SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarter ended October 31, 1997

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

Commission File Number 0-22846

CMG INFORMATION SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	04-2921333
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identificati on No.)

100 BRICKSTONE SQUARE, FIRST FLOOR ANDOVER, MASSACHUSETTS	01810
(Address of principal executive offices)	(Zip Code)

(978) 684-3600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Number of shares outstanding of the issuer's common stock, as of December 9, 1997

COMMON STOCK, PAR VALUE $.01 PER SHARE	9,761,801
Class	Number of shares outstanding

CMG INFORMATION SERVICES, INC.
FORM 10-Q

INDEX

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands, except share and per share amounts)

	October 31, 1997	July 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 57,246	$ 59,762
Available-for-sale securities	1,200	5,945
Accounts receivable, trade, less allowance for doubtful accounts	21,383	19,869
License fees receivable	10,102	9,066
Prepaid expenses	7,474	6,174
Other current assets	5,706	5,875
Total current assets	103,111	106,691
Property and equipment, net	11,193	11,144
Investments in affiliates	11,146	9,160
Cost in excess of net assets of subsidiaries acquired, net of accumulated amortization	17,208	17,109
Other assets	4,105	4,250
	$146,763	$148,354
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 12,494	$ 22,494
Current installments of long-term debt	3,414	3,221
Accounts payable	13,013	9,959
Accrued expenses	18,482	18,341
Deferred revenues	16,713	13,680
Other current liabilities	1,294	442
Total current liabilities	65,410	68,137
Long term debt, less current installments	8,660	9,550
Long-term deferred revenues	3,375	5,100
Deferred income taxes	7,616	8,481
Other long term liabilities	3,006	2,119
Minority interest	26,680	25,519
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 5,000,000 shares; none issued	--	--
Common stock, $.01 par value. Authorized 40,000,000 shares; issued 9,722,390 shares at October 31, 1997 and 9,659,543 shares at July 31, 1997	97	97
Additional paid-in capital	17,614	16,879
Net unrealized gain on available-for-sale securities	--	852
Retained earnings	14,305	11,620
Total stockholders' equity	32,016	29,448
	$146,763	$148,354

The accompanying notes are an integral part of the consolidated financial statements.

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(in thousands, except per share amounts)

	Three months ended October 31, 1997	Three months ended October 31, 1996
Net revenues	$ 25,135	$ 10,640
Operating expenses:		
Cost of revenues	15,259	5,366
Research and development	6,174	4,965
In-process research and development	--	1,312
Selling	11,040	9,206
General and administrative	4,901	4,240
Total operating expenses	37,374	25,089
Operating loss	(12,239)	(14,449)
Other income (deductions):		
Interest income	843	962
Interest expense	(770)	(38)
Gain on sale of data warehouse product rights	8,437	--
Gain on sale of Lycos, Inc. common stock	6,324	--
Gain on sale of Premiere Technologies, Inc. common stock	4,174	--
Loss on stock issuance by subsidiary	(94)	--
Gain on sale of investment in TeleT Communications	--	3,616
Equity in losses of affiliates	(1,529)	(1,008)
Minority interest	(28)	2,422
	17,357	5,954
Income (loss) before income taxes	5,118	(8,495)
Income tax expense (benefit)	2,433	(1,098)
Net income (loss)	$ 2,685	$ (7,397)
Primary earnings (loss) per share	$0.24	$(0.81)
Fully diluted earnings (loss) per share	$0.24	$(0.81)
Weighted average common and dilutive common equivalent shares outstanding:		
Primary	10,316	9,167
Fully diluted	10,320	9,167

The accompanying notes are an integral part of the consolidated financial statements.

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended October 31, 1997	1996
Cash flows from operating activities:		
Net income (loss)	$ 2,685	$ (7,397)
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation and amortization	1,644	1,105
Deferred income taxes	(1,183)	(1,572)
Gain on sale of data warehouse product rights	(8,437)	--
Gain on sale of Lycos, Inc. common stock	(6,324)	--
Gain on sale of Premiere Technologies, Inc. common stock	(4,174)	--
Loss on issuance of stock by subsidiary	94	--
Gain on sale of investment in TeleT Communications	--	(3,616)
Equity in losses of affiliates	1,529	1,008
Minority interest	28	(2,422)
In-process research and development	--	1,312
Changes in operating assets and liabilities, excluding effects of acquired companies:		
Accounts and license fees receivable	(1,900)	223
Prepaid expenses and other current assets	(2,907)	(490)
Accounts payable and accrued expenses	1,601	1,282
Deferred revenues	1,308	(425)
Refundable and accrued income taxes, net	3,672	455
Other assets and liabilities	(6)	384
Net cash used for operating activities	(12,370)	(10,153)
Cash flows from investing activities:		
Additions to property and equipment	(2,017)	(1,703)
Proceeds from sale of data warehouse product rights	9,543	--
Proceeds from sale of Lycos, Inc. common stock	7,149	--
Proceeds from sale of Premiere Technologies, Inc. common stock	7,555	--
Investments in affiliates and acquisitions of subsidiaries	(3,516)	(13,848)
Proceeds from maturities of available-for-sale securities	--	9,519
Proceeds from sale of investment in TeleT Communications	--	550
Other	(126)	(456)
Net cash provided by (used for) investing activities	18,588	(5,938)
Cash flows from financing activities:		
Proceeds from issuance of notes payable and long-term debt	--	7,030
Repayments of notes payable and long-term debt	(10,697)	--
Sale of common stock, net	425	61
Purchase of treasury stock	--	(836)
Proceeds from issuance of stock by subsidiary	477	--
Other	1,061	138
Net cash provided by (used for) financing activities	(8,734)	6,393
Net decrease in cash and cash equivalents	(2,516)	(9,698)
Cash and cash equivalents at beginning of period	59,762	63,387
Cash and cash equivalents at end of period	$ 57,246	$ 53,689

The accompanying notes are an integral part of the consolidated financial statements.

A. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary for a fair presentation of the Company's financial position, results of operations and cash flows at the dates and for the periods indicated. While the Company believes that the disclosures presented are adequate to make the information not misleading, these consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended July 31, 1997 which are contained in the Company's Annual Report on Form 10-K. The results for the three month period ended October 31, 1997 are not necessarily indicative of the results to be expected for the full fiscal year. Certain prior year amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to conform with current year presentation.

B. SALE OF ENGAGE DATA WAREHOUSE PRODUCTS AND RESTRUCTURING OF ENGAGE TECHNOLOGIES

From its inception in August, 1995, through July 31, 1997, the Company's wholly-owned subsidiary, Engage Technologies, Inc. (Engage) focused on providing traditional mailing list maintenance and database services (through its ListLab division), and on developing data mining, querying, analysis and targeting software products for use in large database applications. As such, the results of Engage's operations were classified in the Company's list and database services segment through July 31, 1997. During the first quarter of fiscal 1998, Engage sold certain rights to its Engage.Fusion(TM) and Engage.Discover(TM) data warehouse products to Red Brick Systems, Inc. (Red Brick) for $9.5 million and 238,160 shares of Red Brick common stock, and recorded a pretax gain of $8,437,000 on the sale. These highly advanced products had been developed to accelerate the design and creation of very large data warehouses and perform high-end data query and analysis. Engage retained the exclusive right to sell Engage.Fusion and Engage.Discover to interactive media markets as part of its Engage Product Suite. Additionally, during the first quarter of fiscal year 1998, Engage transferred its ListLab division to the Company's recently formed subsidiary, CMG Direct Corporation. With the sale of these rights and transfer of its ListLab division, Engage has narrowed its focus to the Internet software solutions market, where it seeks to help companies individually distinguish, understand and interact with anonymous prospects and customers in personalized marketing, sales, and service relationships via the Internet. As a result of this repositioning, beginning in fiscal year 1998, the operating results of Engage are now classified in the Company's investment and development segment.

The 238,160 shares of Red Brick common stock received from the sale of Engage's data warehouse products are subject to a one year restriction on transferability, and have been classified in available-for-sale securities, with a carrying value of $1,200,000, net of market value discount to reflect the holding period requirement. The estimated fair value of these shares approximates their carrying value as of October 31, 1997.

C. ACQUISITIONS AND INVESTMENTS

During the first quarter of fiscal year 1998, the Company, through its limited partnership subsidiary, CMG@Ventures, L.P. and its limited liability company subsidiary, CMG@Ventures II LLC, (collectively CMG@Ventures) invested a total of $3,016,000 to acquire an initial 11% minority ownership interest in Chemdex Corporation (Chemdex), a developer of an online marketplace for life science products, an initial 22% interest in Speech Machines plc (Speech Machines), a developer of productivity-enhancing technologies using advanced speech recognition applications, and to participate in a follow on equity round of financing raised by GeoCities. The Company's investment in Chemdex is carried at cost in CMG's financial statements and its investment in Speech Machines is accounted for under the equity method. The GeoCities financing round included participation from outside investors, and afterwards, the Company's ownership in GeoCities remained unchanged at 41%. Also in the first quarter of fiscal year 1998, the Company, through CMG@Ventures, exercised 96,000 Lycos options for an investment of $192,000, and provided $500,000 of bridge loan financing to Parable, LLC. CMG had initially purchased its 96,000 Lycos options in October, 1996 for $456,000.

D. SALES OF LYCOS AND PREMIERE TECHNOLOGIES STOCK

During the first quarter of fiscal year 1998, CMG@Ventures, L.P. distributed 300,000 of its shares of Lycos, Inc. (Lycos) common stock to the Company, and 121,235 shares to CMG@Ventures profit partners. In September, 1997 the Company filed with the SEC on Form 144 to sell its 300,000 shares of Lycos stock on the open market, and sold 219,900 of its Lycos shares through October 31, 1997. As a result of the sale, the Company received proceeds of $7,149,000, and recognized a pretax gain of $6,324,000, reported net of the associated interest attributed to CMG@Ventures' profit partners, reflected as "Gain on sale of Lycos, Inc. common stock."

During the first quarter of fiscal year 1998, CMG@Ventures, L.P. distributed 224,795 of its shares of Premiere Technologies, Inc.(Premiere) common stock to the Company, and allocated 58,538 Premiere shares to CMG@Ventures profit partners. The Company sold its 224,795 shares during the first quarter for proceeds of $7,555,000, realizing a net gain of $4,174,000 on the sale.

E. EARNINGS (LOSS) PER SHARE

Net income (loss) per common share is computed based upon the weighted average number of common and common equivalent shares outstanding during each period. Common equivalent shares, using the treasury stock method, are included in the per share calculations only when the effect of their inclusion would be dilutive. Accordingly, since the Company reported a net loss during the first quarter of fiscal 1997, common equivalent shares have not been included in the calculation of weighted average shares outstanding for the three month period ending October 31, 1996. Common stock equivalent shares consist of stock options.

If a subsidiary has dilutive warrants or options outstanding, the Company's earnings per share is computed by first deducting from net earnings the income attributable to the potential exercise stock options or warrants of the subsidiary. This amount is then divided by the weighted average number of the Company's common and common equivalent shares outstanding during the period.

F. SEGMENT INFORMATION

The Company's operations are classified in three primary business segments: (i) lists and database services, (ii) fulfillment services and (iii) investment and development. Summarized financial information by business segment is as follows:

	Three months ended October 31,	
	1997	1996
Net revenues:		
Lists and database services	$ 2,540,000	$ 3,100,000
Fulfillment services	12,024,000	3,544,000
Investment and development	10,571,000	3,996,000
	$ 25,135,000	$ 10,640,000
Operating income (loss):		
Lists and database services	$ (41,000)	$ (1,423,000)
Fulfillment services	1,061,000	585,000
Investment and development	(13,259,000)	(13,611,000)
	$(12,239,000)	$(14,449,000)

G. CONSOLIDATED STATEMENTS OF CASH FLOWS SUPPLEMENTAL INFORMATION

	Three months ended October 31, 1997	1996
Cash paid during the period for:		
Interest	$ 717	$ 69
Income taxes	$ 83	$ 16

H. NEW ACCOUNTING PRONOUNCEMENT

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share", which establishes and simplifies standards for computing and presenting earnings per share. SFAS No. 128 replaces primary and fully diluted earnings per share with basic and diluted earnings per share. SFAS No. 128 will be effective for the Company's second quarter of fiscal 1998, and requires restatement of all previously reported earnings per share data that are presented. Early adoption of this statement is not permitted. The Company has not yet evaluated the impact of adopting SFAS No. 128.

I. SUBSEQUENT EVENTS

Subsequent to October 31, 1997 the Company filed with the SEC on Form 144 its intent to sell up to an additional 400,000 shares of Lycos stock on the open market. Additionally, subsequent to October 31, 1997 the Company distributed 216,034 Lycos shares to the profit partners of CMG@Ventures, L.P. Through the subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos has been reduced from just in excess of 50% at October 31, 1997, to below 50% beginning in November, 1997. As such, beginning in November, 1997, the Company will account for its remaining investment in Lycos under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Lycos were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Lycos were consolidated with those of CMG's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal year ended July 31, 1997 and the fiscal quarter ended October 31, 1997 included Lycos sales and operating losses as follows:

(in thousands)

	Fiscal Quarter ended Oct. 31, 1996	Jan. 31, 1997	Apr. 30,1997	Jul. 31, 1997	Oct. 31, 1997
Net revenues	$3,663	$5,004	$ 5,853	$ 7,753	$9,303
Operating loss	$(3,341)	$(2,553)	$(1,753)	$(1,102)	$ (433)

The Company's historical consolidated Balance Sheets as of July 31, 1997 and October 31, 1997 included Lycos current assets and liabilities and total assets and liabilities as follows:

	Jul. 31, 1997	Oct. 31, 1997
Current assets	$60,745	$63,935
Total assets	$65,419	$67,694
Current liabilities	$22,615	$25,822
Total liabilities	$27,772	$29,259

Subsequent to October 31, 1997, on December 8, 1997, the Company announced that Intel Corporation has agreed to purchase a 4.9 percent ownership in CMG, subject to certain customary terms and conditions, and that the two companies intend to explore business opportunities to collaborate in the future.

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The matters discussed in this report contain forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section and elsewhere in this report, and the risks discussed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included in the Company's Annual Report on Form 10-K for the year ended July 31, 1997.

SALES OF LYCOS STOCK SUBSEQUENT TO OCTOBER 31, 1997

During the first fiscal quarter ended October 31, 1997 the Company filed with the SEC on Form 144 to sell up to 300,000 shares of Lycos stock on the open market, of which 219,900 shares were then sold. Subsequent to October 31, 1997 the Company filed with the SEC on Form 144 to sell up to an additional 400,000 shares of Lycos stock on the open market. Additionally, subsequent to October 31, 1997 the Company distributed 216,034 Lycos shares to the profit partners of CMG@Ventures, L.P. Through the subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos has been reduced from just in excess of 50% at October 31, 1997, to below 50% beginning in November, 1997. As such, beginning in November, 1997, the Company will account for its remaining investment in Lycos under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Lycos were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Lycos were consolidated with those of CMG's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal year ended July 31, 1997 and the fiscal quarter ended October 31, 1997 included Lycos sales and operating losses as follows:

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SALE OF ENGAGE DATA WAREHOUSE PRODUCTS AND RESTRUCTURING OF ENGAGE TECHNOLOGIES

From its inception in August, 1995, through July 31, 1997, the Company's wholly-owned subsidiary, Engage Technologies, Inc. (Engage) focused on providing traditional mailing list maintenance and database services (through its ListLab division), and on developing data mining, querying, analysis and targeting software products for use in large database applications. As such, the results of Engage's operations were classified in the Company's list and database services segment. During the first quarter of fiscal 1998, Engage sold certain rights to its Engage.Fusion(TM) and Engage.Discover(TM) data warehouse products to Red Brick Systems, Inc. (Red Brick) for $9.5 million and 238,160 shares of Red Brick common stock. These highly advanced products had been developed to accelerate the design and creation of very large data warehouses and perform high-end data query and analysis. Engage retained the exclusive right to sell Engage.Fusion and Engage.Discover to interactive media markets as part of its Engage Product Suite. Additionally, during the first quarter of fiscal year 1998, Engage transferred its ListLab division to the Company's recently formed subsidiary, CMG Direct

Corporation. With the sale of these rights and transfer of its ListLab division, Engage has narrowed its focus to the Internet software solutions market, where it seeks to help companies individually distinguish, understand and interact with anonymous prospects and customers in personalized marketing, sales, and service relationships via the Internet. As a result of this repositioning, beginning in fiscal year 1998, the operating results of Engage are now classified in the Company's investment and development segment.

THREE MONTHS ENDED OCTOBER 31, 1997 COMPARED TO THREE MONTHS ENDED OCTOBER 31, 1996

Net revenues for the quarter ended October 31, 1997 increased $14,495,000, or 136%, to $25,135,000 from $10,640,000 for the quarter ended October 31, 1996. The increase was largely attributable to an increase of $8,480,000 in net revenues for the Company's fulfillment services segment, reflecting the acquisition of Pacific Direct Marketing Corporation (Pacific Link) on October 24, 1996. Additionally, net revenues in the Company's investment and development segment increased $6,575,000 primarily reflecting increased sales by the Company's subsidiary, Lycos, Inc. (Lycos). Lycos net revenues for the quarter ended October 31, 1997 were $9,303,000. Net revenues in the Company's lists and database services segment decreased by $560,000, primarily reflecting reduced sales from a material customer. With the change in the Company's method for accounting for Lycos from consolidation to equity method, net revenues as reported in the Company's Consolidated Statements of Operations are expected to decline significantly in the near future. However, the Company believes that its portfolio of companies will continue to develop and introduce their products commercially, actively pursue increased revenues from new and existing customers, and look to expand into new market opportunities during fiscal 1998. Therefore, absent the impact of the change in accounting for Lycos, the Company expects to report future revenue growth.

Cost of revenues increased $9,893,000, or 184%, to $15,259,000 in the first quarter of fiscal 1998 from $5,366,000 for the corresponding period in fiscal 1997, reflecting an increase of $6,922,000 in the fulfillment services segment resulting from higher revenues, and an increase of $3,115,000 in the investment and development segment, primarily resulting from higher revenues and the commencement of operations at the Company's Navisite, Planet Direct and ADSmart subsidiaries. The start up of Internet operations at Navisite, Planet Direct and ADSmart, with minimal revenues during early stages, is the primary reason cost of revenues as a percentage of revenues in the investment and development segment increased from 36% in the first quarter of fiscal 1997 to 43% in the first quarter of fiscal 1998. In the fulfillment services segment, cost of revenues as a percentage of net revenues increased to 76% in the first quarter of fiscal 1998 from 62% in the first quarter of fiscal 1997, due to a shift in mix of services, primarily associated with the acquisition of Pacific Link. Compared with the first quarter of fiscal year 1997, cost of revenues as a percentage of net revenues in the lists and database services segment increased to 62% from 56% as the result of spreading fixed costs, such as facilities and equipment costs, over a lower revenue base.

Research and development expenses increased $1,209,000, or 24%, to $6,174,000 in the quarter ended October 31, 1997 from $4,965,000 in the prior year's first quarter. In the investment and development segment, research and development expenses increased $2,346,000, primarily reflecting the continuation of product development and enhancement activities at all of the Company's Internet investments and the addition of Engage to this segment. Such increases were somewhat offset by reductions associated with NetCarta Corporation, FreeMark, and GeoCities, whose results were included within the Company's consolidated statements of operations during the first quarter of fiscal year 1997, but not included in fiscal year 1998 due to the sale of NetCarta to Microsoft in January, 1997, the discontinuance of operations at FreeMark in December, 1996, and the reduction in the Company's ownership in GeoCities to below 50%, resulting in a change in the Company's method of accounting for GeoCities from consolidation to equity method beginning in January, 1997. Research and development expenses decreased $1,118,000 in the lists and database services segment reflecting the removal of Engage from this segment. In addition, the Company recorded $1,312,000 of in-process research and development expenses related to the investments in Parable LLC (Parable) and Silknet Software, Inc. (Silknet) during the first quarter of fiscal 1997. Of the

CMG@Ventures investments made during the first quarter of fiscal year 1998, the acquisition accounting and valuation for one investment of $1 million may result in a significant portion of the purchase price being identified as in-process research and development, which will be charged to operating results in the second quarter when the amount is determined. The Company anticipates it will continue to devote substantial resources to product development and that, absent the impact of the Company's change in accounting for its investment in Lycos beginning in November, 1997, these costs may substantially increase in future periods.

Selling expenses increased $1,834,000, or 20% to $11,040,000 in the first quarter ended October 31, 1997 from $9,206,000 for the corresponding period in fiscal 1997. This increase was primarily attributable to a $1,697,000 increase in the Company's investment and development segment, primarily reflecting the sales and marketing efforts related to several product launches, continued growth of sales and marketing infrastructures, and the addition of Engage to this segment. Such increases were somewhat offset by reductions associated with NetCarta Corporation, FreeMark, and GeoCities, whose results were included within the Company's consolidated statements of operations during the first quarter of fiscal year 1997, but not included in fiscal year 1998. Selling expenses in the fulfillment services segment increased by $446,000 in comparison with last year's first quarter due to the acquisition of Pacific Link, and selling expenses in the lists and database services segment decreased by $309,000 versus the first quarter of fiscal 1997, reflecting the removal of Engage from this segment. Selling expenses decreased as a percentage of net revenues to 44% in the first quarter of fiscal 1998 from 87% for the corresponding period in fiscal 1997, primarily reflecting the impact of increased revenues. As the Company's subsidiaries continue to introduce new products and expand sales, the Company expects to incur significant promotional expenses, as well as expenses related to the hiring of additional sales and marketing personnel and increased advertising expenses, and anticipates that, absent the impact of the Company's change in accounting for its investment in Lycos beginning in November, 1997, these costs will substantially increase in future periods.

General and administrative expenses increased $661,000, or 16%, to $4,901,000 in the first quarter of fiscal 1998 from $4,240,000 for the corresponding period in fiscal 1997. The investment and development segment experienced an increase of $377,000, primarily due to the building of management infrastructures in several of the Company's Internet investments and the addition of Engage to this segment. Such increases were somewhat offset by reductions associated with NetCarta Corporation, FreeMark, and GeoCities, whose results were included within the Company's consolidated statements of operations during the first quarter of fiscal year 1997, but not included in the first quarter of fiscal year 1998. General and administrative expenses in the fulfillment services segment increased by $655,000 in comparison with last year's first quarter, largely due to the acquisition of Pacific Link, and general and administrative expenses in the lists and database services segment decreased by $371,000 versus the first quarter of fiscal 1997, reflecting the removal of Engage from this segment. General and administrative expenses decreased as a percentage of net sales to 20% in the first quarter of fiscal 1998 from 40% in the first quarter of fiscal 1997, primarily reflecting the impact of increased revenues. Absent the impact of the Company's change in accounting for its investment in Lycos beginning in November, 1997, the Company anticipates that its general and administrative expenses will continue to increase significantly as the Company's subsidiaries, particularly in the investment and development segment, continue to grow and expand their administrative staffs and infrastructures.

Gain on sale of data warehouse product rights occurred when the Company's subsidiary, Engage, sold certain rights to its Engage.Fusion(TM) and Engage.Discover(TM) data warehouse products to Red Brick Systems, Inc. (Red Brick) for $9.5 million and 238,160 shares of Red Brick common stock. Gain on sale of Lycos, Inc. common stock reflects the Company's net gain realized on the sale of 219,900 shares of Lycos stock. Gain on sale of Premiere Technologies, Inc. common stock reflects the Company's net gain realized on the sale of 224,795 shares of Premiere Technologies, Inc. stock. Interest expense increased $732,000 compared with the first quarter of fiscal 1997, primarily due to borrowings incurred to finance the Company's acquisition of Pacific Link on October 24, 1996, and interest expense related to the Company's $10 million collateralized corporate note payable to a bank which was issued in January 1997.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments which are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates for the quarter ended October 31, 1997 include the results from the Company's minority ownership in Ikonic Interactive, Inc. , Parable, Silknet, GeoCities, Reel.com, and Speech Machines. Equity in losses of affiliates for the quarter ended October 31, 1996 included the results from the Company's minority ownership in TeleT, Vicinity Corporation, Ikonic Interactive, Inc., Parable, and Silknet. The Company expects its portfolio companies to continue to invest in development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Minority interest decreased to ($28,000) in the first quarter of fiscal 1998 from $2,422,000 in the corresponding period of fiscal 1997, primarily reflecting the improvement in Lycos results from a net loss of $2,759,000 for the first quarter of fiscal year 1997, to net income of $107,000 for the first quarter of fiscal year 1998, and the impact associated with FreeMark, and GeoCities, whose results were included within the Company's consolidated statements of operations during the first quarter of fiscal year 1997, but not included in fiscal year 1998.

Income tax expense in the first quarter of fiscal 1998 was $2,433,000. Exclusive of taxes provided for significant, unusual or extraordinary items that will be reported separately, the Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings. In determining the Company's effective rate for the first quarter of fiscal 1998, gain on sale of data warehouse product rights, gain on sale of Lycos, Inc. common stock, and gain on sale of Premiere Technologies, Inc. common stock were excluded.

LIQUIDITY AND CAPITAL RESOURCES

Working capital at October 31, 1997 decreased to $37.7 million compared to $38.6 million at July 31, 1997. The Company's principal sources of capital during the first quarter of fiscal 1998 were $9,543,000 received from the sale of Engage's data warehouse product rights, $7,149,000 received from the sale of 219,900 shares of Lycos stock, and $7,555,000 received from the sale of 224,795 shares of Premiere stock. The Company's principal uses of capital during the first quarter of fiscal 1998 were $12,370,000 for funding of operations, primarily those of start-up activities in the Company's investment and development segment, $10,697,000 for net repayments of lines of credit and long-term debt, $3,516,000 for investments in or bridge loans to Chemdex, Speech Machines, GeoCities and Parable, and $2,017,000 for purchases of property and equipment. With the change in the Company's method for accounting for Lycos from consolidation to equity method, working capital as reflected in the Company's Consolidated Balance Sheets will no longer include Lycos' working capital. The Company's working capital at October 31, 1997 of $37.7 million included Lycos working capital of $38.1 million.

The Company's credit agreements include a $10 million corporate line which expires on May 14, 1998 and had an outstanding balance of $1 million at October 31, 1997, and a $4.5 million line available to SalesLink, which expires on October 1, 1998 and had an outstanding balance of $1,494,000 at October 31, 1997.

Subsequent to October 31, 1997 the Company filed with the SEC on Form 144 to sell up to an additional 400,000 shares of Lycos stock on the open market. Additionally, subsequent to October 31, 1997 the Company distributed 216,034 shares to the profit partners of CMG@Ventures, L.P. Through the subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos has been reduced from just in excess of 50% at October 31, 1997, to below 50% beginning in November, 1997. As such, beginning in November, 1997, the Company will account for its remaining investment in Lycos under the equity method of accounting, rather than the consolidation method.

On December 8, 1997, the Company announced that Intel Corporation has agreed to purchase a 4.9 percent ownership in CMG, subject to certain customary terms and conditions, and that the two companies intend to explore business opportunities to collaborate in the future.

The Company intends to continue to fund existing and future Internet and interactive media investment and development efforts, and to actively seek new CMG@Ventures investment opportunities. The Company believes that existing working capital, available borrowings under the Company's corporate line of credit, cash proceeds from the sale of Lycos stock and proceeds from the sale of previously unissued stock to Intel Corporation will be sufficient to fund its operations, investments and capital expenditures for the foreseeable future. Should additional capital be needed to fund future investment and acquisition activity, the Company may seek to raise additional capital through public or private offerings of the Company's or its subsidiaries' stock, or through debt financings.

PART II: OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

The following exhibits are filed herewith or incorporated by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934:

EXHIBIT NO.	TITLE	METHOD OF FILING
3 (i) (1)	Amendment to the Restated Certificate of Incorporation	Incorporated by reference to Exhibit 3 (i) (1) to the Registrant's quarterly report on Form 10-Q for the quarter ended April 30, 1996
3 (i) (2)	Restated Certificate of Incorporation	Incorporated by reference from REgistration Statement on Form S-1, as amended, filed on November 10, 1993 (Registration No. 33-71518)
3 (ii)	Restated By-Laws	Incorporated by reference from Registration Statement on Form S-1, as amended, filed on November 10, 1993 (Registration No. 33-71518)
10.1	1995 Employee Stock Purchase Plan, as amended	Filed herewith.
10.2	1986 Stock Option Plan, as amended	Filed herewith.
10.3	1995 Stock Option Plan for Non - Employee Directors, as amended	Filed herewith.
4	Specimen stock certificate representing the common stock	Incorporated by reference from Registration Statement on Form S-1, as amended, filed on November 10, 1993 (Registration No. 33-71518)
11	Statement re computation of per share earnings	Filed herewith.
27.1	Restated Financial Data Schedule for the three months ended October 31, 1996	Filed herewith.
27.2	Financial Data Schedule for the three months ended October 31, 1997	Filed herewith.

(B) Reports on Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CMG Information Services, Inc.

By: /s/ Andrew J. Hajducky III

Date: December 15, 1997

Andrew J. Hajducky III, CPA
Chief Financial Officer

Exhibit 10.1

CMG INFORMATION SERVICES, INC.

1995 EMPLOYEE STOCK PURCHASE PLAN

AS ADOPTED OCTOBER 4, 1994

Approved by the Stockholders on December 6, 1994

1. Purpose. This CMG Information Services, Inc. 1995 Employee Stock Purchase Plan ("the Plan") is intended to encourage and assist employees of CMG Information Services, Inc. (the "Corporation") and the employees of any present or future designated subsidiaries of the Corporation in acquiring a stock ownership interest in the Corporation. The Plan is intended to be an Employee Stock Purchase Plan under, and complying with, the terms and conditions of Section 423 of the Internal Revenue Code.

2. Stock Subject to the Plan. Subject to adjustment pursuant to Section 12 of the Plan, the aggregate number of shares of Common Stock (the "shares") which may be sold under this Plan and under the Corporation's 1986 Stock Option Plan, pursuant to the exercise of non-transferable options granted under this Plan to participating employees is 2,250,000. The shares may be authorized but unissued, or reacquired, shares of Common Stock of the Corporation, $0.01 par value per share. The Corporation during the term of the Plan shall at all times reserve and keep available such number of shares as shall be sufficient to satisfy the requirements of the Plan.

3. Quarterly Periods. As used herein the term "quarterly period" shall mean the three month period beginning on the first day of the first month of each of the Corporation's fiscal quarters and ending on the last day of the last month of each of the Corporation's fiscal quarters, with the first quarterly period beginning February 1, 1995, and ending April 30, 1995.

4. Eligibility. Any employee who has completed six full months of employment with the Corporation or any of its present or future designated subsidiaries (except (a) any employee who directly or by attribution owns stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation or any subsidiary of the Corporation at the start of any quarterly period, or (b) those employees whose customary employment is 20 hours or less per week, or (c) those employees whose customary employment is for not more than five months in any calendar year), is eligible to become a member of the Plan on the first day of the quarterly period following the completion of six full months of employment, and no one else. Any subsidiary of the Corporation including future subsidiaries may or may not be designated by the

Board of Directors of the Corporation as a corporation whose employees may participate in the Plan as provided above.

For purposes of the Plan, "subsidiary" shall mean a corporation of which not less than fifty percent (50%) of the voting shares are held by the Corporation or a subsidiary of the Corporation.

5. Joining the Plan. Any eligible employee's participation in the Plan shall be effective as of the first day of the quarterly period following the day on which the employee completes, signs and returns to the Corporation a Stock Purchase Plan Application and Payroll Deduction Authorization form indicating his or her acceptance of and agreement to the Plan and indicating the employee's standing level of contribution to the Plan in accordance with Paragraph 6 below. Membership of any employee in the Plan is entirely voluntary. Except as provided in Paragraph 4, all employees who elect to participate in the Plan shall have the same rights and privileges.

Any employee participating in this Plan or receiving shares of Common Stock hereunder shall have no rights with respect to continuation of employment with the Corporation or any subsidiary, nor with respect to continuation of any particular Corporation business, policy or product, including this Plan.

6. Member's Contributions. Any employee electing to participate in the Plan must authorize a whole percentage (not less than 1% nor more than 10%) or a whole dollar amount (not less than $10.00) of the employee's regular pay to be deducted by the Corporation from the employee's regular pay during each quarterly period, provided that in no event may such percentage or amount result in total deductions of less than $100.00 per quarterly period for such employee.

Notwithstanding the foregoing, no employee shall be entitled to purchase shares of stock under the Plan with an aggregate fair market value (determined at date of grant) exceeding $5,000 per each quarterly period; and furthermore, no employee shall be permitted to purchase shares of Common Stock under all the employee stock purchase plans of the Corporation and its related corporations at a rate which exceeds $25,000 in fair market value of such stock (determined at the time the options are granted) for each calendar year in which any such option granted to such employee is outstanding at any time.

An employee may elect to have amounts deducted from his or her pay, as described above, by delivering to the Corporation a Stock Purchase Plan Application and Payroll Deduction Authorization form stating the percentage or amount to be deducted. If an employee has not filed such a standing election at least seven days prior to the commencement date of a quarterly period, he or she will be deemed to have elected not to have any of his or her pay withheld. Deductions may be increased or decreased during a quarterly period by filing a new standing election, which will be effective during the first full pay period subsequent to its filing and processing.

No member will be permitted to make contributions for any period during which he or she is not receiving pay from the Corporation or one of its present for future designated subsidiaries.

7. Issuance of Shares. On the last trading day of each quarterly period so long as the Plan shall remain in effect, and provided the member has not before that date advised the Corporation that he or she elects to withdraw his or her entire account, the Corporation shall apply the funds in the member's account as of that date to the purchase of authorized but unissued, or reacquired, shares of its Common Stock in units of one share or multiples thereof.

The cost to each member for the shares so purchased shall be eighty-five percent (85%) of the lower of the fair market value of the Common Stock on the first trading day of the quarterly period (the "date of grant") or the fair market value of the Common Stock on the last trading day of the quarterly period (the "date of exercise"), determined as follows:

(1) The fair market value of the shares on the date of the grant shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is a National Market System security the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of grant; and

(2) The fair market value of the shares on the date of exercise shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is a National Market System security the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of exercise.

Any moneys remaining in such member's account equaling less than the sum required to purchase one share, or moneys remaining in such member's account by reason of application of the provisions of the next paragraph hereof shall, unless otherwise requested by the member, be held in the member's account for use during the next quarterly period. Any moneys remaining in such member's account by reason of his or her prior election to withdraw his or her entire account shall be disbursed to the employee within 30 days following such election. The Corporation shall as expeditiously as possible after the last day of each quarterly period issue to the member entitled thereto the certificate evidencing the shares issuable to him or her as provided herein.

Notwithstanding anything above to the contrary, (a) if the number of shares members desire to purchase at the end of any quarterly period exceeds the number of shares then available under the Plan, the shares available shall be allocated among such members in proportion to their contributions during the quarterly period (but no fractional shares shall be issued); and (b) no funds in an employee's account shall be applied to the purchase of shares and no shares hereunder shall be issued unless such shares are covered by an effective registration statement under the Securities Act of 1933, as amended, or by an exemption therefrom.

8. Termination of Membership. A member's membership in the Plan will be terminated when the member (a) voluntarily elects to withdraw his or her entire account, (b) resigns or is discharged from the Corporation or one of its present or future subsidiaries, (c) dies, or (d) does not receive pay from the Corporation or one of its present or future subsidiaries for twelve (12) consecutive months, unless this period is due to an illness, injury or for other reasons approved by the persons or person appointed by the Corporation to administer the Plan as provided in Paragraph 10 below. Upon termination of membership, the terminated member shall not be entitled to rejoin the Plan until the first day of the quarterly period immediately following the quarterly period in which the termination occurs. Upon termination of membership, the member shall be entitled to the amount of his or her individual account within thirty (30) days after termination.

9. Beneficiary. Each member may file a written designation of a beneficiary who is to receive any shares of Common Stock credited to such member's account under the Plan in the event of the death of such member prior to delivery to such member of the certificates of such shares. Such designation may be changed by the member at any time by written notice received by the Corporation.

Upon the death of a member his or her account shall be paid or distributed to the beneficiary or beneficiaries designated by such member, or in the absence of such designation, to the executor or administrator of his or her estate, and in either event the Corporation shall not be under any further liability to anyone. If more than one beneficiary is designated, each beneficiary shall receive an equal portion of the account unless the member indicates to the contrary in his or her designation, provided that the Corporation may in its sole discretion make distributions in such form as will avoid the creation of fractional shares.

10. Administration of the Plan. The Plan shall be administered by such officers or other employees of the Corporation as the Board of Directors of the Corporation may from time to time select, and the persons so selected shall be responsible for the administration of the Plan. All terms of the Plan shall be subject to interpretation by the Compensation Committee of the Board of Directors whose decision shall be final and binding on all parties. All costs and expenses incurred in administering the Plan shall be paid by the Corporation.

11. Modification and Termination. The Corporation expects to continue the Plan until such time as the shares reserved for issuance under the Plan have been sold. The Corporation reserves, however, the right to amend, alter or terminate the Plan in its discretion. Upon termination, each member shall be entitled to the amount of his or her individual account within thirty (30) days after termination.

12. Adjustments upon Changes in Capitalization. Appropriate and proportionate adjustments shall be made in the number and class of shares of stock subject to this Plan, and to the rights

granted hereunder and the prices applicable to such rights, in the event of a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, acquisition, separation or the like change in the capital structure of the Corporation.

13. Transferability of Rights. No rights of any employee under this Plan shall be transferable by him or her, by operation of law or otherwise, except to the extent that a member is permitted to designate a beneficiary or beneficiaries as herein above provided, and except to the extent permitted by will or the laws of descent and distribution if no such beneficiary be designated.

14. Participation in Other Plans. Nothing herein contained shall affect an employee's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or programs of the Corporation.

15. Applicable Law. The interpretation, performance and enforcement of this Plan shall be governed by the laws of the Commonwealth of Massachusetts.

16. Effective Date of Plan; Shareholder Approval. The Plan was effective on February 1, 1995. The Corporation's obligation to offer, sell or deliver shares under the Plan is subject to any governmental approval required in connection with the authorized issuance or sale of such shares and is further subject to the determination by the Corporation that is has complied with all applicable securities laws.

17. Legend Conditions. The shares of Common Stock to be issued pursuant to the provisions of this Plan shall have endorsed upon their face the following:

(1) Any legend imposed as a condition of qualification by the Massachusetts Securities Commissioner, if required;

(2) Unless the shares to be issued under this Plan have been registered under the Securities Act of 1933 the following additional legend shall be placed on all certificates:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended. The shares have been acquired for investment and may not be pledged or hypothecated, and may not be sold or transferred in the absence of an effective Registration Statement for the shares under the Securities Act of 1933 or an opinion of counsel to the Corporation that registration is not required under said Act.

I certify that set forth above is a true, complete and correct copy of the CMG Information Services 1995 Employee Stock Purchase Plan as in effect on the date hereof.

Date: December 6, 1995 William Williams II
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William Williams II, Assistant Secretary

Exhibit 10.2

CMG INFORMATION SERVICES, INC.

1986 STOCK OPTION PLAN, AS AMENDED BY THE BOARD OF DIRECTORS ON SEPTEMBER 24, 1997

Article 1 - Purpose

This 1986 Stock Option Plan (the "Plan") is intended to provide incentives to individuals that CMG Information Services, Inc. (the "Company") believes may play a significant role in the future success of the Company and its present and future subsidiaries (as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code")) and Affiliates (as defined below) by providing them with opportunities to purchase stock in the Company pursuant to the exercise of options. The Company intends certain options granted under the Plan which are designated as incentive stock options to be "incentive stock options" complying with, and subject to, the terms and conditions of Section 422 of the Code; and with respect to those incentive stock options this Plan shall be interpreted in accordance with that section of the Code, as amended, and the rules and regulations promulgated from time to time thereunder. Stock options granted hereunder which do not comply with Section 422 of the Code or are otherwise intended to be non-qualified stock options shall be designated as non-qualified stock options. "Affiliate" means any business entity in which the Company owns directly or indirectly 50% or more of the total voting power or has a significant financial interest as determined by the Committee (as defined below).

Article 2 - Administration of the Plan

The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Company. The Committee shall consist solely of two or more members of the Board who are "Outside Directors" as defined in the Code. The Board may remove members from the Committee at any time with or without cause, or may add members to the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board. Acts by a majority of the Committee at a meeting, or acts approved in writing by all the members of the Committee, shall be the valid acts of the Committee. Subject to the terms of the Plan, and subject to such overall policies with respect thereto as may be established from time to time by the Board, the Committee shall have authority to determine the time or times at which options shall be granted, the persons to whom options shall be granted, the number of shares covered by each option, the price per share specified in each option, the time or times when each option or portions or installments of each option shall become exercisable and the duration of the exercise period or periods thereof, the conditions for the exercise of each option or portions or installments of each option or for acceleration of the exercise date or dates of each option or portions or installments thereof, or for the cancellation or termination of each option or portions or installments thereof, and all other terms and provisions of each option and each instrument by which each option shall be evidenced.

All determinations and interpretations made by the Committee with respect to the Plan and each option granted thereunder shall be binding and conclusive on all interested parties unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may determine in its sole discretion. No member of the Board or the Committee shall be liable with respect to any action or determination made in good faith regarding the Plan or any option granted under it.

Article 3 - Eligible Persons

Options may be granted to any individual that the Company deems appropriate subject to the restriction that incentive stock options may only be granted to employees. The granting of any option to a person shall neither entitle such person to, nor disqualify him from, participation in any other grant of options pursuant to this Plan or any other plan. Directors who are not employees of the Company or its subsidiaries shall not be eligible to receive options under this Plan.

Article 4 - Stock

The stock subject to the options granted hereunder shall be shares of the Company's authorized but unissued shares of Common Stock, par value $0.01 per share, or shares of Common Stock reacquired by the Company including shares purchased in the open market ("Common Stock"). The maximum number of shares which are hereby reserved for issuance and may be issued pursuant to this Plan is 2,250,000 less such number of shares as may from time to time be issued pursuant to the CMG Information Services, Inc. 1995 Employee Stock Purchase Plan, subject to adjustment as provided in Article 13. In the event any option granted under the Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto, to the extent the option ceases to be exercisable, shall again be available under the Plan.

Article 5 - Grant of Options

Options may be granted to eligible persons in such number and at such times during the term of the Plan as the Committee shall determine.

The maximum number of shares of Common Stock subject to options that may be granted to any eligible person in the aggregate in any calendar year shall not exceed 200,000 shares, subject to adjustment as provided in Article 13.

Article 6 - Minimum Price of Options

The price per share specified in each option granted under the Plan shall in no event be less than 100% (110% in the case of an incentive stock option granted to a 10% shareholder as defined in Section 422(b)(6) and related sections of the Code) of the fair market value per share of Common Stock on the date the option is granted. Fair market value shall be determined by the Committee in good faith in accordance with applicable regulations under the Code. If there is a public market for the Common Stock of the Company, fair market value shall be the last closing price before or on the valuation date, or the mean between the highest and lowest quoted selling prices in the market before or on the valuation date, or an average of such prices, all as the Committee in its sole discretion shall determine.

Article 7 - Duration of Options

Subject to earlier termination as provided in Articles 9 and 10, each option shall expire on the date specified by the Committee, but in the case of incentive stock options such expiration date shall be not more than ten years (five years in the case of an incentive stock option granted to a 10% shareholder as defined in Section 422(b)(6) and related sections of the Code) from its date of grant. The Committee may extend the term of any previously granted option provided that if such option is an incentive stock option it must expire not more than ten or five years from its original date of grant as provided above.

Article 8 - Exercise of Options

Subject to the provisions of Articles 9 through 12, each option granted under the Plan shall be exercisable as follows:

A. The option shall either be fully exercisable at the time of grant or shall become exercisable in such installments or portions and at such time or times or upon the happening of such conditions as the Committee may determine. The installments or portions may be cumulative or noncumulative as the Committee may determine.

B. Once all or any installment or portion of any option becomes exercisable it shall remain exercisable until cancellation thereof or until expiration or termination of the option, unless otherwise specified by the Committee.

C. Each option may be exercised from time to time, in whole or in part, up to the total number of shares with respect to which it is then exercisable.

D. The date of exercise of any option or any portion or installment of any option may be accelerated by fulfillment of such conditions as the Committee may determine. Furthermore, the Committee shall have the right to accelerate the date of exercise of any option or any portion or installment thereof for any reason.

E. The aggregate fair market value (determined at the time the option is granted) of the Common Stock with respect to which incentive stock options granted after December 31, 1986, are exercisable for the first time by an optionee during any calendar year (under all incentive stock option plans of the company and its parent and subsidiary corporations) shall not exceed $100,000.

Article 9 - Termination of Relationship

If an optionee's employment or consulting relationship with the Company or any subsidiary or Affiliate is terminated for any reason other than death, disability (within the meaning of Section 22(e)(3) of the Code), or termination for cause, his options may be exercised to the extent they were exercisable on the date of such termination, but no further installments or portions of such options will become exercisable (unless otherwise determined by the Committee) and each such option shall terminate on the date one month following the date of such termination (but not later than its specified expiration date). The aforesaid one month period may be extended by the Committee in its sole discretion up to the expiration date of each such option in the case of non-qualified stock options. If an optionee's employment or consulting relationship with the Company or any subsidiary or Affiliate is terminated for cause (as defined by the Committee in its sole discretion), all his options shall terminate immediately and be of no further force or effect. Whether authorized leaves of absence or absence on military or governmental service may constitute termination for purposes of the Plan shall be conclusively determined by the Committee. Nothing in the Plan or in any option granted hereunder shall be deemed to give any optionee the right to continue his employment or consulting relationship with the Company or any of its subsidiaries or Affiliates or shall be deemed to interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate any optionee's employment or consulting relationship at any time and for any reason. Options granted under the Plan shall not be affected by any change of employment or consulting relationship among the Company and its subsidiaries or Affiliates (as determined by the Committee) so long as the optionee continues to be an employee or consultant of the Company or one of its subsidiaries or Affiliates.

Article 10 - Disability; Death

If an optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code), his options may be exercised to the extent they were exercisable on the date he ceased to have an employment or consulting relationship with the Company or any subsidiary or Affiliate, but no further installments or portions of such options will become exercisable (unless otherwise determined by the Committee) and each such option shall terminate on the date one month following the date of such cessation (but not later than its specified expiration date). The aforesaid one month period may be extended by the Committee in its sole discretion up to an additional eleven months in the case of incentive stock options and up to the expiration date of each such option in the case of non-qualified stock options.

If an optionee dies while he has an employment or consulting relationship with the Company or any subsidiary or Affiliate or during the one month (or extended) periods referred to in Article 9 or referred to above in this Article 10, his options may be exercised to the extent they were exercisable on the date of his death, by his estate, or duly appointed representative, or beneficiary who acquires the options by will or by the laws of descent and distribution, but no further installments or portions of such options will become exercisable and each such option shall terminate on the date one year following the date of the optionee's death (but not later than its specified expiration date).

Article 11 - Assignability

Except to the extent otherwise set forth in the applicable option agreement or other instrument evidencing the option, no option shall be assignable or transferable by the optionee except by will or by the laws of descent and distribution, and during the lifetime of the optionee each option shall be exercisable only by him.

Article 12 - Terms and Conditions of Options

Options shall be evidenced by instruments (which need not be identical) in such forms as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in Article 6 through 11 and may contain such other provisions not inconsistent with the Plan, including restrictions on transfer, stock repurchase restrictions, forfeiture restrictions, cancellation restrictions and other restrictions applicable to shares of Common Stock issuable upon exercise of options granted under the Plan, as the Committee deems advisable provided such provisions would not cause any incentive stock option to fail to qualify as an incentive stock option under Section 422 of the Code. Common Stock issuable upon the exercise of options granted to persons subject to Section 16 of the Securities Exchange Act of 1934 (the "1934 Act") may not be disposed of within six months following date of grant of such options. Options granted to persons subject to Section 16 of the 1934 Act may contain additional restrictions necessary to comply with Rule 16b-3 promulgated pursuant to the 1934 Act. The Company shall not be obligated to deliver any shares unless and until, in the opinion of the Company's counsel, all applicable Federal and state laws and regulations have been complied with, nor, in the event the outstanding Common Stock is at the time listed upon any stock exchange, unless and until the shares to be delivered have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, nor unless and until all other legal matters in connection with the issuance and delivery of shares have been approved by the Company's counsel. Without limiting the generality of the foregoing, the Company may require from the optionee such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933. The Company shall use its best efforts to effect any such compliance and listing, and the optionee shall take any action reasonably requested by the Company in this regard.

Options may be granted hereunder (the "CMG Options") in tandem with options granted under a subsidiary's or Affiliate's stock option plan (the "Subsidiary/Affiliate Options") with the condition that to the extent that a tandem Subsidiary/Affiliate Option is exercised the corresponding tandem CMG Option (or corresponding installment or portion thereof) shall be automatically cancelled and to the extent that a tandem CMG Option is exercised the corresponding tandem Subsidiary/Affiliate Option (or corresponding installment or portion thereof) shall be automatically cancelled.

Article 13 - Adjustments

Upon the happening of the following described events, an optionee's rights under options granted hereunder shall be adjusted as hereinafter provided:

A. In the event shares of Common Stock of the Company shall be subdivided or combined into a greater or smaller number of shares or if, upon a merger, consolidation, reorganization, split-up, liquidation, combination, recapitalization or the like of the Company, the shares of the Company's Common Stock shall be exchanged for other securities of the Company or of another corporation, each optionee shall be entitled, subject to the conditions herein stated and to the terms and conditions of each individual option, to purchase such number of shares of Common Stock or amount of other securities of the Company or such other corporation as were exchangeable for the number of shares of Common Stock of the Company which such optionee would have been entitled to purchase except for such action, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination, or exchange; and

B. In the event the Company shall issue any of its shares as a stock dividend upon or with respect to the shares of stock of the class which shall at the time be subject to option hereunder, each optionee upon exercising such an option shall be entitled to receive (for the purchase price paid upon such exercise) the shares as to which he is exercising his option and, in addition thereto (at no additional cost), such number of shares of the class or classes in which such stock dividend or stock dividends were declared or paid, and such amount of cash in lieu of fractional shares, as he would have received if he had been the holder of the shares as to which he is exercising his option at all times between the date of the granting of such option and the date of its exercise.

Upon the happening of any of the foregoing events, the class and aggregate number of shares set forth in Article 4 hereof which are reserved for issuance pursuant to the Plan or are subject to options which have heretofore been or may hereafter be granted under the Plan shall also be appropriately adjusted to reflect the events specified in paragraphs A and B above.

The Committee shall determine the adjustments to be made under this Article 13, and its determination shall be conclusive and binding on all interested parties.

Article 14 - Exercise of Options

An option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address, identifying the option being exercised, specifying the number of shares as to which such option is being exercised and accompanied by full payment of the purchase price therefor either (1) in United States Dollars, in cash or by certified or bank check, or (2) with the approval of the Committee (which it may grant or withhold in its sole discretion), in shares of Common Stock of the Company owned by the optionee having a fair market value (as defined in Article 6 and determined on the business day immediately preceding the day on which the option is exercised) equal to, or a fraction of a shares less than, such purchase price (together with cash or certified or bank check equal in value to such fraction of a share), or (3) in a combination of such Common Stock (with the approval of the Committee) and cash or check. Unless the Committee otherwise determines the holder of an option shall have no rights of a shareholder with respect to the shares covered by his option until the date of issuance of a stock certificate to him for such shares. Unless the Committee otherwise determines no adjustment will be made for cash dividends or similar rights for which the record date occurs after the exercise of the option but prior to the date such stock certificate is issued. In no case may a fraction of a share be purchased or issued under the Plan.

Article 15 - Termination and Amendments to Plan

The Plan was adopted by the Board on May 2, 1986; and became effective on that date subject to approval by the holders of a majority of the outstanding shares of voting stock of the Company, which occurred on May 12, 1986. The Plan as originally adopted expired on May 1, 1996 (except as to options outstanding on that date). The Plan was extended to December 6, 2004, by the Board of Directors of the Company on July 29, 1994, subject to approval by the stockholders at the Annual Meeting of Stockholders of the Company to be held on December 6, 1994. Subject to such approval, the Plan shall expire on December 6, 2004 (except as to options outstanding on that date). Options may be granted under the Plan prior to the date of shareholder approval of the Plan (or approval of the extension of the Plan), but such options shall be granted subject to such approval. The Board may terminate or amend the Plan in any respect at any time, except that, without the approval of the shareholders (a) the total number of shares that may be issued under the Plan may not be increased (except by adjustment pursuant to Article 13); (b) the provisions of Article 3, regarding eligibility, may not be modified; (c) the provisions of Article 6, regarding the exercise price at which shares may be offered pursuant to options, may not be modified (except by adjustment pursuant to Article 13); (d) the expiration date of the Plan may not be extended; and (e) the benefits accruing to participants under the Plan may not be materially increased. No action of the Board or shareholders, however, may, without the consent of an optionee, substantially impair his rights under any option previously granted to him; and no amendment may cause any incentive stock options previously granted or to be granted under the Plan to cease to qualify as incentive stock options in accordance with the terms and conditions of the Plan.

Article 16 - Governmental Regulation

The Plan and the grant and exercise of options thereunder, and the Company's obligation to sell and deliver shares of the Company's Common Stock under such options, shall be subject to all applicable laws (including tax laws), rules and regulations.

Article 17 - Withholding Taxes

At any time when an optionee is required to pay to the Company an amount to be withheld under applicable income tax laws upon the exercise of a non-qualified stock option, the optionee may satisfy this obligation (to the extent of the minimum amount required to be withheld) in whole or in part by electing (the "Election") to have the Company withhold from the distribution of shares of Common Stock, a number of shares of Common Stock having a value equal to the amount required to be withheld. The value of the shares to be withheld shall be based on the fair market value of the Common Stock on the Tax Date. Any fractional share amount left over after satisfying the withholding requirement must be paid to the optionee in cash. "Tax Date" means the date on which the amount of tax to be withheld with respect to the exercise of the non-qualified stock option is determined.

Each such election must be made prior to the Tax Date. The Committee may disapprove the Election, may suspend or terminate the right to make an Election, or may provide with respect to any non-qualified option that right to make an Election shall not apply to such option. An Election is irrevocable.

Exhibit 10.3

CMG INFORMATION SERVICES, INC.

1995 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

Adopted by the Directors on May 31, 1995

Approved by the Stockholders on December 6, 1995

1. Purpose

The purpose of the CMG Information 1995 Stock Option Plan for Non-Employee Directors (the "Plan") is to attract and retain the services of experienced and knowledgeable Directors of CMG Information Services, Inc. (the "Corporation") for the benefit of the Corporation and its stockholders and to provide additional incentives for such Directors to continue to work for the best interests of the Corporation and its stockholders through continuing ownership of its Common Stock.

2. Shares Subject to the Plan

The total number of shares of Common Stock, par value $.01 per share ("Shares"), of the Corporation which may be issued pursuant to options granted under the Plan shall not exceed 141,000 in the aggregate, subject to adjustment in accordance with Section 10 hereof. Shares for which options have been granted pursuant to the Plan, but which options have lapsed or otherwise terminated or been canceled to any extent prior to full exercise, shall become available for additional options granted under the Plan. One Hundred Forty-one Thousand (141,000) Shares are hereby reserved for issuance upon the exercise of options granted under the Plan.

3. Administration of Plan

The Plan shall be administered by the Board of Directors. A majority of the Directors acting upon a particular matter shall have no direct personal interest in the option or matter with which they are concerned. The Board of Directors shall appoint a person (the "Plan Administrator") to keep records of all elections of Directors and the grant, vesting and exercise of all options, and the sale or other disposition of all Shares acquired pursuant to such exercise.

The Board of Directors shall have no authority, discretion or power (i) to select the participants who will receive options (except to the extent that the Board initially elects a Director to the Board), or (ii) to set the number of Shares to be covered by each option, or (iii) to set the exercise price or the vesting schedule or the period within which options may be exercised, or (iv) to alter any other terms or conditions specified herein, except in the sense of administering the Plan subject to the express provisions of the Plan and except in accordance with Section 15. Subject to the foregoing limitations, the Board of Directors may (i) construe the respective stock option grants and the Plan and make all other determinations necessary or advisable for administering the Plan, (ii) correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any stock option grant in the manner and to the extent that the Board shall deem expedient to carry it into effect, and (iii) constitute and appoint a person or persons selected by them to execute and deliver in the name and on behalf of the Corporation all such grants, agreements, instruments and other documents. It is the intent of this Plan that it operate in all events subject to approval of the Plan by the stockholders of the Corporation and that the granting and vesting of such options be automatic in accordance with the terms of this Plan for each non-employee Director, subject to the authority, discretion or power of the stockholders to fail to elect an optionee to the Board of Directors of the Corporation, or to remove an optionee from the Board of Directors of the Corporation, or to amend or terminate this Plan.

4. Eligibility; Grant of Options

A. Directors Serving Continuously for at Least Five Years on the Date of Adoption of the Plan by the Board of Directors

Each Director of the Corporation who (i) is a Director of the Corporation when the Plan is first adopted by the Board of Directors; (ii) has completed at least five years of continuous service on the Board of Directors; (iii) is not otherwise an employee of the Corporation or any of its subsidiaries or affiliates; and (iv) is not an affiliate, as such term is defined under Rule 144(a)(1) as promulgated under the Securities Act of 1933 as now in force or hereafter amended, of an institutional investor which owns shares of Common Stock of the Corporation (an "Affiliated Director"), shall be granted an option on the date the Plan is adopted by the Board of Directors to acquire 23,500 Shares under the Plan, contingent upon approval of the Plan by the stockholders at the 1995 Annual Meeting of Stockholders.

B. Directors First Elected After the Date of Adoption of the Plan by the Board of Directors or After Stockholder Approval

Each director of the Corporation who (i) is elected a Director of the Corporation for the first time either by the Board of Directors or by the stockholders, after the Plan is first adopted by the Board of Directors or approved by the stockholders; (ii) is not otherwise an employee of the Corporation or any of its subsidiaries or affiliates, and (iii) is not an Affiliated Director, shall be granted an option on the date of such initial election to the Board of Directors, to acquire 23,500 Shares under the Plan, contingent upon approval of the Plan by the stockholders at the 1995 Annual Meeting of Stockholders.

C. Affiliated Directors Who Cease to be Affiliated Directors

Each Director of the Corporation who (i) is not otherwise an employee of the Corporation or any of its subsidiaries or affiliates; and (ii) is an Affiliated Director who ceases to be an Affiliated Director, shall be granted an option on the date such Director ceases to be an Affiliated Director, to acquire 23,500 shares under the Plan.

5. Option Grant

Each option granted under the Plan shall be a Non-Qualified Stock Option and shall be evidenced by a Grant of Option duly executed on behalf of the Corporation which options may but need not be identical and shall comply with and be subject to the terms and conditions of the Plan.

6. Option Exercise Price

The option exercise price for an option granted under the Plan shall be the fair market value of the Shares covered by the option at the time the option is granted. Fair market value shall be the last reported sales price per share of the Corporation's Common Stock on the date the option is granted as reported in the over-the-counter market or, if not so quoted, on the principal national securities exchange on which the Common Stock is then listed. The option exercise price shall be subject to adjustment in accordance with Section 10 hereof.

7. Time and Manner of Exercise of Options

Options granted under the Plan shall become exercisable in five cumulative 20% installments of 4,700 Shares each, the first installment becoming exercisable immediately after the first Annual Meeting of Stockholders (i) following the date of grant or (ii) commensurate with the date of grant if the optionee first becomes a Director by vote of the stockholders at an Annual Meeting of Stockholders (assuming in all instances approval of the Plan by the stockholders), and each further 20% installment of 4,700 Shares each becoming exercisable one at a time immediately after each Annual Meeting of Stockholders thereafter, provided such optionee continues in office as a Director at such time, and provided, however, that no option shall be exercisable after ten years from the date on which it was granted. Options granted hereunder and Common Stock issuable upon the exercise of options may not be disposed of within six months following the later of the date of grant or date of approval of the Plan by the stockholders.

To the extent that the right to exercise an option has accrued and is in effect, the option may be exercised in full at one time or in part from time to time, by giving written notice, signed by the person or persons exercising the option, to the Corporation, stating the number of Shares with respect to which the option is being exercised, accompanied by payment in full for such Shares. Payment shall be in whole or in part (i) by shares of Common Stock of the Corporation already owned for a period of at least six months by the person exercising the option, valued at fair market value as defined above on the business day immediately prior to the date of exercise, or (ii) by check, or both.

8. Term of Options

Each option shall expire ten years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.

In the event that an optionee ceases to be a Director of the Corporation for any reason whatsoever, the option granted to such optionee may be exercised by him (but only to the extent that under Section 7 the right to exercise the option has accrued and is in effect on the date he ceases to be a Director), at any time prior to the date six months (12 months if the optionee dies while a Director), after the date such optionee ceases to be a Director of the Corporation, or prior to the date on which the option expires, whichever is earlier.

9. Options Not Transferable

Except to the extent otherwise set forth in the applicable option agreement evidencing the option, the right of an optionee to exercise an option granted to him under the Plan and any interest therein or in the Shares received upon exercise shall not be assignable or transferable by such optionee in any respect otherwise than by will or the laws of descent and distribution, and any such option shall be exercisable during the lifetime of such optionee only by him. Any option granted under the Plan shall become null and void and shall be without further force or effect upon the bankruptcy of the optionee, or upon any attempted assignment or transfer of such option or any interest therein (except as provided in the preceding sentence), including, without limitation, any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, trustee process or similar process, whether legal or equitable with respect to such option or any interest therein.

10. Adjustments Upon Changes in Capitalization

In the event that the outstanding shares of the Common Stock of the Corporation are changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares or dividends payable in capital stock, appropriate adjustment shall be made in the number and kind of shares as to which outstanding options, or portions thereof then unexercised shall be exercisable, to the end that the proportionate interest of the optionee shall be maintained as before the occurrence of such event; such adjustment in outstanding options shall be made without change in the total price applicable to the unexercised portion of such options and with a corresponding adjustment in the option price per share.

11. Restrictions on Issuance of Shares

The Corporation may delay the issuance of Shares covered by the exercise of any option and the delivery of a certificate for such Shares until one of the following conditions shall be satisfied:

(i) the Shares with respect to which an option has been exercised are at the time of the issuance of such Shares effectively registered under applicable federal and state securities laws now in force or hereafter amended; or

(ii) counsel for the Corporation shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that such Shares are exempt from registration under applicable federal and state securities laws now in force or hereafter amended.

The Corporation shall use its best efforts to bring about compliance with the above conditions within a reasonable time following exercise, except that the Corporation shall be under no obligation to cause a registration statement or a post effective amendment to any registration statement to be prepared at its expense solely for the purpose of covering the issuance of Shares in respect of which any option may be exercised.

12. Purchase for Investment: Rights of Holder on Subsequent Registration

Unless the Shares to be issued upon exercise of an option granted under the Plan have been effectively registered under the Securities Act of 1933 as now in force or hereafter amended, the Corporation shall be under no obligation to issue any Shares covered by any option unless the person who exercises such option, in whole or in part, shall give a written representation and undertaking to the Corporation which is satisfactory in form and scope to counsel to the Corporation and upon which, in the opinion of such counsel, the Corporation may reasonably rely, that he is acquiring the Shares issued to him pursuant to such exercise of the option for his own account as an investment and not with a view to, or for sale in connection with, the distribution of any such Shares, and that he will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the Securities Act of 1933, as amended, or any other applicable law, and that if Shares are issued without such registration a legend to this effect may be endorsed upon the securities so issued.

13. Effective Date

This Plan was effective on May 31, 1995.

14. Expenses of the Plan

All costs and expenses of the adoption and administration of the Plan shall be borne by the Corporation, and none of such expenses shall be charged to any optionee.

15. Termination and Amendment of Plan

Unless sooner terminated as herein provided, or extended with the approval of the stockholders of the Corporation, the Plan shall terminate on May 31, 2005, except as to options granted prior to that date. The Board of Directors may at any time terminate the Plan or make such modifications or amendments thereto as it deems advisable; provided, however, that except as provided in Section 10 the Board of Directors may not, without the approval of the stockholders of the Corporation, (i) increase materially the benefits accruing to participants hereunder, (ii) increase the maximum aggregate number of shares for which options may be granted under the Plan or the number of shares for which an option may be granted to any optionee, (iii) modify the provisions of Section 4 regarding eligibility, (iv) extend the expiration date of the Plan, or (v) modify the provisions of Section 6 regarding the exercise price. Termination of any modification or amendment of the Plan shall not, without the consent of an optionee, materially adversely affect his rights under an option previously granted to him.

A true Copy.

ATTEST:

Date: December 6, 1995

/s/ William Williams II

William Williams II, Assistant Secretary

EXHIBIT 11
CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

(in thousands, except per share amounts)

	Three months ended October 31, 1997	Three months ended October 31, 1996
Primary:		
Net income (loss)	$ 2,685	$(7,397)
Net effect of income attributable to subsidiary stock options	(237)	--
Net income (loss)	$ 2,448	$(7,397)
Weighted average common and common equivalent shares outstanding:		
Shares outstanding at the beginning of the period	9,660	9,167
Weighted average shares issued during the period	19	4
Weighted average treasury stock acquired during the period	--	(4)
Weighted average common stock equivalents	637	--
Weighted average common and common equivalent shares outstanding	10,316	9,167
Primary net income (loss) per share	$0.24	$(0.81)
Fully Diluted:		
Net income (loss)	$ 2,685	$(7,397)
Net effect of income attributable to subsidiary stock options	(237)	--
Net income (loss)	$ 2,448	$(7,397)
Weighted average common and common equivalent shares outstanding:		
Shares outstanding at the beginning of the period	9,660	9,167
Weighted average shares issued during the period	19	4
Weighted average treasury stock acquired during the period	--	(4)
Weighted average common stock equivalents	641	--
Weighted average common and common equivalent shares outstanding	10,320	9,167
Fully diluted net income (loss) per share	$0.24	$(0.81)

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THIS RESTATED SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF CMG INFORMATION SERVICES, INC. FOR THE QUARTER ENDED OCTOBER 31, 1996, AS SET FORTH IN ITS FORM 10-Q FOR SUCH QUARTER AND FOR THE QUARTER ENDED OCTOBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
JUL-31-1997
AUG-01-1996
OCT-31-1996
53,689
7,630
15,041
0
0
81,610
10,101
0
119,258
27,391
0
0
0
92
45,804
119,258
10,640
10,640
5,366
5,366
19,723
0
38
(8,495)
(1,098)
(7,397)
0
0
0
(7,397)
(0.81)
(0.81)

RESTATEMENT REFLECTED HEREIN IS THE RESULT OF RECLASSIFICATION TO PRIOR PERIOD'S FINANCIAL STATEMENTS TO CONFORM TO THE CURRENT PERIOD PRESENTATION.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS IN THE QUARTERLY REPORT ON FORM 10-Q OF CMG INFORMATION SERVICES, INC. FOR THE QUARTER ENDED OCTOBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
JUL-31-1998
AUG-01-1997
OCT-31-1997
57,246
1,200
21,383
0
0
103,111
11,193
0
146,763
65,410
0
0
0
97
31,919
146,763
25,135
25,135
15,259
15,259
22,115
0
770
5,118
2,433
2,685
0
0
0
2,685
0.24
0.24