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

# Form 10-QSB

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

For the quarterly period ended March 31, 2002

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

For the transition period from ______ to ______

Commission file number 1-10932

INDIVIDUAL INVESTOR GROUP, INC.
(Exact name of small business issuer as specified in its charter)

| Delaware | 13-3487784 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

125 Broad Street, 14th Floor, New York, New York 10004
(Address of principal executive offices)

(212) 742-2277
(Issuer's telephone number)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: as of May 3, 2002, issuer had outstanding 7,894,552 shares of Common Stock, $.01 par value per share.

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INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

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INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEET

| ASSETS | March 31, 2002 |
|---|---|
| Current assets: | |
| Cash and cash equivalents | $ 1,009,248 |
| Accounts receivable (net of allowances of $308,783) | 141,565 |
| Prepaid expenses and other current assets | 119,692 |
| Total current assets | 1,270,505 |
| Property and equipment - net | 169,845 |
| Security deposits | 373,913 |
| Other assets | 588,851 |
| Total assets | $ 2,403,114 |

LIABILITIES AND STOCKHOLDERS' DEFICIT

| | |
|---|---|
| Current liabilities: | |
| Accounts payable | $ 992,441 |
| Accrued expenses | 250,209 |
| Deferred consulting fees and non compete | 325,000 |
| Deferred advertising revenue | 483,002 |
| Total current liabilities | 2,050,652 |
| Deferred subscription revenue | 1,299,957 |
| Total liabilities | 3,350,609 |
| Stockholders' Deficit: | |
| Preferred stock, $.01 par value, authorized 2,000,000 shares, 7,880 issued and outstanding | 79 |
| Common stock, $.01 par value; authorized 40,000,000 shares, 7,894,552, issued and outstanding | 78,945 |
| Additional paid-in capital | 33,410,579 |
| Warrants | 770,842 |
| Deferred compensation | (371) |
| Accumulated deficit | (35,207,569) |
| Total stockholders' deficit | (947,495) |
| Total liabilities and stockholders' deficit | $ 2,403,114 |

See Notes to Consolidated Condensed Financial Statements



INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

<Table>
<Caption>

| | 3 Months Ended March 31, | |
|---|---|---|
| | 2002 | 2001 |

| <S> | <C> | <C> |
|---|---|---|
| Revenues: | | |
| Print Publications | $ 488,355 | $ 2,622,660 |
| Total revenues | 488,355 | 2,622,660 |
| Operating expenses: | | |
| Editorial, production and distribution | 27,209 | 1,772,361 |
| Promotion and selling | - | 1,393,576 |
| General and administrative | 365,143 | 993,933 |
| Depreciation and amortization | 20,097 | 113,373 |
| Total operating expenses | 412,449 | 4,273,243 |
| Gain on sale of furniture and fixtures | 70,713 | - |
| Gain on disposition of investments (Note 2) | 84,926 | - |
| Operating income (loss) from continuing operations | 231,545 | (1,650,583) |
| Investment and other income | 4,837 | 52,419 |
| Net income (loss) from continuing operations | 236,382 | (1,598,164) |
| Discontinued operations (Note 3) | | |
| Gain (loss) from discontinued operations | 13,188 | (57,006) |
| Net income (loss) | $ 249,570 | $ (1,655,170) |
| Basic income (loss) per common share: | | |
| Continuing operations | $0.03 | $(0.18) |
| Discontinued operations | - | (0.01) |
| Net basic income (loss) per share | $0.03 | $(0.19) |
| Average number of common shares used in computing basic income (loss) per common share | 7,927,485 | 8,972,672 |
| Dilutive income (loss) per common share: | | |
| Continuing operations | $0.03 | $(0.18) |
| Discontinued operations | - | (0.01) |
| Net dilutive income (loss) per share | $0.03 | $(0.19) |
| Average number of common shares used in computing dilutive income (loss) per common share | 8,670,882 | 8,972,672 |

</Table>

See Notes to Consolidated Condensed Financial Statements



INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

<Table>
<Caption>

| | 3 Months Ended March 31, 2002 | 2001 |
|---|---|---|
| <S> | <C> | <C> |
| Cash flows from operating activities: | | |
| Net Income (loss) | $ 249,570 | $ (1,655,170) |
| Reconciliation of net income (loss) to net cash used in operating activities: | | |
| (Gain) loss from discontinued operations | (13,188) | 57,006 |
| Gain on sale of furniture and fixtures | (70,713) | - |
| Gain on diposition of investments | (84,926) | - |

| | | |
|---|---|---|
| Income (loss) from continuing operations | 80,743 | (1,598,164) |
| Depreciation and amortization | 20,097 | 113,372 |
| Stock option and warrant transactions | (7,948) | (119,325) |
| Amortization of consulting fees and non compete | (225,000) | - |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | 112,744 | 376,406 |
| Prepaid expenses and other current assets | 34,542 | (68,424) |
| Other assets | 252,831 | 148,612 |
| Security deposits | (1,367) | |
| Decrease in: | | |
| Accounts payable and accrued expenses | (215,049) | (188,184) |
| Deferred advertising revenue | (59,652) | (671,119) |
| Deferred subscription revenue | (367,592) | 171,677 |
| Net cash used in operating activities | (375,651) | (1,835,149) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (40,549) | (123,340) |
| Proceeds from sale of investments | 84,926 | - |
| Net proceeds from sale of assets | 70,713 | - |
| Net cash provided (used) by investing activities | 115,090 | (123,340) |
| Cash flows from financing activities: | | |
| Receivables financing | - | (257,034) |
| Preferred stock dividends | (39,400) | (39,400) |
| Net cash used by financing activities | (39,400) | (296,434) |
| Net cash provided (used) by discontinued operations | 17,765 | (18,221) |
| Net decrease in cash and cash equivalents | (282,196) | (2,273,144) |
| Cash and cash equivalents, beginning of period | 1,291,444 | 4,694,476 |
| Cash and cash equivalents, end of period | $ 1,009,248 | $ 2,421,332 |

</Table>

See Notes to Consolidated Condensed Financial Statements



NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated condensed financial statements include the accounts of Individual Investor Group, Inc. and its subsidiaries (collectively, the "Company"). Such financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes as required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary in order to make the financial statements not misleading have been included. Operating results for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. 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, 2001 on Form 10-KSB.

In June 2001, the Financial Accounting Standards Board ("FASB") approved the final standards resulting from its business combinations project. The FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," in July 2001. SFAS No. 141 is effective for any business combination accounted for by the purchase method that is completed after June 30, 2001. SFAS No. 142, which includes the requirements to test goodwill and intangible assets with indefinite lives for impairment, rather than amortize them, will be effective for fiscal years beginning after December 15, 2001. The

adoption of SFAS No. 141 and No. 142 did not have a material impact on the financial position, results of operations, or cash flows of the Company.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No.143 on January 1, 2003, and has not yet determined the impact that this statement will have on its results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and establishes accounting and reporting standards for long-lived assets to be disposed of by sale. This standard applies to all long-lived assets, including discontinued operations. SFAS No. 144 requires that those assets be measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 will be effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No.144 did not have a material impact on the financial position, results of operations, or cash flows of the Company.



2. INVESTMENTS

On June 2, 1999, the Company, Kirlin Holding Corp ("Kirlin") and Venture Highway, Inc. (at the time a wholly-owned subsidiary of Kirlin), entered into an agreement pursuant to which the Company acquired 3,308,688 newly issued shares (adjusted to reflect subsequent stock splits) of common stock of VentureHighway, representing 19.9% of the then-outstanding shares of common stock (the other 80.1% of which immediately after the transaction were held by Kirlin). The purchase price was paid in the form of a credit for VentureHighway to use to purchase advertising in the Company's magazines and web sites during the 30 months ended December 31, 2001. The investment was valued at the fair market value at the date of the transaction of approximately $2.6 million.

During the fourth quarter 2000, the Company became aware of an other than temporary decline in the value of its Venture Highway investment and adjusted the carrying value to estimated fair market value. Accordingly, the Company reduced the carrying value of its investments by approximately $2.6 million during the fourth quarter of the year-ended December 31, 2000.

During the quarter ended March 31, 2002 the Company received a partial distribution from Venture Highway of approximately $85,000. This amount has been recorded as a gain on disposition of investments. The Company has not accrued for any additional recoveries and will record such amount, if any, when received.

3. DISCONTINUED OPERATIONS

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

The loss from discontinued operations consisted of the following components:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2002 | 2001 |
| Revenues and other income | $ - | $ 609,723 |
| Gain (loss) from discontinued operations | 13,188 | (57,006) |

Net current liabilities at March 31 2001 related to discontinued operations are approximately $331,000.



4. STOCK OPTIONS

During the three months ended March 31, 2002, the Company did not grant any options to purchase the Company's Common Stock pursuant to the Company's stock option plans; no options were exercised; 59,000 options were canceled; and 20,750 options expired.

In May 2001, the Stock Option Committee, pursuant to the Company's 2000 Performance Equity Plan, awarded 223,000 shares ("Restricted Shares") of authorized but unissued Common Stock in the aggregate to certain employees subject to the terms of a restricted stock agreement. 194,000 of these shares were cancelled during 2001 and an additional 19,000 were cancelled in March 2002 upon the termination of employment of the respective employees.

5. INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share for the three months ended March 31, 2002 and 2001, respectively, is computed by dividing the net income (loss), after deducting accrued dividends on cumulative convertible preferred stock, by the weighted average number of shares of Common Stock outstanding during the applicable period. Diluted net income (loss) per common share for the three months ended March 31, 2002 and 2001, respectively, is computed by dividing net income (loss) by the weighted average number of shares of Common Stock and common equivalent shares during the applicable period. Common equivalent shares consist of the incremental shares of Common Stock issuable upon the exercise of stock options, warrants and other securities convertible into shares of Common Stock. The exercise of stock options, warrants and other securities convertible into shares of Common Stock were not assumed in the computation of diluted loss per common share, as the effect would have been antidilutive. The exercise of stock options and warrants were not assumed in the computation of diluted income per common share because the respective exercise prices of such securities were in excess of the value of the Common Stock during the applicable period.

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

| | Three Months Ended March 31, 2002 | 2001 |
|---|---|---|
| Net income (loss) | $ 249,570 | $ (1,655,170) |
| Preferred stock dividends | (39,400) | (39,400) |
| Net income (loss) applicable to common Shareholders | $ 210,170 | $ (1,694,570) |

Fully diluted net income (loss) applicable to common shareholders is $249,750 and ($1,655,170) for the periods ended March 31,2002 and 2001, respectively.

6. SEGMENT INFORMATION

The Company's business segments were 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 segment continues to publish Individual Investor's Special Situations Report, a financial investment newsletter, and until July 2001 published and marketed Individual Investor, a personal finance and investment magazine. In addition, between approximately October 1996 and September 2000, the Company's Print Publications segment also included Ticker, a magazine for investment professionals. The Company's Online Services segment was discontinued subsequent to the sale in November 2001 of certain assets related to individualinvestor.com. The financial statements for the three months ended March 31, 2001 have been restated to show the results of Online Services as a discontinued operation. The restated financials have been prepared consistent with the way such data is utilized by Company management in evaluating operating results. As a result of the discontinuance of the Company's Online Services segment, the Company now operates with one segment, Print Publications.



7. COMMITMENTS AND CONTINGENCIES

The Company leases office space in New York City under an operating lease that expires on March 31, 2004. The Company also subleases its former office space in New York City under an operating lease that expires March 1, 2005. In May 2001, the Company commenced a sublease of a portion of its headquarters office space to an unrelated third party and in January 2002, the Company commenced a sublease of

another portion of it headquarters office space to a different unrelated third party. The Company retains approximately 11% of its headquarters office space. The Company subleases its former office space to an unrelated third party. All of the above leases and subleases provide for yearly escalation of lease payments as well as real estate tax increases. The Company incurred additional leasehold expenses of approximately $41,000 in connection with the January 2002 sublease.

The Company has an outstanding letter of credit totaling $332,500 related to the security deposit for the Company's New York City corporate office space. The Company has received letters of credit from its sublease tenants in the aggregate amount of approximately $145,000.

8. MAGAZINE SALE

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

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

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

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

In return, Kiplinger:

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

-- paid the Company $3.5 million in cash, a portion of which was placed in escrow to secure certain obligations. All escrow balances less approximately $30,000 were returned to the Company by the end of January 2002.

In connection with this transaction, the Company reduced its employee headcount by approximately 90% in order to focus on its stock index licensing operations.

Print Publications revenues for the period ended March 31, 2002 represents income earned from the publication of SSR and non-cash income earned with respect to the amortization of the deferred subscription and deferred advertising liability and the consulting agreement.



9. SUBSEQUENT EVENT

In April 2002, the Company's board of directors and its chief executive officer, Jonathan Steinberg, agreed that between April 16, 2002 and December 31, 2002, Mr. Steinberg would receive no cash salary and instead would be granted a ten-year option to purchase the Company's Common Stock at an exercise price of $0.05 per share (the fair market value of the Common Stock on the date of the grant), vesting in bimonthly installments, each installment of which would have a Black-Scholes value (calculated on the April 2002 grant date) equal to the amount of cash salary that Mr. Steinberg otherwise would have received. Pursuant to that agreement, in April 2002, Mr. Steinberg was granted such an option for an aggregate of approximately 3.6 million shares, vesting bimonthly between April 30, 2002 and December 31, 2002, in installments of between approximately 208,000-216,000 shares. If all options granted April 2002 were to vest, the average consideration per share the Company would have received (i.e., the amount of salary our Company would have saved) by granting the option would be slightly above $0.045. In the event that any such option is exercised, the average consideration per share the Company would have received thus would be slightly above $0.095 (the sum of the approximately $0.045 in saved salary, plus the $0.05 exercise price the Company would receive) - an amount that more than 90% greater than the fair market value of the Common Stock on the date of grant.

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 months ended March 31, 2002 and March 31, 2001, 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 March 31, 2002. These sentences typically use words or phrases like "believes," "expects," "anticipates," "estimates," "projects," "will continue" and similar expressions. Statements using those words or similar expressions are intended to identify "forward-looking statements" as that term is used in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, projections of operating results for periods after March 31, 2002, concerning either a specific segment of the Company's business or the Company as a whole. For example, projections concerning the following are forward-looking statements: net revenues, operating expenses, net income or loss, gross margins, royalties, marketing expenses, sales expenses, and general and administrative expenses. Except to the extent that a statement in this Report is describing a historical fact, each statement in this Report is deemed to be a forward-looking statement.



2. Actual Results May Be Different than Projections. Due to a variety of risks and uncertainties, however, actual results may be materially different from the results projected in the forward-looking statements. These risks and uncertainties include those set forth in Item 2 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part I hereof, in Exhibit 99 hereof and elsewhere in this Report, and in Item 1 (entitled "Business") of Part I and in Item 7 (entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations") of Part II of the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2001, 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 Months Ended March 31, 2002 as Compared to the Three Months Ended March 31, 2001

In November 2001, the Company assigned to Telescan, Inc., certain of the Company's internet assets, including the domain name www.individualinvestor.com, in exchange for the 1,063,531 shares of the Company's Common Stock owned by Telescan and the Company subsequently discontinued its Online Services operations. The operating results relating to Online Services operations have been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations as discontinued operations. Consequently, the financial statements for the three months ended March 31, 2001 have been restated to conform to the March 31, 2002 financial presentation whereby there is only one segment in continuing operations, the Print Publications segment.

Net Income (Loss) from Continuing Operations

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

The Company's net income from continuing operations for the three months ended March 31, 2002 was approximately $0.2 million, an improvement of approximately $1.8 million as compared to a net loss from continuing operations of approximately $1.6 million for the three months ended March 31, 2001. The improvement from the prior year is primarily due to the Magazine Sale, the sale of other assets and the recovery of impaired investment losses. No income taxes were provided in 2002 or 2001 due to the net loss. The basic and dilutive income (loss) per weighted average common share from continuing operations for the three months ended March 31, 2002 was approximately $0.03 and $0.03, respectively, as compared to approximately $(0.18) and $(0.18), respectively, for the three months ended March 31, 2001. There were approximately 2.1 million fewer common shares outstanding at the end of March 31, 2002 as compared to March 31, 2001.

Operating Income (Loss) from Continuing Operations

The Company recorded an operating gain from continuing operations for the three months ended March 31, 2002 of approximately $0.2 million, an improvement of approximately $1.9 million as compared to an operating loss from continuing operations of approximately $1.7 million for the three months ended March 31, 2001. The improvement from the prior year is primarily due to the Magazine Sale, the sale of other assets and the recovery of impaired investment losses.

Revenues

Revenues for the three months ended March 31, 2002 of $0.5 million represents approximately $0.2 million of non-cash deferred consulting revenues and approximately $0.2 million of non-cash deferred subscription revenues relating to the Magazine Sale. Most of the remaining amount of approximately $0.1 million is composed of non-cash deferred advertising revenue. The decline in Print Publication revenues of approximately $2.1 million is primarily attributable to the Magazine Sale.

Operating Expenses

Operating expenses for the three months ended March 31, 2002 decreased approximately 90%, to approximately $0.4 million as compared to approximately $4.3 million for the three months ended March 31, 2001. The decline is attributable primarily to the reduction of expenses following the Magazine Sale.

Editorial, production and distribution expenses for the three months ended March 31, 2002 decreased approximately 98% to approximately $27,000 as compared to approximately $1.8 million for the three months ended March 31, 2001. Editorial, production and distribution expenses for the three months ended March 31, 2001 include expenses (primarily employee salaries) and obligations incurred prior to the Magazine Sale in July 2001. The decline in editorial, production and distribution expenses for the quarter ended March 31, 2002 is attributable primarily to the reduction of expenses following the Magazine Sale.

There were no promotion and selling expenses for the three months ended March 31, 2002 as compared to approximately $1.4 million and for the three months ended March 31, 2001. The decline is attributable primarily to the reduction of expenses following the Magazine Sale.

General and administrative expenses for the three months ended March 31, 2002 decreased approximately 62% to approximately $0.4 million as compared to approximately $1.0 million for the three months ended March 31, 2001. The decline is primarily attributable to a reduction in headcount primarily due to the Magazine Sale.

Depreciation and amortization expense for the three months ended March 31, 2002 decreased approximately 82% to approximately $20,000 as compared to approximately $113,000 for the three months ended March 31, 2001. The decrease is primarily due to the disposal of assets related to the Magazine Sale and the disposition of furniture and fixtures and computer equipment upon the execution of the subleases.



Gain on Sale of Furniture and Fixtures

Gain on sale of assets for the three months ended March 31, 2002 of approximately $0.1 million represents proceeds received from the sale of furniture and fixtures and computer equipment. There were no comparable gains for the three months ended March 31, 2001.

Gain on Disposition of Investments

Gain on disposition of investments for the three months ended March 31, 2002 of approximately $0.1 million represents proceeds from distributions received as a result of an investment that had previously been written off. There were no comparable gains for the three months ended March 31, 2001.

Investment and Other Income

Investment and other income for the three months ended March 31, 2002 decreased to approximately $5,000 as compared to approximately $52,000 for the three months ended March 31, 2001. The decreased income for the three months ended March 31, 2002 is due to decreased cash balances and lower interest rates on deposits.

Net Income (Loss)

The Company recorded net income for the three months ended March 31, 2002 of approximately $0.2 million compared to net loss of approximately $1.7 million for the three months ended March 31, 2001. No income taxes were provided

in 2002 due to net operating loss carryovers nor in 2001 due to the net loss. The basic and dilutive net income (loss) per weighted average common share for the three months ended March 31, 2002 was approximately $0.03 and $0.03, respectively, as compared to approximately $(0.19) and $(0.19), respectively, for the three months ended March 31, 2001.

Liquidity and Capital Resources

As of March 31, 2002, the Company had cash and cash equivalents totaling approximately $1.0 million and negative working capital of approximately $0.8 million. During the three months ended March 31, 2002, the Company received cash proceeds, net of cash expenses, of approximately $115,000 from the sale and purchase of investments and furniture and fixtures. Net cash used in operating activities during the three months ended March 31, 2002 was approximately $376,000. Cash used in financing activities was approximately $39,000 and cash provided by discontinued operations was approximately $18,000. The Company's cash and cash equivalents balance of approximately $1.0 million at March 31, 2002 represented a decrease of approximately $0.3 million from the December 31, 2001 balance.



The Company's current levels of revenues are not sufficient to cover its expenses. The Company is not able to predict the magnitude of the licensing revenues, if any, that it might obtain in connection with the Company's license of the America's Fastest Growing Companies(SM) Index to Nuveen Investments and the American Stock Exchange for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon the America's Fastest Growing Companies(SM) Index. The licensing revenue to the Company would be owed quarterly once the exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index began trading. Since the Company has minimal expenses associated with maintaining the America's Fastest Growing Companies(SM) Index, the royalties the Company may derive could have a high gross margin (the higher the royalty payments, the greater the gross margin). In March 2002, the Securities and Exchange Commission ("Commission") granted Nuveen the exemptive order it sought in order to be allowed to sponsor an exchange-traded fund based upon the Company's America's Fastest Growing Companies(SM) Index. Such an exchange-traded fund only could commence trading if a registration statement with respect to such fund was declared effective by the Commission. There can be no assurance, however, that Nuveen will seek to have the Commission declare effective, or that the Commission would declare effective, a registration statement with respect to such fund, or that an exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index will commence trading. There also can be no assurance that, if it did commence trading, an exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index would prove to be popular or that the Company will receive any material amount of revenues with respect to the licenses described in this paragraph. The Company recently announced three additional indexes, the America's Fastest Growing Companies(SM) MidCap Index, the America's Fastest Growing Companies(SM) LargeCap Index and the America's Fastest Growing Companies(SM) Total Growth Index and has developed additional indexes as well. The Company has had discussions with a variety of parties concerning the potential license of the Company's indexes for the creation of financial products. There can no assurance the Company will execute licensing agreements with respect to such indexes, that financial products based upon such indexes would enter the market or that the Company would derive any material revenues with respect to any such licenses.

The Company believes that its working capital and the amount it is entitled to receive from its sublessees will be sufficient to fund its operations and capital requirements through 2002. The Company's sublessees have been current on their rental payments to the Company and the Company does not currently have any reason to believe that any sublessee would fail to make the rental payments owed to the Company. In the event that the Company's sublessees failed to make the rental payments owed to the Company, the Company would need to obtain additional capital in order to sustain operations. There can be no assurance, however, that the Company would be able to obtain additional capital, nor can there can be assurance as to the terms upon which the Company might be able to obtain additional capital. Obtaining any additional capital could result in a substantial dilution of an investor's equity investment in the Company.



Recent Accounting Pronouncements

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

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No.143 on January 1, 2003, and has not yet determined the impact that this statement will have on its results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and establishes accounting and reporting standards for long-lived assets to be disposed of by sale. This standard applies to all long-lived assets, including discontinued operations. SFAS No. 144 requires that those assets be measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 will be effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No.144 did not have a material impact on the financial position, results of operations, or cash flows of the Company.



INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

<Table>
<Caption>

| Exhibit No. | Description | Method of Filing |
|---|---|---|
| <S> | <C> | <C> |
| 3.1 | Amended and Restated Certificate of Incorporation of Issuer, as amended through June 22, 1999 | Incorporated by reference to Exhibit 3.2 to the Form 10-Q for the quarter ended June 30, 1999 |
| 3.2 | By-laws of Issuer amended through April 27, 1999 | Incorporated by reference to Exhibit 3.3 to the Form 10-Q for the quarter ended June 30, 1999 |
| 10.1 | Agreement of Sublease dated as of December 18, 2001 between Issuer and Fahnestock & Co. Inc. | Incorporated by reference to Exhibit 10.34 to the Form 10-KSB for the year ended December 31, 2001 |
| 99 | Certain Risk Factors | Filed herewith |

</Table>

(b) Reports on Form 8-K

The Company filed a report on Form 8-K on January 11, 2002 with respect to the execution of an agreement of sublease dated December 18, 2001, which received the written consent of the underlying landlord on January 11, 2002.



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SIGNATURES

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

thereunto duly authorized.

DATE: May 9, 2002

INDIVIDUAL INVESTOR GROUP, INC. (Issuer)

By: /s/ Jonathan L. Steinberg
-------------------------
Jonathan L. Steinberg,
Chief Executive Officer and Director

By: /s/ Gregory E. Barton
-------------------------
Gregory E. Barton,
President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Howard B. Lorch
-------------------------
Howard B. Lorch,
Vice President, Controller
(Principal Accounting Officer)

EXHIBIT 99

CERTAIN RISK FACTORS

Dated: May 9, 2002

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

We likely need to raise additional capital in the future. Our current levels of revenues are not sufficient to cover our expenses. We believe that our working capital and the amount we are entitled to receive from our sublessees will be sufficient to fund our operations and capital requirements through 2002. Our sublessees have been current on their rental payments to us and we do not currently have any reason to believe that any sublessee would fail to make the rental payments owed to us. In the event that our sublesees fail to make the rental payments owed to us, we would need to obtain additional capital in order to sustain operations. We cannot assure you, however, that we would be able to obtain additional capital, nor can we assure you as to the terms upon which we might be able to obtain additional capital. Obtaining additional capital could result in a substantial dilution of your equity investment in us.

We cannot predict whether our index licensing operations will generate significant revenue in the future. We have not yet derived revenues from our index licensing operations. We have licensed our America's Fastest Growing Companies(SM) Index to Nuveen Investments and the American Stock Exchange for the creation of an exchange-traded fund to be sponsored by Nuveen and based upon the America's Fastest Growing Companies(SM) Index. We are not able to predict the magnitude of the licensing revenue, if any, that we might obtain in connection with that license. The licensing revenue would be owed to us quarterly once the exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index began trading. Since we have minimal expenses associated with maintaining the America's Fastest Growing Companies(SM) Index, the royalties that we may derive could have a high gross margin (the higher the royalty payments, the greater the gross margin). In March 2002, the Securities and Exchange Commission ("Commission") granted Nuveen the exemptive order it sought in order to be allowed to sponsor an exchange-traded fund based upon our America's Fastest Growing Companies(SM) Index. Such an exchange-traded fund only could commence trading if a registration statement with respect to such fund was declared effective by the Commission. We cannot assure you, however, that Nuveen will seek to have the Commission declare effective, or that the Commission would declare effective, a registration statement with respect to such fund, or that an exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index will commence trading. We also cannot assure you that, if it did commence trading, an exchange-traded fund based upon the America's Fastest Growing Companies(SM) Index would prove to be popular or that we will receive any material amount of revenue with respect to the licenses described in this paragraph. We recently announced three additional indexes, the America's Fastest Growing Companies(SM) MidCap Index, the America's Fastest Growing Companies(SM) LargeCap Index and the America's Fastest Growing Companies(SM) Total Growth Index and have developed additional indexes as well. We have had discussions with a variety of parties concerning the potential license of our indexes for the creation of financial products. We cannot assure you that we will execute licensing agreements with respect to such indexes, that financial products based upon such indexes would enter the market or that we would derive any material revenues with respect to any such licenses.

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We have a history of losses and we anticipate that our losses will continue in the future. As of March 31, 2002, we had an accumulated deficit of approximately $35.2 million. Since inception, the only calendar year during which we were profitable was 1995. We expect to continue to incur operating losses during 2002. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future.

Control of the Company by Principal Stockholders. At the present time, Jonathan Steinberg and Saul Steinberg (who is Jonathan Steinberg's father) beneficially own approximately 33.9% of the common stock of the Company. Additionally, the following entities currently beneficially own the following amount of the common stock of the Company: American Financial Group, Inc., approximately 8.6%; and Reliance Financial Services Corporation, approximately 8.4%. As a result of their beneficial ownership of common stock, these parties will be able to significantly influence all matters requiring approval by the Company's stockholders, including the election of its directors. Because it may be very difficult for another company to acquire us without the approval of the Steinbergs, other companies might not view us as an attractive takeover candidate. Our stockholders, therefore, may have less of a chance to benefit from any possible takeover of the Company, than they would if the Steinbergs did

not have as much influence.

We rely on our intellectual property. To protect our rights to our intellectual property, we rely on a combination of trademark and copyright law, trade secret protection, confidentiality agreements, laws governing tortious conduct (including, for example, unfair competition) and other contractual arrangements with our employees, affiliates, clients, strategic partners and others. The protective steps we have taken may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We have registered certain of our trademarks in the United States and have pending U.S. and foreign applications for other trademarks. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. We are somewhat dependent upon the use of certain trademarks in our operation, including the mark America's Fastest Growing Companies(R).

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