11% to $211,853 and $850,726, respectively, as compared to $248,395 and $763,530, respectively, in 1998. The decrease for the three months ended September 30, 1999 is primarily attributable to reduced advertising sales commissions and reduced advertising expenses, partially offset by increased marketing and promotion expenses and increased advertising salaries, together with advertising costs for InsiderTrader.com, which the Company purchased in November 1998. The increase for the nine months ended September 30, 1999 is primarily attributable to increased marketing and promotion expenses, increased newspaper advertising, increased salaries and recruiting fees, together with advertising costs for InsiderTrader.com, partially offset by reduced advertising sales commissions and reduced advertising expenses.

General and administrative expenses for the three and nine months ended September 30, 1999 increased 53% and 4% to $1,429,861 and $3,962,337, respectively, as compared to $932,156 and $3,825,309, respectively, in 1998. The increase for the three months ended September 30, 1999 is primarily attributable to increased salaries relating to senior management positions that were open for most of the third quarter of 1998, increased recruiting fees, increased legal fees and increased rent expense related to the relocation of the Company's corporate office in March 1999. The increase for the nine months ended September 30, 1999 is primarily attributable to increased legal fees and increased rent expense in the 1999 periods related to the relocation of the Company's corporate office, partially offset by lower recruiting fees.

Corporate advertising expenses for the three and nine months ended September 30, 1999 were $57,490 and $57,490, respectively, as compared to no such expenses in 1998. The expenses relate to a corporate trade and consumer brand awareness advertising campaign. The Company anticipates significant expenditures beginning in the fourth quarter of 1999 related to this campaign. The campaign is designed to spur online traffic growth, attract further advertisers to both the print and online operations and to increase awareness of the Company in the financial community.

Depreciation and amortization expense for the three and nine months ended September 30, 1999 increased 77% and 68% to $143,212 and $391,617, respectively, as compared to $80,888 and $232,467, respectively, in 1998. The increase 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.

Investment and Other Income

Investment and other income for the three and nine months ended September 30, 1999 increased to $798,352 and $1,394,746, respectively, as compared to $62,362 and $106,025, respectively, in 1998. The increase is primarily attributable to realized gains of $774,297 and $1,277,512 for the three and nine months ended September 30, 1999, respectively, from the sale of investments.

Discontinued Operations

On April 30, 1998, the Company's Board of Directors decided to discontinue the Company's investment management services business. As a result of the Board's decision, WisdomTree Capital Management, Inc. ("WTCM") is dissolving the domestic and offshore investment funds, liquidating fund investments and distributing the net assets to all investors as promptly as possible. Accordingly, the operating results related to investment management services have been segregated from continuing operations and reported as a separate line item on the statement of operations.

There was no net loss from discontinued operations for the three and

nine months ended September 30, 1999, as compared to a net loss of $145,291 and $781,370, respectively in 1998. No additional loss amounts were recorded by the Company for the three and nine months ended September 30, 1999 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 $142,534 at September 30, 1999 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 nine months ended September 30, 1999 decreased 7% and 25% to $1,376,819 and $4,971,677, respectively, as compared to $1,476,271 and $6,615,532, respectively, in 1998. No income taxes were provided in 1999 or 1998 due to the net loss. The basic and dilutive net loss per weighted average common share for the three and nine months ended September 30, 1999 was $0.15 and $0.55, respectively, as compared to $0.17 and $0.86, respectively, in 1998.

Liquidity and Capital Resources

During the nine months ended September 30, 1999, the Company received $3,000,000 from the issuance of common stock to Telescan, Inc. (see Note 5), $2,721,236 from sales of investments, $2,263,515 from exercises of stock options, and $139,849 from the liquidation of the domestic fund. These inflows more than funded the Company's net cash used in operating activities of $5,258,866 during the period. The Company also incurred approximately $1.5 million of capital expenditures during the nine months ended September 30, 1999 (primarily leasehold improvements and furniture connected with the relocation of its corporate office).

As of September 30, 1999, the Company had working capital of $7,258,847, which included cash and cash equivalents totaling $5,351,505 and investments of $3,216,352 which should be available during the fourth quarter of 1999, subject to market fluctuations and liquidity, to provide working capital to fund the Company's operations.

On September 29, 1999, the Company entered into a Stock Purchase Agreement with Telescan, providing for the sale of 779,130 shares of Common Stock for an aggregate purchase price of $3,000,000, which was based upon one hundred and twenty-five percent (125%) of the average of the closing prices of the Common Stock, as reported by Nasdaq, for the seven business days prior to the date of the closing. Additionally, the Company and Telescan entered into an agreement pursuant to which the Company obtained a three-year license to use several of Telescan's propriety technology and investment tools on the Company's web sites. The Company paid the $1,134,500 license fee by issuing 368,301 shares of Common Stock to Telescan, which was based upon the average of the closing prices of the Company's Common Stock, as reported by Nasdaq, for the seven business days prior to the date of the closing.

The Company currently owns 175,000 shares of Wit Capital Group, Inc. Class C Common Stock. Wit Capital is an online investment banking and brokerage firm. The Company's stake in Wit Capital was acquired in 1997 as 250,000 shares of Series A Preferred Stock valued at $250,000, and was converted into 175,000 shares of Class C Common Stock due to a 7-for-10 reverse split of Class C Common Stock and the completion of Wit Capital's IPO on June 4, 1999. The investment is recorded on the Company's September 30, 1999 balance sheet at $3,193,750 based upon the September 30, 1999 closing price of Wit Capital Common Stock on the Nasdaq National Market. The Company may not transfer or dispose of the Class C Common Stock (or any interest in such shares) until 180 days from the completion of the IPO (i.e., until December 1, 1999), at which point it will automatically convert into Common Stock and will not be subject to any lock-up. The Company could realize a significant gain with respect to this investment, although there can be no assurance that the Company ultimately will realize any value with respect to its shares of Wit Capital. As of November 12, 1999, the value of the Company's investment in Wit Capital has increased to $3,893,750.

On June 2, 1999, the Company and Kirlin Holding Corp. ("Kirlin") entered into a Securities Purchase Agreement ("Securities Purchase Agreement") pursuant to which the Company acquired 300,000 shares ("Investor Shares") of common stock of Kirlin for $750,000, representing 4.9% of the then-outstanding shares of Kirlin's common stock (the share amount has been restated to reflect a 2-for-1 stock split effected July 30, 1999). The purchase price was paid from the Company's working capital. Kirlin contributed all the proceeds of this sale to the capital of its subsidiary, VentureHighway.com Inc. ("VentureHighway"). The shares were subsequently sold during August 1999 for net cash proceeds of $1,688,594, producing a net realized gain of $938,594.

On June 2, 1999, the Company, Kirlin and 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 (the number of shares reflects 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 websites during the 30 months ending December 31, 2001. Although the purchase price had a stated value of $3.2 million, the investment and the deferred advertising revenue were recorded at the fair market value at the date of the transaction of $2.6 million (or $1.595 per share).

VentureHighway owns and operates VentureHighway.com, a branded website 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 with respect to its investment in VentureHighway.

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 losses to continue in the fourth quarter of 1999. Profitability may be achieved in future periods only if the Company can substantially increase its revenues while controlling increases in expenses. There can be no assurance that revenues will be substantially increased, or that the increases in expenses can be controlled adequately to enable the Company to attain profitability.

Management continues to expect that revenues will grow in the fourth quarter of 1999 and in the year 2000 as the Company implements changes made by a new management team. Print Publications advertising sales are expected to increase due to the addition of new key sales personnel and the effect of increased awareness in the marketplace due in part to a trade and consumer brand awareness advertising campaign that will begin in the fourth quarter of 1999. There can be no assurance, however, that advertising sales will increase because higher advertising rates may not be accepted by advertisers, advertising pages may continue to decline for Individual Investor, circulation may drop at either or both Individual Investor and Ticker, and the advertising mix may change. Although the Company has recently added key advertising sales personnel, no assurance can be given that these changes will result in advertising revenue increases. The Company also believes that a stock market correction or "bear" market would adversely affect its ability to sell advertising, particularly to the financial advertiser categories.

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. The Company expects over time to realize higher revenues from operations of its primary online service, individualinvestor.com, primarily due to the anticipated traffic growth to the site, which is expected to generate higher levels of sponsorship and banner revenues. There can be no assurance, however, that such traffic growth will be realized, or that, even if realized, such traffic growth will result in higher revenues or shareholder value. The Company also expects to launch additional subscription-based online products by the first half of 2000. There can be no assurance, however, that such products in fact will be launched, be launched on time, or that if launched, such products will be successful.

Based on the Company's current outlook, the Company believes that its working capital and its investments will be sufficient to fund its operations and capital requirements at least through the first half of 2000. In the event that the Company cannot obtain sufficient liquidity with respect to the Company's investments, the Company may need to obtain debt or equity financing during the first half of 2000. Thereafter, the Company will need to raise additional capital in order to sustain operations unless the Company achieves profitability through the generation of revenues beyond those currently anticipated. The Company is currently exploring its ability to obtain additional financing. No assurance can be given as to the availability of additional financing or, if available, the terms upon which it may be obtained. Any such additional financing may result in dilution of an investor's equity investment in the Company. Failure to obtain additional financing on favorable terms, or at all, could have a substantial adverse effect on the Company's future ability to conduct operations.

Year 2000

The Company has evaluated the potential impact of the situation commonly referred to as the "Year 2000 Issue". The Year 2000 Issue concerns the inability of information systems, whether due to computer hardware or software, to properly recognize and process date sensitive information relating to the year 2000 and beyond. Many of the world's computer systems currently record years in a two-digit format. Such computer systems may be unable to properly interpret dates beyond the year 1999, which could lead to business disruptions in the U.S. and internationally. The potential costs and uncertainties associated with the Year 2000 Issue will depend on a number of factors, including software, hardware and the nature of the industry in which a company operates. The Year 2000 Issue could have a material adverse effect on the Company's results of operations and ability to conduct business.

To attempt to ensure that the Company's computer systems (including computer hardware and computer software) are "Year 2000 Ready" (that is, are not disrupted by the Year 2000 Issue), the Company developed a plan to assess, and to fix where necessary, any Year 2000 Issue with respect to its computer systems. The Company has identified the fixes that should be made to its computer systems in light of the Year 2000 issue, has completed most of its repair efforts, and currently expects to complete its repair efforts and test its systems before December 1999.

The Company currently believes that total direct costs associated with making its systems Year 2000 Ready should not exceed $30,000 (most of which costs already have been incurred). The Company does not believe that the diversion of employee resources required to address the Year 2000 Issue will have a material effect on the Company's operating results or financial condition. The Company does not currently have in place a contingency plan of action in the event that it is not able to make its computer systems Year 2000 Ready, but will consider on an ongoing basis whether such a contingency plan should be developed.

The dates on which the Company believes it will complete its Year 2000 plan, and the costs associated with such efforts, are based on the Company's current best estimates. However, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, making the Company's systems Year 2000 Ready. Specific factors that might cause differences between the estimates and actual results include, but are not limited to, the ability to locate and correct all relevant computer code and hardware devices (such as microcontrollers), timely responses to and corrections by third parties and suppliers, the ability to implement interfaces between the new systems and the systems not being replaced, and similar uncertainties. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third parties and the interconnection of global businesses, the Company cannot guarantee its ability to timely and cost-effectively resolve problems associated with the Year 2000 Issue, and a failure to do so could materially adversely affect the Company's operations and business, and expose it to third party liability.

The Company also faces risks and uncertainties to the extent that the third party suppliers of products, services and systems on which the Company relies or customers do not have business systems or products that are Year 2000 Ready. The Company has initiated communications with all of its significant suppliers to determine the extent to which the Company's systems and products are vulnerable to those third parties' failure to remediate their own systems' Year 2000 Issues. The Company has received assurances from certain of its suppliers stating that such suppliers' systems are or will timely be Year 2000 Ready, but there is no guarantee that the systems or products of these or other companies on which the Company relies will be timely, if at all, made Year 2000 Ready, and such a failure by such companies could have a material adverse effect on the Company's systems and products. No one customer has accounted for more than 10% of the Company's revenues in the past year, and the Company has not initiated contact with its customers concerning the status of their Year 2000 readiness. There is no guarantee that the systems of the Company's customers will be made Year 2000 Ready, and a failure by a number of the Company's customers to become Year 2000 Ready could have a material adverse effect on the Company's revenues and cash flows. The Company is in the process of identifying what actions may be needed to mitigate vulnerability to problems related to enterprises with which the Company interacts, but does not currently have in place a contingency plan of action in the event that the failure by one or more third parties to make their computer systems Year 2000 Ready causes adverse effects to be suffered by the Company. The Company will consider on an ongoing basis the extent to which a contingency plan should be developed.

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. On April 20, 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. Plaintiffs allege that WTA did not timely process plaintiffs' request for redemption of their interest in WTA, which delay allegedly caused plaintiffs to

suffer approximately $470,000 in damages. WTA intends to continue conducting a vigorous defense. Due to the inherent uncertainty of litigation, the Company is not able to reasonably estimate the potential losses, if any, that may be incurred in relation to this litigation.

In April 1999 a stockholder of the Company initiated an action in the Court of Chancery of the State of Delaware, New Castle County, captioned Michele S. Criden v. Jonathan L. Steinberg, Bruce L. Sokoloff, Peter M. Ziemba and S. Christopher Meigher III (C.A. No. 17082). The Company is named as a nominal defendant in the action. Plaintiff alleged that the four individual defendants, who comprise the entire Board of Directors of the Company, took improper action (i) on November 19, 1998, in determining to amend the terms of options previously granted to Jonathan Steinberg to reduce their exercise prices (which ranged from $4.9375 to $7.50) to $1.25 (11% higher than the last sale price of the Common Stock on the trading date immediately preceding the date of such amendment), and (ii) on December 23, 1998, in determining to grant replacement options to each of Messrs. Sokoloff, Ziemba and Meigher, conditioned upon cancellation of their existing options, which replacement options had an exercise price of $2.00 per share (the last sale price of the Common Stock on the trading date immediately preceding the date of the new grant), which was less than the exercise price of options previously granted to them (which exercise prices ranged from $4.375 to $10.50). Plaintiff claimed that such actions constituted corporate waste and a diversion of corporate assets for improper and unnecessary purposes and that the directors breached their fiduciary duties, including their duty of loyalty, to the Company and its stockholders. Plaintiff demanded judgment (i) enjoining the four directors from exercising any options at the reduced exercise price, (ii) declaring a constructive trust of any proceeds resulting from the directors' exercise of such options, (iii) damages, on behalf of the Company, for losses and damages suffered and to be suffered in connection with the option repricings, including interest thereon, and (iv) awarding plaintiffs the costs of this action, including reasonable attorney's fees. In June 1999, defendants moved to dismiss the complaint. Plaintiff indicated that she would not oppose the motion, but rather would file an amended complaint. In August 1999, plaintiff filed an amended complaint. In September 1999, defendants moved to dismiss the amended complaint. The Board of Directors believed at the time, and continues to believe, that the actions taken on November 19, 1998 and December 23, 1998, were proper.

<TABLE>

ITEM 2. Changes in Securities

Sales of Unregistered Securities

<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, convertible security, terms of exercise or conversion
7/99 - 9/99	Options to purchase common stock granted to employees and consultants	692,750	Exercise price would be received upon exercise	Section 4(2)	Vesting over a period of three to four years from date of grant, subject to certain conditions of continued service; exercisable for a period lasting ten years from date of grant at exercise prices ranging from $6.00 to $2.53125 per share.
09/29/99	Sale of common stock to Telescan, Inc.	779,130	The Company received $3,000,000 in cash consideration for these shares	Section 4(2)	

09/29/99	Sale of common stock to Telescan, Inc.	368,301	Three-year license to use proprietary technology and investment tools on Company web sites	Section 4(2)	
08/16/99	Common stock granted to consultant	36,972	Recruiting services	Section 4(2)	

</TABLE>

ITEM 6. Exhibits and Reports on Form 8-K

Exhibits

Exhibit No.	Description	Method of filing
3.1	Amended and Restated Certificate of Incorporation of Registrant, 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	Stock Purchase Agreement dated as of September 29, 1999 between Registrant and Telescan, Inc.	Incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-3 dated October 29, 1999 (File No.333-89933)(the "Form S-3")
10.2	Letter Agreement dated as of September 29, 1999 between Registrant and Telescan, Inc.	Incorporated by reference to Exhibit 10.9 to the Form S-3
10.3	Employment Agreement between Registrant and David H. Allen dated August 9, 1999	Filed herewith
10.4	Stock Option Agreement between Registrant and David H. Allen dated August 16, 1999	Filed herewith
10.5	Indemnification Agreement between Registrant and David H. Allen dated August 16, 1999	Filed herewith
27	Financial Data Schedule September 30, 1999	Filed only with the electronic submission of Form 10-Q in accordance with the EDGAR requirement
99	Certain Risk Factors	Filed herewith

(a) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the Quarter Ended September 30, 1999.

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: November 15, 1999

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

CONFIDENTIAL

EXHIBIT 10.3

INDIVIDUAL INVESTOR GROUP, INC.
125 Broad Street, 14th Floor
New York, New York 10004

August 9, 1999

Mr. David H. Allen
17465 Serene Drive
Morgan Hill, California 95037

Dear Dave:

Congratulations! On behalf of Individual Investor Group, Inc. (the "Company"), I'm pleased to extend you a formal offer of employment to become Chief Financial Officer of the Company. Significant terms of your employment shall be as follows:

Salary: Your starting base salary will be $200,000 per annum, commencing the date you begin your employment at the Company (the "Start Date"). Your salary will be paid in accordance with the Company's normal payroll policies in effect from time to time.

Bonus: If, during the first year of your employment, the Company and its subsidiaries, with your participation, raise equity and/or debt financing of $10 million in the aggregate (the Company and its subsidiaries shall have sole and absolute discretion regarding whether to accept or reject any proposed financing terms) you will be paid a bonus of $50,000; if the amount of such aggregate financing equals $15 million or more, you shall be paid an additional bonus of $50,000. If, for forty (40) trading days during any ninety calendar day period during the first year of your employment, the market capitalization of the Company on a fully-diluted basis (i.e., outstanding shares of the Company's common stock plus shares of the Company's common stock into which any other security is convertible on a given day, where the conversion price is less than the closing price of the Company's common stock on the prior trading day (and hence not including, for example, stock options that are not exercisable on such day)) equals or exceeds $75 million, you will be paid a bonus of $50,000; if such market capitalization equals or exceeds $125 million for such a period, you shall be paid an additional bonus of $50,000. The maximum bonus payable pursuant to this paragraph is $200,000. If earned, each of these bonuses would be paid within thirty (30) days of the event that triggered your earning of the bonus. After the first year of your employment, you will be eligible for an annual bonus of up to 100% of your base salary, based upon mutually agreed upon objectives.

Stock Option: You will be granted an option (the "Option") to purchase 175,000 shares of the Company's common stock as of the Start Date. The per share exercise price of the Option shall be the fair market value of the Company's common stock on the date of grant (i.e., the closing price of the Company's common stock on the date before the date of grant) as determined by the Board. The Option shall be exercisable as to 43,750 shares on the first anniversary of the Start Date and as to the remaining shares at the rate of one thirty-sixth (1/36) of such shares each month thereafter (thus a total of four years is required before all shares subject to the Option may be exercised), subject to your continued employment except as noted in this letter. The Option shall expire ten (10) years after grant. In the event of a Change in Control (as defined below) of the Company, all shares subject to the Option shall immediately become exercisable.

Severance: If the Company terminates your employment Without Good Cause (as defined below) or you resign for Good Reason (as defined below), (a) any shares of the Option that would have vested due to the passage of time had you remained employed for an additional twelve (12) months, shall immediately become exercisable and (b) the Company shall pay you severance pay equal to nine (9) months of your base salary. Additionally, the Company shall, for twelve (12) months after such termination or resignation, make monthly contributions to your COBRA medical insurance premiums (if you have elected coverage under COBRA during such period), in an amount equal to the monthly contributions that the Company would have made had you remained employed by the Company.

Definitions. As used herein, "Change in Control" shall mean (x) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction (but excluding any transfers between any persons who are under common control), or (y) the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company.

As used herein, "Good Cause" for termination shall mean a termination of employment by the Company due to your (a) conviction of a felony, (b) fraud, or (c) any other act of willful misconduct that is materially injurious to the Company. A termination of your employment by the Company except (x) for Good Cause or (y) due to your death or disability, shall be a termination "Without Good Cause."

As used herein, "Good Reason" for your resignation will exist of you resign within sixty days of any of the following: (a) a reduction in your base salary or target bonus, (b) any material reduction in your benefits, (c) any diminishing change in your job title and/or material diminishment of your job duties or (d) any requirement that you relocate to an office more than thirty-five (35) miles from your then-current office.

Sign-On Bonus, Etc.: The Company will pay you a sign-on bonus of $50,000 on the Start Date in connection with the movement of your household items from California to the New York area, the expenses associated with the closing and sale of your California home and the expenses associated with the purchase of a home in the New York area (the Company shall not have any other responsibility with respect to any such expenses). Additionally, the Company will reimburse the expenses you and your family incur in traveling to and staying in the New York area in connection with searching for a home in the New York area, in an amount not to exceed $4,000. If, on or before the first anniversary of the Start Date, you resign your employment with the Company for other than Good Reason, you shall upon such resignation repay the foregoing amounts paid to you pursuant to this paragraph. Additionally, if you have not moved into a home in the New York area by the Start Date, the Company will reimburse the living expenses you incur in the New York area, for a maximum of eight (8) weeks, in an amount not to exceed $1,250 per week, and will also reimburse the cost of economy-class travel expenses between California and the New York area, that your or your family incur through December 31, 1999. Finally, on or before the three (3) month anniversary of the Start Date, the Company shall loan you the sum of $50,000 at the Applicable Federal Rate (the "Loan"); on each of the first two (2) anniversaries of the Start Date, the Company shall forgive one-half (1/2) of the outstanding principal plus accrued interest, based on your continued employment. In the event that you resign your employment with the Company or the Company terminates your employment for Good Cause prior to the second anniversary of the Start Date, you shall repay the balance of the Loan upon such termination (if such payment is received within thirty (30) days of termination, the Company shall forgive the accrued interest thereon). If the Company terminates your employment Without Good Cause then the entire Loan balance (including accrued interest) will be forgiven.

Miscellaneous: You will report to the President of the Company, and shall be expected to work closely and directly with the Company's Chief Executive Officer on corporate finance matters. You will be covered by the Company's employee group insurance plan, summaries of which will be provided to you. You will be entitled to participate in the Company's 401(k) plan, commencing at the first enrollment date after you have been employed for 60 days (the enrollment dates currently are January 1, April 1, July 1 and October 1; the Company does not make contributions to the plan). The Company will execute an indemnification agreement with you in the form the Company has used with respect to its other current officers, and will take appropriate steps to have your office covered by the Company's directors' and officers' insurance. You will receive four (4) weeks of paid vacation each year. You will commence work on a date to be agreed upon, which date shall be on or before September 6, 1999.

This letter sets forth all of the terms relating to your potential employment by the Company, and supersedes all other discussions, whether written or oral. The terms relating to your actual or potential employment by the Company may not be modified or amended except in writing signed by both parties. A signature received via facsimile shall be deemed an original for all purposes.

Please indicate by your signature below your agreement with the terms set forth above. In closing, I want to reiterate how excited we are to have you join us at such a significant time in the development of the Company and look forward to your important contributions to our success.

Sincerely,

INDIVIDUAL INVESTOR GROUP, INC.

By: /s/ Jonathan Steinberg
Jonathan L. Steinberg
Chief Executive Officer

AGREED AND ACCEPTED:

/s/ David H. Allen Date: August 9, 1999
David H. Allen

Exhibit 10.4

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT (the "Agreement") is entered into as of August 16, 1999, by and between INDIVIDUAL INVESTOR GROUP, INC., a Delaware corporation with its principal place of business at 125 Broad Street, 14th Floor, New York, New York 10004 (the "Company"), and David H. Allen, an individual residing at 490 Harding Drive, South Orange, New Jersey 07079 (the "Employee").

WHEREAS, on August 16, 1999 (the "Grant Date"), the Stock Option Committee (the "Committee") of the Board of Directors of the Company (the "Board") authorized the grant to the Employee of an option (the "Option") to purchase an aggregate of 175,000 shares of the authorized but unissued Common Stock of the Company, $.01 par value (the "Common Stock"), conditioned upon the Employee's acceptance of the grant of the Option upon the terms and conditions set forth in this Agreement; and

WHEREAS, the Employee desires to acquire the Option upon the terms and conditions set forth in this Agreement;

IT IS AGREED:

1. Grant of Stock Option. The Company hereby grants the Employee the Option to purchase all or any part of an aggregate of 175,000 shares of Common Stock (the "Option Shares") on the terms and conditions set forth herein.

2. Non-Qualified Stock Option. The Option represented hereby shall be a "non-qualified stock option," and is not intended to be an Option which qualifies as an "Incentive Stock Option" under Section 422 of the Internal Revenue Code of 1986, as amended.

3. Exercise Price. The exercise price of the Option is $2.625 per share, subject to adjustment as hereinafter provided.

4. Exercisability. This Option shall be exercisable, subject to the terms and conditions of this Agreement, as follows: (i) the right to purchase 43,750 of the Option Shares shall be exercisable on or after August 16, 2000 and (ii) the right to purchase one thirty-sixth of the 131,250 share balance of the Option Shares shall be exercisable on or after on the 16th calendar day of each month thereafter. After a portion of the Option becomes exercisable, such portion shall remain exercisable, except as otherwise provided herein, until the close of business on August 15, 2009 ("Exercise Period").

5. Effect of Termination of Employment.

5.1. Termination Due to Death. If Employee's employment by the Company terminates by reason of death, the portion of the Option, if any, that was exercisable as of the date of death may thereafter be exercised by the legal representative of the estate or by the legatee of the Employee under the will of the Employee, for a period of one (1) year from the date of such death or until the expiration of the Exercise Period, whichever period is shorter. The portion of the Option, if any, that was not exercisable as of the date of death shall immediately expire upon death.

5.2. Termination Due to Disability. If Employee's employment by the Company terminates by reason of disability, the portion of the Option, if any, that was exercisable as of the date of termination of employment may thereafter be exercised by the Employee for a period of one (1) year from the date of the termination of employment or until the expiration of the Exercise Period, whichever period is shorter. The portion of the Option, if any, that was not exercisable as of the date of such termination of employment shall immediately expire on the date of such termination of employment.

5.3. Other Termination.

(a) Except as otherwise provided in Section 5.6, if Employee's employment is terminated for any reason other than (i) death or (ii) Disability or (iii) for cause by the Company, then the portion of the Option, if any, that was exercisable as of the date of termination of employment may thereafter be exercised by the Employee for a period of ninety (90) days from termination of employment or until the expiration of the Exercise Period, whichever is shorter. The portion of the Option, if any, that was not exercisable as of the date of such termination of employment shall immediately expire on the date of such termination of employment. If the Company terminates your employment Without Good Cause (as defined below) or you resign for Good Reason (as defined below), any shares of the Option that would have vested due to the passage of time had you remained employed for an additional twelve (12) months shall immediately be deemed exercisable as of the date of termination. As used herein, "Good Cause" for termination shall mean a termination of employment by the Company due to

your (a) conviction of a felony, (b) fraud, or (c) any other act of willful misconduct that is materially injurious to the Company. A termination of your employment by the Company except (x) for Good Cause or (y) due to your death or disability, shall be a termination "Without Good Cause." As used herein, "Good Reason" for your resignation will exist of you resign within sixty days of any of the following: (a) a reduction in your base salary or target bonus, (b) any material reduction in your benefits, (c) any diminishing change in your job title and/or material diminishment of your job duties or (d) any requirement that you relocate to an office more than thirty-five (35) miles from your then-current office.

(b) In the event the Employee's employment is terminated for cause, the Company may require the Employee to return to the Company the economic value of any Option Shares purchased hereunder by the Employee within the six (6) month period prior to the date of such termination of employment. In such event, the Employee hereby agrees to remit to the Company, in cash, an amount equal to the difference between the Fair Market Value of the Option Shares on the date of such termination of employment (or the sales price of such Shares if the Option Shares were sold during such six (6) month period) and the Exercise Price of such Shares. For purposes of this Agreement, the "Fair Market Value" of the Option Shares on a given date (the "Date of Determination") shall mean (i) if the Common Stock is listed on a national securities exchange or quoted on the Nasdaq National Market or Nasdaq SmallCap Market, the last sale price of the Common Stock in the principal trading market for the Common Stock on the last trading day preceding the Date of Determination, as reported by the exchange or Nasdaq, as the case may be; (ii) if the Common Stock is not listed on a national securities exchange or quoted on the Nasdaq National Market or Nasdaq SmallCap Market, but is traded in the over-the-counter market, the closing bid price for the Common Stock on the last trading day preceding the Date of Determination for which such quotations are reported by the OTC Bulletin Board or the National Quotation Bureau, Incorporated or similar publisher of such quotations; and (iii) if the fair market value of the Common Stock cannot be determined pursuant to clause (i) or (ii) above, such price as the Committee shall determine, in good faith.

5.4. "Employment". The Employee shall be considered to be employed by the Company pursuant to this Section 5 if the Employee is an officer, director or full-time employee of the Company (or of any parent, subsidiary or affiliate of the Company) or if the Committee determines in its sole and absolute discretion that the Employee is rendering substantial services to the Company as a part-time employee, consultant or contractor of the Company (or of any parent, subsidiary or affiliate of the Company). The Committee shall have the sole and absolute discretion to determine whether the Employee has ceased to be employed by the Company and the effective date on which such employment terminated.

5.5. No Right to Employment. Nothing in this Agreement shall confer on the Employee any right to continue in the employ of, or other relationship with, the Company (or with any parent, subsidiary or affiliate of the Company) or limit in any way the right of the Company (or of any parent, subsidiary or affiliate of the Company) to terminate the Employee's employment or other relationship with the Company (or with any parent, subsidiary or affiliate of the Company) at any time, with or without cause.

5.6. If Employee terminates his employment with the Company other than for Good Reason, this Option, whether or not exercisable, shall immediately expire.

6. Withholding Tax. Not later than the date as of which an amount first becomes includible in the gross income of the Employee for Federal income tax purposes with respect to the Option, the Employee shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount. Notwithstanding anything in this Agreement to the contrary, the obligations of the Company pursuant to this Agreement shall be conditional upon such payment or arrangements with the Company and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Employee from the Company.

7. Adjustments. In the event of any merger, reorganization, consolidation, recapitalization, consolidation, dividend (other than cash dividend), stock split, reverse stock split, or other change in corporate structure affecting the number of issued shares of Common Stock, the Company shall proportionally adjust the number and kind of Option Shares and the exercise price of the Option in order to prevent the dilution or enlargement of the Employee's proportionate interest in the Company and Employee's rights hereunder, provided that the number of Option Shares shall always be a whole number.

7A. Acceleration of Vesting on Change of Control. Notwithstanding the provisions of Sections 4, in the event of a "change of control" (as defined below) while the Employee is employed by the Company, the vesting of this Option shall accelerate and all the Option Shares shall be purchasable by Employee simultaneous with such change of control. For the purposes of this Agreement, a change of control shall mean (x) a merger or consolidation in which securities

possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction (but excluding any transfers between any persons who are under common control), or (y) the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company.

8. Method of Exercise.

8.1. Notice to the Company. The Option shall be exercised in whole or in part by written notice in substantially the form attached hereto as Exhibit A directed to the Company at its principal place of business accompanied by full payment as hereinafter provided of the exercise price for the number of Option Shares specified in the notice.

8.2. Delivery of Option Shares. The Company shall deliver a certificate for the Option Shares to the Employee as soon as practicable after payment therefor.

8.3. Payment of Purchase Price. The Employee shall make pay for the Option Shares by any one or more of the following methods set forth in this Section 8.3.

8.3.1. Cash Payment. The Employee shall make cash payments by wire transfer, certified check or bank check, in each case payable to the order of the Company; the Company shall not be required to deliver certificates for Option Shares until the Company has confirmed the receipt of good and available funds in payment of the purchase price thereof.

8.3.2. Payment through Bank or Broker. The Employee may make arrangements satisfactory to the Company with a bank or a broker who is member of the National Association of Securities Dealers, Inc. to either (a) sell on the exercise date a sufficient number of the Option Shares being purchased so that the net proceeds of the sale transaction will at least equal the Exercise Price multiplied by the number of Option Shares being purchased pursuant to such exercise, plus the amount of any applicable withholding taxes and pursuant to which the bank or broker undertakes irrevocably to deliver the full Exercise Price multiplied by the number of Option Shares being purchased pursuant to such exercise, plus the amount of any applicable withholding taxes to the Company on a date satisfactory to the Company, but no later than the date on which the sale transaction would settle in the ordinary course of business or (b) obtain a "margin commitment" from the bank or broker pursuant to which the bank or broker undertakes irrevocably to deliver the full Exercise Price multiplied by the number of Option Shares being purchased pursuant to such exercise, plus the amount of any applicable withholding taxes to the Company, immediately upon receipt of the Option Shares.

8.3.3. Cashless Payment. The Employee may, in his or her sole discretion, use shares of Common Stock of the Company that were owned by the Employee for more than six (6) months (and which have been paid for within the meaning of SEC Rule 144 and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares), or that were obtained by the Employee in the open public market, to pay the purchase price for the Option Shares by delivery of one or more stock certificates in negotiable form which are effective to transfer good and valid title thereto to the Company, free of any liens or encumbrances. Shares of Common Stock used for this purpose shall be valued at the Fair Market Value.

8.3.4. Payment of Withholding Tax. Any required withholding tax may be paid in cash or with Common Stock in accordance with Sections 8.3.1., 8.3.2 and 8.3.3.

8.3.5. Exchange Act Compliance. Notwithstanding the foregoing, the Company shall have the right to reject payment in the form of Common Stock if in the opinion of counsel for the Company, (i) it could result in an event of "recapture" under Section 16(b) of the Securities Exchange Act of 1934; (ii) such shares of Common Stock may not be sold or transferred to the Company; or (iii) such transfer could create legal difficulties for the Company.

9. Security Interest in Option Shares Collateralizing Obligations Owed to the Company. Notwithstanding anything in this Agreement to the contrary, the Employee hereby grants the Company a security interest in the Option Shares as follows: in the event that the Employee owes the Company any sum (including without limitation amounts owed pursuant to a loan made by the Company to the Employee), and such sum is past due (the "Past Due Amount"), the Company shall have a security interest in the Option Shares. The Employee hereby agrees to execute, promptly upon request by the Company, such instruments and to take such action as may be useful for the Company to perfect and/or exercise such security interest, and hereby irrevocably grants the Company the right to retain, in full or partial payment of the Past Due Amount, up to the following number of Option Shares upon any whole or partial exercise of the Option: a fraction, the numerator of which is the Past Due Amount, and the denominator of which is the Fair Market Value of the Company's Common Stock (as set forth in Section 5.3(b)) as of the date of such exercise; provided that the fraction set forth in the

preceding clause shall be rounded up to the nearest whole number. The security interest set forth herein shall be cumulative to all, and not in lieu of any, other remedies to available to the Company with respect to any Past Due Amount.

10. Market Standoff Agreement. The Employee agrees that, in connection with any registration of the Company's securities, upon the request of the Company or the underwriters managing any public offering of the Company's securities, the Employee will not sell or otherwise dispose of any Option Shares (including without limitation sale of Option Shares in connection with the exercise method set forth in Section 8.3.2.) or any other securities of the Company without the prior written consent of the Company or such underwriters, as the case may be, for such period of time from the effective date of such registration as the Company or the underwriters may specify for the Company's employee shareholders generally. The Employee understands and agrees that, in order to ensure compliance with the market standoff agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent.

11. Notice of Disqualifying Disposition of ISO Shares. If the Option granted to the Employee herein is an ISO, and if the Employee sells or otherwise disposes of any of the Option Shares acquired pursuant to a whole or partial exercise the Option prior to the later of (a) the second (2nd) anniversary of the Grant Date, or (b) the first (1st) anniversary of the date of exercise of such Option Shares, the Employee shall immediately notify the Company in writing of such sale or disposition. The Employee acknowledges and agrees that the Employee may be subject to income and other tax withholding by the Company on the compensation income recognized by the Employee from any such sale or disposition, by payment in cash (or in shares of Common Stock, to the extent permissible under Section 8.3.4.) or out of the current wages or other earnings payable to Employee. The Employee hereby authorizes his/her broker(s) to provide the Company, promptly at the Company's request, with any information concerning the Option Shares, now or previously in Employee's account(s) with such broker(s), as the Company may request. The Employee agrees that this authorization may not be revoked or modified in any manner except pursuant to a writing signed by both the Employee and the Company.

12. Nonassignability. The Option shall not be assignable or transferable except by will or by the laws of descent and distribution in the event of the death of the Employee. No transfer of the Option by the Employee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the will and such other evidence as the Company may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the Option.

13. Required Holding Period. This Option and any Common Stock acquired upon its exercise may not be sold, assigned or otherwise transferred prior to the six (6) month anniversary of the Grant Date.

14. Company Representations. The Company hereby represents and warrants to the Employee that:

(a) the Company, by appropriate and all required action, is duly authorized to enter into this Agreement and consummate all of the transactions contemplated hereunder; and

(b) the Option Shares, when issued and delivered by the Company to the Employee in accordance with the terms and conditions hereof, will be duly and validly issued and fully paid and non-assessable.

15. Employee Representations. The Employee hereby represents and warrants to the Company that:

(a) he or she is acquiring the Option and shall acquire the Option Shares for his or her own account and not with a view towards the distribution thereof;

(b) he or she has received a copy of all reports and documents required to be filed by the Company with the Commission pursuant to the Exchange Act within the last twenty-four (24) months and all reports issued by the Company to its stockholders within the last twenty-four (24) months;

(c) he or she understands that he or she must bear the economic risk of the investment in the Option Shares, which cannot be sold by him or her unless they are registered under the Securities Act of 1933 (the "1933 Act") or an exemption therefrom is available thereunder and that the Company is under no obligation to register the Option Shares for sale under the 1933 Act except as provided in Section 16A below;

(d) in his or her position with the Company, he or she has had both the opportunity to ask questions and receive answers from the officers and directors of the Company and all persons acting on its behalf concerning the terms and conditions of the offer made hereunder and to obtain any additional information to the extent the Company possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of the information obtained pursuant to clause (b) above;

(e) he or she is aware that the Company shall place stop transfer orders with its transfer agent against the transfer of the Option Shares in the absence of registration under the 1933 Act or an exemption therefrom as provided herein; and

(f) The certificates evidencing the Option Shares may bear the following legends:

> "The shares represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933. The shares may not be sold or transferred in the absence of such registration or an exemption therefrom under said Act."

> "The shares represented by this certificate have been acquired pursuant to a Stock Option Agreement, dated as of August 16, 1999, a copy of which is on file with the Company, and may not be transferred, pledged or disposed of except in accordance with the terms and conditions thereof."

16. Restriction on Transfer of Stock Option Agreement and Option Shares. Notwithstanding anything in this Agreement to the contrary, and in addition to the provisions of Section 12 of this Agreement, the Employee hereby agrees that he or she shall not sell, transfer by any means or otherwise dispose of the Option Shares acquired by him or her without registration under the 1933 Act, or in the event that they are not so registered, unless (a) an exemption from the 1933 Act registration requirements is available thereunder, and (b) the Employee has furnished the Company with notice of such proposed transfer and the Company's legal counsel, in its reasonable opinion, shall deem such proposed transfer to be so exempt.

16A. Registration Right. The Company agrees to file a registration statement ("Registration Statement") on Form S-8 (or successor form) to register the Option Shares for issuance to Employee on or prior to the date the Option or any portion thereof first becomes exercisable. The Company will bear all expenses and pay all fees incurred in connection with the filing and modification or amendment of the Registration Statement, exclusive of underwriting discounts, and commissions payable in respect of the sale of the Common Stock and any counsel for the Employee. Moreover, if the Company fails to comply with the provisions of this Section 16A, the Company shall, in addition to any other equitable or other relief available to the Employee, be liable for any and all incidental, special and consequential damages and damages due to loss of profits sustained by the Employee.

17. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Employee or the Company to the Committee for review. The resolution of such a dispute by the Board or Committee shall be final and binding on the Company and on the Employee.

18. Miscellaneous.

18.1. Notices. All notices, requests, deliveries, payments, demands and other communications which are required or permitted to be given under this Agreement shall be in writing and shall be either delivered personally or by private courier (e.g., Federal Express), or sent by registered or certified mail, return receipt requested, postage prepaid, to the parties at their respective addresses set forth herein, or to such other address as either shall have specified by notice in writing to the other. Notice shall be deemed duly given hereunder when delivered in person or by private courier, or on the third (3rd) business day following deposit in the United States mail as set forth above.

18.2. [Intentionally omitted.]

18.3. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Option Agreement shall be binding upon the Employee and the Employee's heirs, executors, administrators, legal representatives, successors and assigns.

18.4. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersede all prior undertakings and agreements, oral or written, with respect to the subject matter hereof. The Agreement may not be contradicted by evidence of any prior or contemporaneous agreement. To the extent that the policies and procedures of the Company apply to the Employee and are inconsistent with the terms of the Agreement, the provisions of the Agreement shall control.

18.5. Amendments; Waivers. The Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by each of the

parties (in the case of the Company, such instrument must be signed by the President or Chief Executive Officer of the Company to be effective). No failure to exercise and no delay in exercising any right, remedy, or power under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under the Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity. All rights and remedies, whether conferred by the Agreement, by any other instrument or by law, shall be cumulative, and may be exercised singularly or concurrently.

18.6. Severability; Enforcement. If any provision of this Agreement is held invalid, illegal or unenforceable in any respect (an "Impaired Provision"), (a) such Impaired Provision shall be interpreted in such a manner as to preserve, to the maximum extent possible, the intent of the parties, (b) the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and (c) such decision shall not affect the validity, legality or enforceability of such Impaired Provision under other circumstances. The parties agree to negotiate in good faith and agree upon a provision to substitute for the Impaired Provision in the circumstances in which the Impaired Provision is invalid, illegal or unenforceable.

18.7. Attorneys' Fees. In the event of any arbitration or litigation between the parties arising under or related to this Agreement (a "Covered Dispute"), the substantially prevailing party in the Covered Dispute (the "Prevailing Party") shall be entitled to receive from the other party the Prevailing Party's reasonable attorneys' fees and costs, including, without limitation, the cost at the hourly charges routinely charged therefor by the persons providing the services, reasonable fees and/or allocated costs of staff (in-house) counsel, and fees and expenses of experts retained by counsel in connection with such arbitration or litigation and with any and all appeals or petitions therefrom, in addition to any other relief to which the Prevailing Party may be entitled. A party to a Covered Dispute shall be the Prevailing Party in such Covered Dispute if the claims against such party are dismissed at any stage in the arbitration or litigation.

18.8. Governing Law; Jurisdiction. The Agreement shall be governed by and construed in accordance with the law of the State of New York, without reference to that body of law concerning choice of law or conflicts of law, except that the General Corporation Law of the State of Delaware ("GCL") shall apply to all matters governed by the GCL, including without limitation matters concerning the validity of grants of stock options and actions of the Company's board of directors or any committee thereof. The parties agree that, subject to the agreement to arbitrate disputes set forth in Section 18.12, the sole and exclusive judicial venues for any dispute, difference, cause of action or legal action of any kind that any party, or any officer, director, employee, agent or permitted successor or assign of any party may bring against any other party, or against any officer, director, employee, agent or permitted successor or assign of any party, related to this Agreement (a "Proceeding"), shall be (a) the United States District Court for the Southern District of New York, if such court has statutory jurisdiction over the Proceeding and (b) the Supreme Court of the State of New York in the County of New York (collectively, the "New York Courts"). Each of the parties hereby expressly (i) consents to the personal jurisdiction of each of the New York Courts with respect to any Proceeding; (ii) agrees that service of process in any Proceeding may be effected upon such party in the manner set forth in Section 18.1 (as well as in any other manner prescribed by law); and (iii) waives any objection, whether on the grounds of venue, residence or domicile or on the ground that the Proceeding has been brought in an inconvenient forum, to any Proceeding brought in either of the New York Courts. Notwithstanding the foregoing, nothing in this paragraph alters the parties' agreement to arbitrate disputes as set forth in Section 18.12.

18.9. No Duty to Disclose. The Employee acknowledges and agrees that, except for the information provided to the Employee by the Company pursuant to Section 15(b) and 15(d) prior to execution of this Agreement, neither the Company nor any of the Company's officers, directors, shareholders, employees, agents or representatives has any duty or obligation to disclose to the Employee any information whatsoever, including but not limited to information concerning the Company that might if made public affect the value of the Option Shares. Such information includes without limitation any information concerning the Company's actual or potential financial performance, actual or potential material contracts to which the Company is or may become a party, or actual or potential material transactions that involve or may involve the Company, including but not limited to plans to effect a merger or to acquire or dispose of a material amount of assets. The Employee acknowledges and understands that he or she (a) might exercise his or her Option (or a portion thereof) prior to the public dissemination of such information, and that the value of the Option Shares may decrease after the public dissemination of such information, or (b) might exercise his or her Option (or a portion thereof) and sell, pledge or encumber the Option Shares (or a portion thereof) prior to the public dissemination of such information, and that the value of the Option Shares may increase after the public dissemination of such information; and the Employee acknowledges and agrees that he or she will not bring or participate in any claim whatsoever against the Company or against any of the Company's officers, directors, shareholders, employees, agents or representatives related to the failure to have disclosed such information prior to the Employee's

exercise of the Option and/or sale, pledge or encumbrance of the Option Shares.

18.10. Rights of Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective permitted successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

18.11 Headings. The Section headings used herein are for convenience only and do not define, limit or construe the content of such sections. All references in this Agreement to Section numbers refer to Sections of this Agreement, unless otherwise indicated.

18.12. Agreement to Arbitrate. The Employee and the Company recognize that differences may arise between them during or following the Employee's employment with the Company, and that those differences may or may not be related to the grant of the Option herein or to the Employee's employment. The Employee understands and agrees that by entering into this Agreement, the Employee anticipates the benefits of a speedy, impartial dispute-resolution procedure of any such differences. As used in this Section 18.12 and its subparts, the "Company" shall also refer to all benefit plans, the benefit plans' sponsors, fiduciaries, administrators, affiliates, and all successors and assigns of any of them.

(a) Arbitrable Claims. (i) ALL DISPUTES BETWEEN THE EMPLOYEE (AND HIS OR HER PERMITTED SUCCESSORS AND ASSIGNS) AND THE COMPANY (AND ITS AFFILIATES, SHAREHOLDERS, DIRECTORS, OFFICERS, AGENTS AND PERMITTED SUCCESSORS AND ASSIGNS) RELATING IN ANY MANNER WHATSOEVER TO EMPLOYEE'S EMPLOYMENT OR TO THE TERMINATION THEREOF, INCLUDING WITHOUT LIMITATION ALL DISPUTES ARISING UNDER THIS AGREEMENT (COLLECTIVELY, "ARBITRABLE CLAIMS") SHALL BE RESOLVED EXCLUSIVELY BY BINDING ARBITRATION. Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation (including but not limited to claims alleging unlawful harassment or discrimination in violation of Title VII and/or Title IX of the U.S. Code, of the Age Discrimination in Employment Act, of the Americans with Disabilities Act, of state statute, or otherwise), excepting only claims under applicable workers' compensation law and unemployment insurance claims. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all Arbitrable Claims. Except as provided in Section 18.12(a)(ii), the Arbitrator (as defined below) shall decide whether a claim is an Arbitrable Claim. THE PARTIES HEREBY WAIVE ANY RIGHTS THAT THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS.

(ii) Notwithstanding anything herein to the contrary, however, the Company may enforce in court, without prior resort to arbitration, any claim concerning actual or threatened unfair competition and/or the actual or threatened use and/or unauthorized disclosure of confidential or proprietary information of the Company. The court shall determine whether a claim concerns actual or threatened unfair competition and/or the actual or threatened use and/or unauthorized disclosure of confidential or proprietary information of the Company.

(b) Arbitration Procedure.

(i) American Arbitration Association Rules; Initiation of Arbitration; Location of Arbitration. Arbitration of Arbitrable Claims shall be in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA Rules"), except as provided otherwise in this Agreement. Arbitration shall be initiated by providing written notice to the other party with a statement of the claim(s) asserted, the facts upon which the claim(s) are based, and the remedy sought. This notice shall be provided to the other party within six (6) months of the acts or omissions complained of. Any claim not initiated within this limitations period shall be null and void, and the Company and the Employee waive all rights under statutes of limitation of different duration. The arbitration shall take place in New York, New York.

(ii) Selection of Arbitrator. All disputes involving Arbitrable Claims shall be decided by a single arbitrator (the "Arbitrator"), who shall be selected as follows. The American Arbitration Association ("AAA") shall give each party a list of eleven (11) arbitrators drawn from its panel of employment arbitrators (the "Name List"). Each party may strike up to six (6) names on the Name List it deems unacceptable, and shall notify the other party of the names it has stricken, within fourteen (14) calendar days of the date the AAA gave notice of the Name List. If only one common name on the Name List remains unstricken by the parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the Name Lists unstricken by parties, Employee shall strike one of the remaining names and notify the Company, within seven (7) calendar days of notification of the list of unstricken names. If, after Employee strikes a name as set forth in the preceding sentence, there is still two or more unstricken names, the Company and the Employee shall alternately strike names (with the Company having the next strike) and notify the other party of the stricken name within seven (7) calendar days, until only one remains. If no common name on the initial the Name List remains unstricken by the parties, the AAA shall furnish an additional list or lists, and the parties shall proceed as set forth above, until an Arbitrator

is selected.

(iii) Conduct of the Arbitration.

(A) Discovery. To help prepare for the arbitration, the Employee and the Company shall be entitled, at their own expense, to learn about the facts of a claim before the arbitration begins. Each party shall have the right to take the deposition of one (1) individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. Additional discovery may be had only where the Arbitrator so orders, upon a showing of substantial need. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration.

(B) Authority. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state in which the claim arose, or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator shall have the authority to award equitable relief, damages, costs and fees as provided by the law for the particular claim(s) asserted. The arbitrator shall not have the power to award remedies or relief that a New York court could not have awarded. The Federal Rules of Evidence shall apply. The burden of proof shall be allocated as provided by applicable law. Except as provided in Section 18(a)(ii), the Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of the Agreement, including but not limited to any claim that all or any part of any of the Agreement is void or voidable and any assertion that a dispute between the Employee and the Company is not an Arbitrable Claim. The arbitration shall be final and binding upon the parties.

(C) Costs. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of the proceedings. If the Arbitrator orders a stenographic record, the parties shall split the cost. Except as otherwise provided in this Section 18.12 and in Section 18.7, the Employee and the Company shall equally share the fees and costs of the arbitration and the Arbitrator.

(c) Confidentiality. All proceedings and documents prepared in connection with any Arbitrable Claim shall be confidential and, unless otherwise required by law, the subject matter thereof shall not be disclosed to any person other than the parties to the proceeding, their counsel, witnesses and experts, the Arbitrator, and, if involved, the court and court staff. All documents filed with the Arbitrator or with a court shall be filed under seal. The parties shall stipulate to all arbitration and court orders necessary to effectuate fully the provisions of this subparagraph concerning confidentiality.

(d) Enforceability. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as provided above, neither party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. The Federal Arbitration Act shall govern the interpretation and enforcement of this Section 18.12.

INDIVIDUAL INVESTOR GROUP, INC.
125 Broad Street, 14th Floor
New York, New York 10004

By:
Jonathan L. Steinberg
Chief Executive Officer

Acceptance

The Employee hereby acknowledges: I have received a copy of this Agreement; I have had the opportunity to consult legal counsel in regard to this Agreement, and have availed myself of that opportunity to the extent I wish to do so (I understand the Company's attorneys represent the Company and not myself, and I have not relied on any advice from the Company's attorneys); I have read and understand this Agreement; I am fully aware of legal effect of this agreement, including without limitation the effect of Section 18.12 hereof concerning arbitration; and I have entered into this Agreement freely and voluntarily and based on my own judgment and not on any representations or promises other than those contained in this Agreement. The Employee accepts this Option subject to all the terms and conditions of this Agreement.

The Employee acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Option Shares and that the Employee should consult a tax adviser prior to such exercise or disposition.

Date

The Employee

Print Name:

Address:

Exhibit 10.5

INDEMNIFICATION AGREEMENT

This Agreement, made and entered into as of the 16th day of August, 1999 ("Agreement"), by and between Individual Investor Group, Inc., a Delaware corporation ("Corporation"), and David H Allen ("Indemnitee"):

WHEREAS, highly competent persons recently have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities, unless they are provided with better protection from the risk of claims and actions against them arising out of their service to and activities on behalf of such corporation; and

WHEREAS, the current impracticability of obtaining adequate insurance and the uncertainties related to indemnification have increased the difficulty of attracting and retaining such persons; and

WHEREAS, the Board of Directors of the Corporation ("Board") has determined that the inability to attract and retain such persons is detrimental to the best interests of the Corporation's stockholders and that such persons should be assured that they will have better protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Corporation to obligate itself contractually to indemnify such persons to the fullest extent permitted by applicable law so that such persons will serve or continue to serve the Corporation free from undue concern that they will not be adequately indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of Article VIII of the By-laws of the Corporation, and Article VIII of the Amended and Restated Certificate of Incorporation of the Corporation and any resolutions adopted pursuant thereto and shall neither be deemed to be a substitute therefor nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee is willing to serve and to take on additional service for or on behalf of the Corporation on the condition that he be indemnified according to the terms of this Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

1 Definitions.

For purposes of this Agreement:

1.1 "Change in Control" means a change in control of the Corporation occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended ("Act"), whether or not the Corporation is then subject to such reporting requirement provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the date hereof (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 20% or more of the combined voting power of the then outstanding securities of the Corporation without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

1.2 "Corporate Status" means the status of a person who is or was a director, officer, employee, agent or fiduciary of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

1.3 "Disinterested Director" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.4 "Expenses" means all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

1.5 "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Corporation or Indemnitee in any other matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

1.6 "Proceeding" means any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Section 11 of this Agreement to enforce his rights under this Agreement.

2 Services by Indemnitee.

Indemnitee agrees to serve as Vice President and Chief Financial Officer of the Corporation. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law).

3 Indemnification - General.

The Corporation shall indemnify, and advance Expenses to, Indemnitee as provided in this Agreement to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. The rights of Indemnitee provided under the preceding sentence shall include, but shall not be limited to, the rights set forth in the other Sections of this Agreement.

4 Proceedings Other Than Proceedings by or in the Right of the Corporation.

Indemnitee shall be entitled to the rights of indemnification provided in this Section if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any threatened, pending or completed Proceeding, other than a Proceeding by or in the right of the Corporation. Pursuant to this Section, Indemnitee shall be indemnified against Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

5 Proceedings by or in the Right of the Corporation.

Indemnitee shall be entitled to the rights of indemnification provided in this Section if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any threatened, pending or completed Proceeding brought by or in the right of the Corporation to procure a judgment in its favor. Pursuant to this Section, Indemnitee shall be indemnified against Expenses actually and reasonably incurred by him or on his behalf in connection with any such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in any such proceeding as to which Indemnitee shall have been adjudged to be liable to the Corporation if applicable law prohibits such indemnification unless the Court of Chancery of the State of Delaware, or the court in which such Proceeding shall have been brought or is pending, shall determine that indemnification against Expenses may nevertheless be made by the Corporation.

6 Indemnification for Expenses of Party Who is Wholly or Partly Successful.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred

by him or on his behalf in connection with each successfully resolved claim, issue or matter. For the purposes of this Section and without limiting the foregoing, the termination of any claim, issue or matter in any such Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

7 Indemnification for Expenses as a Witness.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

8 Advancement of Expenses.

The Corporation shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within twenty days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses.

9 Procedure for Determination of Entitlement to Indemnification.

9.1 To obtain indemnification under this Agreement in connection with any Proceeding, and for the duration thereof, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Corporation shall, promptly upon receipt of any such request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

9.2 Upon written request by Indemnitee for indemnification pursuant to Section 9.1 hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in such case: (i) if a Change in Control shall have occurred, by Independent Counsel (unless Indemnitee shall request that such determination be made by the Board or the stockholders, in which case in the manner provided for in clauses (ii) or (iii) of this Section 9.2) in a written opinion to the Board, a copy of which shall be delivered to Indemnitee); (ii) if a Change of Control shall not have occurred, (A) by the Board by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board consisting of Disinterested Directors is not obtainable, or even if such quorum is obtainable, if such quorum of Disinterested Directors so directs, either (x) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (y) by the stockholders of the Corporation, as determined by such quorum of Disinterested Directors, or a quorum of the Board, as the case may be; or (iii) as provided in Section 10.2 of this Agreement. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

9.3 If required, Independent Counsel shall be selected as follows: (i) if a Change of Control shall not have occurred, Independent Counsel shall be selected by the Board, and the Corporation shall give written notice to Indemnitee advising him of the identity of Independent Counsel so selected or (ii) if a Change of Control shall have occurred, Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event (i) shall apply), and Indemnitee shall give written notice to the Corporation advising it of the identity of Independent Counsel so selected. In either event, Indemnitee or the Corporation, as the case may be, may, within seven days after such written notice of selection shall have been given, deliver to the Corporation or to Indemnitee, as the case may be, a written objection to such selection. Such objection may be asserted only on the ground that Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is made, Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 9.1

hereof, no Independent Counsel shall have been selected and not objected to, either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware, or other court of competent jurisdiction, for resolution of any objection which shall have been made by the Corporation or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom an objection is so resolved or the person so appointed shall act as Independent Counsel under Section 9.2 hereof. The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with its actions pursuant to this Agreement, and the Corporation shall pay all reasonable fees and expenses incident to the procedures of this Section 9.3, regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement date of any judicial proceeding or arbitration pursuant to Section 11.1(iii) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

10 Presumptions and Effects of Certain Proceedings.

10.1 If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9.1 of this Agreement, and the Corporation shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

10.2 If the person, persons or entity empowered or selected under Section 9 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith require(s) such additional time for the obtaining or evaluating of documentation and/or information relating thereto and provided, further, that the foregoing provisions of this Section 10.2 shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 9.2 of this Agreement and if (A) within 15 days after receipt by the Corporation of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9.2 of this Agreement.

10.3 The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

11 Remedies of Indemnitee.

11.1 In the event that (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) the determination of indemnification is to be made by Independent Counsel pursuant to Section 9.2 of this Agreement and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Corporation of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 7 of this Agreement within ten days after receipt by the Corporation of a written request therefor, or (v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9 or 10 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. Alternatively, the Indemnitee, at his option, may seek an award in

arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 11.1. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

11.2 In the event that a determination shall have been made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section shall be conducted in all respects as a de novo trial or arbitration on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

11.3 If a determination shall have been made or deemed to have been made pursuant to Section 9 or 10 of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law.

11.4 The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement.

11.5 In the event that Indemnitee, pursuant to this Section, seeks a judicial adjudication of, or an award in arbitration to enforce, his rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all expenses (of the kinds described in the definition of Expenses) actually and reasonably incurred by him in such judicial adjudication or arbitration, but only if he prevails therein. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive some but less than all of the indemnification or advancement of expenses sought, the expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

12 Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

12.1 The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the certificate of incorporation or by-laws of the Corporation, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to any Indemnitee with respect to any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal.

12.2 To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee, agent or fiduciary under such policy or policies.

12.3 In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

12.4 The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

13 Duration of Agreement.

This Agreement shall continue until and terminate upon the later of: (a) ten years after the date that Indemnitee shall have ceased to serve as an officer of the Corporation, or (b) the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and or any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

14 Severability.

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

15 Exception to Right of Indemnification or Advancement of Expenses.

Except as provided in Section 11.5, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding, or any claim therein, brought or made by him against the Corporation.

16 Identical Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

17 Headings.

The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

18 Modification and Waiver.

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

19 Notice by Indemnitee.

Indemnitee agrees promptly to notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder.

20 Notices.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom such notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

If to Indemnitee, to:

David H. Allen

If to the Corporation, to:

Individual Investor Group, Inc.
125 Broad Street, 14th Floor
New York, New York 10004

or to such other address or such other person as Indemnitee or the Corporation shall designate in writing in accordance with this Section, except that notices regarding changes in notices shall be effective only upon receipt.

21 Governing Law.

The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

22 Miscellaneous.

Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

INDIVIDUAL INVESTOR GROUP, INC.

By:
Jonathan L. Steinberg
Chief Executive Officer

INDEMNITEE

David H. Allen

EXHIBIT 99

CERTAIN RISK FACTORS
Dated: November 15, 1999

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, when we use the word "web," we are referring to the portion of the Internet commonly referred to as the "world wide web."

We have a history of losses and we anticipate that our losses will continue in the future. As of September 30, 1999, we had an accumulated deficit of $26.9 million. In the past ten years, the only calendar year during which we were profitable was 1995. We expect to continue to incur net losses in the fourth quarter of 1999 and in subsequent fiscal periods. We expect to continue to incur significant operating expenses and, as a result, will need to generate significant revenues to achieve profitability, which may not occur. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future.

We will need to raise additional capital in the future. Based on our current outlook, we believe that our working capital and investments will be sufficient to fund our operations and capital requirements at least through the second quarter of fiscal 2000. Because we expect to incur continuing net losses, we expect that we will need to raise additional capital from time to time in the future. The availability of financing and the cost to us of financing will depend on the 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. Our failure to obtain additional financing on favorable terms, or at all, would have a substantial adverse effect on our future ability to conduct operations.

Our online services business has a limited operating history. We commenced our online services operations in May 1997. Accordingly, 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 early stage businesses in new and rapidly evolving markets, including web-based financial news and information companies.

Our quarterly financial results are subject to significant fluctuations. Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside our control. For example, in our print publications business, our revenues tend to reflect seasonal patterns, with certain calendar quarters tending to be stronger than others. Similar seasonal patterns may develop in the online services business as well.

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 future 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.

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. We compete for advertisers, readers, staff and outside contributors with many types of companies. 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; TheStreet.com; The Motley Fool; Yahoo! Finance; Silicon Investor; Microsoft Investor; SmartMoney.com; Money.com and Multex.com;

- 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;

- -- publishers and distributors of radio and television programs focused on business, finance and investing, such as Bloomberg Business Radio and CNBC;

- -- web "portal" companies, such as Yahoo!; Excite; Lycos; Snap!; Go Network; 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.

Many of our existing competitors, as well as a number of potential new 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. These competitors may also engage in more extensive research and development, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies to attract 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 ours or that achieves greater market acceptance than ours. 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, readers, staff or outside contributors. Increased competition could result in price reductions, reduced margins or loss of our market share. Any of these could materially adversely affect our business, results of operations and financial condition.

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. Less people might be interested in subscribing to our print publications, and less people might be interested in 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 cause our operations to suffer materially.

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. We believe that our research and analysis is of a high quality, and we are proud to take a stand and to be held accountable for our opinions. We believe our readers appreciate this editorial courage and find it to be of greater value than stories on such topics as "the best cities in which to live" and the like. Because we give these specific opinions, the wisdom of our conclusions can be measured: did the stocks we said were undervalued go up, and did the stocks we said were overvalued go down. If our opinions turn out to be incorrect - and some of our opinions certainly will be - people may become less interested in learning these opinions. They may be less interested in subscribing to our print publications and less interested in using our online services. If interest in our opinions declines, our operations could suffer materially.

Our company 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. Although we believe our company offers an attractive work environment and employment opportunity in our print publications business, including offering our employees greater responsibility and the ability to have a more meaningful impact on the product than would be the case at a magazine with a larger staff, we may be perceived by many 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.

Our company 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 online employees that pure Internet companies offer a more attractive work environment for a youthful workforce. This is based on the belief that the Internet is a new and growing industry that offers a great future. 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 during the past year or so. Although we believe our company offers an attractive work environment and employment opportunity in our online services business, we may be perceived by many people 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 depend on our editorial staff and outside contributors. Our success depends substantially upon the efforts of our editorial staff and outside contributors to produce original, timely, comprehensive and trustworthy content. Our writers 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 writers in the future. If we lose the services of a large portion of our editorial staff and outside contributors or are unable to attract additional writers 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 our business, results of operations and financial condition. Moreover, the costs that may arise in connection with executive departures and replacements can be significant, as they were during 1998.

We depend on certain advertisers and on independent advertising agents, to generate revenue. In 1998, and continuing through the third quarter of 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 third quarter of 1999, approximately seventy two percent of the online services advertising revenue came from a combination of VentureHighway.com and four brokerage firms offering online trading. We expect that the majority of advertising revenues derived from our online services operations will come from online brokerage firms. 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), our online services business, results of operations and financial condition could be materially adversely affected.

If we do not continue to increase our revenue from financial services advertisers or attract advertisers from non-financial industries, our business, results of operations and financial condition could be materially adversely affected. With respect to our online services in particular, advertising rates are frequently measured on a "cost per thousand" clicks, or "CPM," basis. CPM rates have fluctuated in the past and we expect CPM rates to continue to fluctuate. CPM rates may experience industry-wide declines in the future, as the supply of desirable online advertising space may be increasing at a rate greater than the demand for that space by advertisers. We believe that we charge advertising rates that are among the highest of financial web sites. However, we cannot guarantee that we will be able to command premium rates in the future. Moreover, a number of advertisers that have been a source of a material portion of our online services advertising revenues are purchasing advertising on a "cost-per-action" basis, in which we are paid only when a user of our online services takes the relevant action. The number of such completed actions is usually a very small percent of the number of advertising impressions shown on our web site. It is more difficult to accurately predict revenue that will be received from cost-per-action ads than from CPM ads. An increased shift of our important advertisers to cost-per-action ads could have a material adverse effect on our online services advertising revenues.

In selling print advertising, we depend both on our internal advertising sales department and on outside sales representatives to maintain and increase our advertising sales. In selling online advertising, we depend primarily upon our internal advertising sales department and an outside sales agent. The success of our advertising sales efforts is subject to a number of risks, including the competition we face from other companies in hiring and retaining sales personnel and effective outside sales representatives, and the length of time it takes new sales personnel to become productive. Our business, results of operations and financial condition could be materially adversely affected if we do not maintain an effective advertising sales department.

Additional risks associated with online advertising. No standards have been widely accepted to measure the effectiveness of web advertising. If standards do not develop, existing advertisers may not continue or increase their levels of web advertising. If standards develop and we are unable to meet those standards, advertisers may not continue advertising on our site. Furthermore, advertisers that have traditionally relied upon other advertising media may be reluctant to advertise on the web. If advertisers perceive the Internet or our web site to be a limited or an ineffective advertising medium, they may be reluctant to devote a portion of their advertising budget to Internet advertising or to advertising on our web site. Our business, results of operations and financial condition could be materially adversely affected if the market for web advertising declines or develops more slowly than expected.

Different pricing models are used to sell advertising on the web. It is difficult to predict which, if any, will emerge as the industry standard. This uncertainty makes it difficult to project our future advertising rates and revenues. We cannot assure you that we will be successful under alternative pricing models that may emerge. Moreover, "filter" software programs that limit or prevent advertising from being delivered to a web user's computer are

available. Widespread adoption of this software could materially adversely affect the commercial viability of web advertising, which could materially adversely affect our advertising revenues.

Risks associated with our list rental revenue. The ability to earn revenue from list rental depends in large degree upon three factors: first, the number of subscribers on the list; second, the demographic characteristics of the subscribers on the list (such as age, income and wealth); and third, the degree to which previous rentals of the list have produced favorable results for the renter. This last factor is affected by the manner in which the subscribers have been added. For example, new subscribers from direct-to-publisher sources (such as direct mail and insert cards in the magazine) typically are more valuable than subscribers obtained from subscription agencies by means of reduced introductory rates or the use of airline frequent flyer miles.

We use an independent party, Rickard List Marketing, to promote the rental of our subscriber lists. The revenue we earn from list rentals thus also depends in part upon the efforts our agent makes.

We depend on independent parties to publish our print publications. We depend upon an independent party, Quebecor, to print our print publications and to deliver the printed copies to the United States Post Office for mailing to our subscribers. If our printer'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. Since magazines typically are printed only shortly before the time they are to be mailed to subscribers, any disruption at our printer could prevent our magazines from being distributed in a timely manner. If we don't distribute our magazines on time, our subscribers may become dissatisfied and cancel their subscriptions. If a disruption at our printer delays our ability to distribute Individual Investor magazine to newsstands, we may lose newsstand sales. In the event of a disruption, our insurance may not cover all of our losses. Any of these developments may cause our operating results to suffer materially.

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 might not be able to distribute Individual Investor magazine to newsstands in a timely manner. Since our distributors typically pickup Individual Investor magazine for newsstand distribution only shortly before the time the magazine is to be delivered, any disruption at our distributors could prevent the magazine from being distributed to newsstands in a timely manner. If a disruption at our distributors delays our ability to deliver Individual Investor magazine to newsstands, we may lose newsstand sales. Any of these developments may cause our operating results to suffer materially.

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 American Family Publishers, Publishers Clearing House and NewSub services. These agencies obtain subscribers primarily through use of direct mail campaigns. If the positive response to the promotion of Individual Investor magazine by these agencies is not great enough, or if the agencies believe that we may fail to fulfill a subscription, 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.

We may incorrectly forecast our success in obtaining and renewing subscriptions. We attempt to accurately forecast the number of subscribers to our print publications. We run the risk that our forecasts will be incorrect, either too high or too low. Our forecast could be too high if the number of new subscribers that we obtain is less than the amount we projected. Our forecast also could be too high if we get less renewal orders from existing subscribers. If our subscriber base is less than our projections, we will earn less subscription revenue and our advertising rate base will be lower, which would lead to lower advertising revenue. This could cause our operating results to suffer materially.

Our forecast could be too low if we obtain more new subscribers than projected, or if we receive more renewal orders than projected from existing subscribers. If our subscriber base is higher than we projected, we would earn more subscription revenue than projected, but have higher than expected production and distribution costs. We might not be able to increase our advertising rate base immediately. This could lead to our operating results being worse than projected.

We depend on independent parties 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 insurance might not cover all of our losses. Any of those developments could cause our operating results to suffer materially.

We need to manage our growth. Although our print publications business has not experienced rapid growth in the recent past, our online services, which commenced in May 1997, have experienced rapid growth. 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 need to establish and maintain relationships with other web sites to promote the growth of our online services business. For us to maintain and increase the traffic to our web sites, it is important for us 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 might be required to pay fees in order to establish or maintain relationships with these sites. It also is possible, however, that we may be able to charge fees in connection with these relationships in the future. 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. Even if we enter into such relationships, they may not attract significant numbers of viewers to our web sites.

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 site. 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 site must accommodate a high volume of traffic, often at unexpected times. Our web site has 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 readers to perceive our web site as not functioning properly and, therefore, cause them to use other methods to obtain their financial news and information. In such a case, 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 site 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 site 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 may not successfully develop new and enhanced services and features for our online services to the satisfaction of our customers. We intend to introduce additional and enhanced services in order to retain the current users of our online services and to attract new users. If we introduce a service that is not favorably received or fail to introduce certain new or enhanced services, our current users may choose a competitive service over ours. We may also experience difficulties that could delay or prevent us from introducing new services. Furthermore, the new services we may introduce could contain errors that are discovered after the services are introduced. If that happens, we may need to significantly modify the design or implementation of the services on our web sites to correct these errors. Our business, results of operations and financial condition could be materially adversely affected if we experience difficulties

in introducing new services or if these new services are not accepted by our users.

We depend on the continued growth in use and efficient operation of the web. The web-based information market is new and rapidly evolving. Our business would 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:

-- inadequate network infrastructure;

-- security concerns;

-- inconsistent quality of service; and

-- 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 site. 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 readers to perceive the web in general or our web site 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 site 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.

Government regulation and legal uncertainties relating to the web. Certain existing laws or regulations specifically regulate communications or commerce on the web. Further, laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation and the characteristics and quality of online products and services are under consideration by federal, state, local and foreign governments and agencies. Several telecommunications companies have petitioned the Federal Communications Commission to regulate Internet service providers and online services providers in a manner similar to the regulation of long distance telephone carriers and to impose access fees on such companies. That regulation, if imposed, could increase the cost of transmitting data over the web. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel, obscenity and personal privacy are applicable to the web. The Federal Trade Commission and government agencies in certain states have been investigating certain Internet companies regarding their use of personal information. We could incur additional expenses if any new regulations regarding the use of personal information are introduced or if these agencies chose to investigate our privacy practices. Any new laws or regulations relating to the web, or certain applications or interpretations of existing laws, could decrease the growth in the use of the web, decrease the demand for our web site or otherwise materially adversely affect our business.

Web security concerns could hinder Internet commerce. Concern about the transmission of confidential information over the Internet has been a significant barrier to electronic commerce and communications over the web. Any well-publicized compromise of security could deter people from using the web or from using it to conduct transactions that involve the transmission of confidential information, such as signing up for a paid subscription, executing stock trades or purchasing goods or services. Because many of our advertisers seek to advertise on our web site to encourage people to use the web to purchase goods or services, our business, results of operations and financial condition could be materially adversely affected if Internet users significantly reduce their use of the web because of security concerns. We may also incur significant costs to protect ourselves against the threat of security breaches or to alleviate problems caused by such breaches.

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, Magic 25 and the INDI SmallCap 500) is an important aspect of our efforts to continue to attract subscribers and readers. 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 readers, which could materially adversely affect our business, results of operations and financial condition.

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'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 trust), beneficially own approximately 42.4% of the outstanding shares of common stock of our company. As a result of their ownership of common stock, they will be able to significantly influence all matters requiring approval by our stockholders, including the election of our directors. Because it would be very difficult for another company to acquire our company without the approval of the Steinbergs, other companies might not view our company as an attractive takeover candidate. Our stockholders therefore may have less of a chance to benefit from any possible takeover of our 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 we 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, Magic 25 and the INDI SmallCap 500. 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, 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.

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 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 site through links to other web sites. Our insurance may not adequately protect us against these claims.

Year 2000 risks. We have evaluated the potential impact of the situation commonly referred to as the "Year 2000 Issue". The Year 2000 Issue concerns the inability of information systems, whether due to computer hardware or software, to properly recognize and process date sensitive information relating to the year 2000 and beyond. To attempt to ensure that our computer systems will not be disrupted by the Year 2000 Issue, we developed a plan to assess, and to fix where necessary, any Year 2000 Issue with respect to our computer systems. We have identified the fixes that should be made to our computer systems in light of the Year 2000 Issue, have completed most of our repair efforts, and currently expect to complete our repair efforts and test our systems before December 1999.

We currently believe that total direct costs associated with making our systems "Year 2000 Ready" (that is, not disrupted by the Year 2000 Issue) should not exceed $30,000. We do not believe that the diversion of employee resources required to address the Year 2000 Issue will have a material effect on our operating results or financial condition. We do not currently have in place a contingency plan of action in the event that we are not able to make our computer systems Year 2000 Ready, but will consider on an ongoing basis whether such a contingency plan should be developed.

The dates on which we believe we will complete our Year 2000 plan, and the costs associated with the efforts, are based on our current best estimates. However, we cannot guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, making our systems Year 2000 Ready. Specific factors that might cause differences between the estimates and actual results include the following: the availability and cost of personnel trained in these areas; the ability to locate and correct all relevant computer code and hardware devices (such as microcontrollers); timely responses to and corrections by third-parties and suppliers; the ability to implement interfaces between the new systems and the systems not being replaced; and similar uncertainties. Due to the general uncertainty inherent in the Year 2000 Issue, resulting in part from the uncertainty of the Year 2000 readiness of third parties and the interconnection of global businesses, we cannot guarantee

that will be able to resolve, in a timely or cost-effective fashion, any problems associated with the Year 2000 Issue. If we fail to resolve, in a timely and cost-effective fashion, any problems associated with the Year 2000 Issue, our operations and business could be materially adversely affected. If that happens, we also could incur liabilities to third parties.

We also face risks and uncertainties to the extent that the independent suppliers of products, services and systems on which we rely do not have business systems or products that are Year 2000 Ready. We have communicated with significant suppliers and customers to determine the extent to which our systems and products are vulnerable to those third parties' failure to fix their own systems' Year 2000 Issues. The systems or products of other companies on which we rely might not be made Year 2000 Ready in time to prevent disruption. If the systems of any of those third parties are disrupted, our operations and business could be materially adversely affected. We are in the process of identifying what actions may be needed to reduce our vulnerability to problems related to the companies with which we interact, but we do not currently have in place a contingency plan of action in the event that the failure by one or more third parties to make their computer systems Year 2000 Ready causes us to suffer material adverse effects. We will consider on an ongoing basis whether such a contingency plan should be developed.

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