SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTER ENDED APRIL 30, 1997   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 Identification No.)
100 BRICKSTONE SQUARE, FIRST FLOOR ANDOVER, MASSACHUSETTS	01810
(Address of principal executive offices)	(Zip Code)

(508) 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 June 7, 1997

COMMON STOCK, PAR VALUE $.01 PER SHARE	9,642,379
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)

	April 30, 1997	July 31, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,742	$ 63,387
Available-for-sale securities	7,435	13,069
Accounts receivable, trade, less allowance for doubtful accounts	17,842	10,666
License fees receivable	4,589	1,032
Prepaid expenses and other current assets	9,915	2,199
Refundable and deferred income taxes	2,912	213
Total current assets	104,435	90,566
Long term license fees receivable	1,700	952
Property and equipment, net	10,455	8,461
Investments in affiliates	4,545	4,073
Cost in excess of net assets of subsidiaries acquired, net of accumulated amortization	16,747	2,299
Other assets	3,613	3,152
	$141,495	$109,503
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 12,194	$ --
Current installments of long term debt	2,836	245
Accounts payable	8,559	7,251
Accrued expenses	17,746	6,245
Deferred revenues	7,913	4,620
Other current liabilities	178	196
Total current liabilities	49,426	18,557
Long term debt, less current installments	12,377	208
Long term deferred revenues	1,500	--
Deferred income taxes	9,241	9,122
Other long term liabilities	167	347
Minority interest	23,847	27,277
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 and outstanding --- 9,636,997 shares at April 30, 1997 and 9,166,747 shares at July 31, 1996	96	92
Additional paid-in capital	16,399	9,243
Net unrealized holding gain	792	--
Retained earnings	27,650	44,657
Total stockholders' equity	44,937	53,992
	$141,495	$109,503

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)

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	Three months ended April 30, 1997	Three months ended April 30, 1996	Nine months ended April 30, 1997	Nine months ended April 30, 1996
Net sales	$ 19,010	$ 7,484	$ 48,547	$ 19,424
Operating expenses:				
Cost of sales	12,523	5,266	31,675	12,686
Research and development	6,466	1,751	18,163	3,702
In-process research and development	--	--	1,312	452
Selling	7,401	2,685	23,221	5,548
General and administrative	4,376	2,585	13,190	6,139
Total operating expenses	30,766	12,287	87,561	28,527
Operating loss	(11,756)	(4,803)	(39,014)	(9,103)
Other income (deductions):				
Gain on sale of available-for-sale securities	--	--	--	30,049
Gain on issuance of stock by subsidiary	--	19,575	--	19,575
Gain on sale of investment in affiliate	--	--	3,616	--
Gain on sale of subsidiary	--	--	15,111	--
Minority interest	492	517	3,939	817
Equity in losses of affiliates	(1,924)	(931)	(4,013)	(1,952)
Interest income, net	328	474	1,512	1,542
	(1,104)	19,635	20,165	50,031
Income (loss) before income taxes	(12,860)	14,832	(18,849)	40,928
Income tax benefit (expense)	2,584	(7,418)	1,842	(17,981)
Net income (loss)	$(10,276)	$ 7,414	$(17,007)	$ 22,947
Primary earnings (loss) per share	$(1.07)	$0.74	$(1.82)	$2.32
Weighted average shares outstanding	9,622	9,969	9,327	9,907

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)

	Nine months ended April 30, 1997	Nine months ended April 30, 1996
Cash flows from operating activities:		
Net income (loss)	$(17,007)	$ 22,947
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation and amortization	3,757	1,606
Deferred income taxes	(703)	8,308
Gain on sale of available-for-sale securities	--	(30,049)
Gain on issuance of stock by subsidiary	--	(19,575)
Gain on sale of investment in affiliate	(3,616)	--
Gain on sale of subsidiary	(15,111)	--
Equity in losses of affiliates	4,013	1,952
Minority interest	(3,939)	(817)
In-process research and development	1,312	452
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts and license fees receivable	(7,344)	(5,894)
Prepaid expenses and other assets	(7,480)	(1,423)
Accounts payable and accrued expenses	9,888	4,493
Deferred revenues	4,907	3,739
Refundable and accrued income taxes	(2,523)	13,024
Net cash used for operating activities	(33,846)	(1,237)
Cash flows from investing activities:		
Additions to property and equipment	(5,233)	(5,959)
Proceeds from sale or maturities of available-for-sale securities	11,056	60,154
Income taxes paid related to sale of available-for-sale securities	--	(15,416)
Purchase of available-for-sale securities	--	(25,526)
Investments in affiliates and acquisitions of subsidiaries	(26,282)	(4,000)
Proceeds from sales of subsidiary and investment in affiliate	19,018	--
Other	(832)	(1,661)
Net cash provided by (used for)investing activities	(2,273)	7,592
Cash flows from financing activities:		
Proceeds from issuance of notes payable and long term debt	28,452	940
Repayment of notes payable and long-term debt	(1,000)	(940)
Net proceeds from issuance of stock by subsidiary	--	46,021
Sale of common and treasury stock	7,723	381
Purchase of treasury stock	(984)	--
Other	283	1,697
Net cash provided by financing activities	34,474	48,099
Net increase (decrease) in cash and cash equivalents	(1,645)	54,454
Cash and cash equivalents at beginning of period	63,387	9,423
Cash and cash equivalents at end of period	$ 61,742	$ 63,877

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)

(unaudited)
(in thousands)

	Nine months ended April 30, 1997	Nine months ended April 30, 1996
Supplemental disclosure information:		
Cash paid during the period for:		
Interest	$ 757	$ 44
Income taxes	$ 799	$12,005

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 prevent the information from being misleading, these consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended July 31, 1996 which are contained in the Company's Form 10-K. The results for the three and nine month periods ended April 30, 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. ACQUISITIONS AND INVESTMENTS

During the first quarter of fiscal 1997, the Company, through its limited partnership subsidiary, CMG@Ventures L.P. and its limited liability company subsidiary, CMG @Ventures II LLC, invested a total of $3,250,000 to acquire a 46% minority interest in Parable LLC (Parable), a developer of easy-to-use interactive multimedia software, and a 26% minority interest in Silknet Software, Inc. (Silknet), a provider of Web-based customer service software. The Company's investments in Parable and Silknet are accounted for on the equity method. The acquisition accounting for the Company's investments in Parable and Silknet resulted in a total of $1,312,000 being identified as in-process research and development, which was expensed during the first quarter because technological feasibility had not been reached at the dates the investments were made.

During fiscal 1997, the Company completed its original commitment of $35 million in capital to its limited partnership subsidiary, CMG @Ventures L.P. and formed a new limited liability company subsidiary, CMG @Ventures II LLC, to continue the Company's model of providing intellectual and financial capital to companies seeking to further the commercialization of the Internet and other interactive media through the development and application of direct marketing products and services. The Company's investment in Silknet in the first quarter of fiscal 1997 was made through CMG @Ventures II LLC. The Company expects to seek outside financing commitments to provide funding for CMG @Ventures II LLC.

On October 24, 1996, the Company's fulfillment services subsidiary, SalesLink, acquired Pacific Link, a company specializing in high technology product and literature fulfillment and turnkey outsourcing. The consideration for the acquisition was $17 million, $8.5 million of which was paid in cash at the date of acquisition, $1 million of which SalesLink paid (along with interest at the annual rate of 7%) in February 1997, and the remaining $7.5 million of which was financed through a seller's note. The seller's note is supported by a bank letter of credit, bears interest at 7% per year and is payable monthly in arrears over a term of 30 months beginning July 31, 1997. The sources of the cash portion of the purchase price were $3 million from corporate funds provided by the Company to SalesLink for the acquisition and $5.5 million from a bank loan. The bank loan provides for the option of interest at the London Interbank Offered Rate (LIBOR) or the higher of 1) the rate announced by First National Bank of Boston as its base rate, or 2) one half percent above the Federal Funds Effective Rate plus, in any case, an applicable margin based on SalesLink's leverage ratio. The bank loan is repayable in quarterly installments beginning January 31, 1998 through July 31, 2001, with the remaining balance to be repaid on October 1, 2001. Additional purchase price of up to $1 million could be paid if certain future performance goals are met.

B. ACQUISITIONS AND INVESTMENTS (CONTINUED)

The acquisition of Pacific Link has been accounted for using the purchase method of accounting, and, accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon their fair values at the date of acquisition. The excess of the purchase price over the fair values of the net assets acquired was $16.1 million and has been recorded as goodwill, which will be amortized on a straight line basis over 15 years.

The net purchase price was allocated as follows:

Working capital	$ 197,000
Property, plant and equipment	668,000
Other assets	181,000
Goodwill	16,077,000
Other liabilities	(123,000)
Purchase price	$17,000,000

In December 1996, the Company's consolidated subsidiary FreeMark Communications, Inc. (FreeMark) ceased all operations of its free email service. The suspension of FreeMark's operations did not have a material adverse impact on the Company's consolidated financial statements. In January 1997, GeoCities successfully completed a $9 million equity financing round in which CMG @Ventures contributed $2,000,000. With this round of financing, CMG @Ventures' ownership in GeoCities decreased from approximately 61% to approximately 41%, and the Company began accounting for its investment in GeoCities under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of GeoCities and FreeMark were consolidated within the operating results of the Company's investment and development segment. Also, during the second quarter of fiscal 1997, Vicinity Corporation (Vicinity) successfully completed a $5 million equity financing round in which CMG @Ventures contributed $1,845,000. With this round of financing, CMG @Ventures' ownership in Vicinity decreased from approximately 47% to approximately 45%.

C. SALE OF INVESTMENT IN TELE T COMMUNICATIONS

On September 19, 1996, the Company sold its equity interest in TeleT Communications, LLC (TeleT) to Premiere Technologies (Premiere) for $550,000 in cash and 320,833 shares of Premiere stock. The Company, through CMG@Ventures, acquired its equity interest in TeleT for $750,000 during April 1996. As a result of the sale, the Company recognized a pretax gain of $3,616,000, reported net of the 22.5% interest attributed to CMG@Ventures' profit partners, reflected as "Gain on sale of investment in affiliate". Of the shares received, 37,500 are to be held in escrow for a six year period, subject to certain customary conditions, and have been classified in other long term assets with a carrying value of $450,000. The remaining shares are subject to an average one year lock-up period, and have been classified in available-for-sale securities, with a carrying value at the time of acquisition of $4,080,000, net of market value discount to reflect the lock-up period requirement.

D. SALE OF NETCARTA CORPORATION

On December 9, 1996 Microsoft Corporation ("Microsoft") entered into a definitive agreement to acquire one of the Company's subsidiaries, NetCarta Corp. (NetCarta), for $20,000,000 in cash, subject to certain customary conditions. On January 31, 1997 the sale of NetCarta was finalized, with the Company receiving proceeds of $18,468,000, net of proceeds to former NetCarta employees who exercised employee stock options. As a result of the sale, the Company recognized a pretax gain of $15,111,000, reported net of the 22.5% interest attributed to CMG@Ventures' profit partners, reflected as "Gain on sale of subsidiary". Of the proceeds received, $2,000,000 included in "Cash and cash equivalents" at April 30, 1997, is currently held on the Company's behalf by an outside escrow agent, to secure certain indemnification obligations of the Company and CMG@Ventures related to the sale of NetCarta, and is restricted for this purpose through February 1998.

E. SALE OF COMMON STOCK

Pursuant to a stock purchase agreement entered into as of December 10, 1996, the Company sold 470,477 shares of its common stock (the "CMG Shares") to Microsoft on January 31, 1997, representing 4.9% of CMG's total outstanding shares of common stock following the sale. The CMG Shares were priced at $14.50 per share, with proceeds to CMG totaling $6,821,917. The CMG Shares purchased by Microsoft are not registered under the Securities Act of 1933 and carry a one year prohibition on transfer or sale. Under the terms of the agreement and following the one-year period, Microsoft is entitled to two demand registration rights as well as piggy back registration rights. Additionally, Microsoft is subject to "stand still" provisions, whereby it is prohibited for a period of three years, without the consent of CMG, (i) from increasing its ownership in CMG above ten percent of CMG's outstanding shares, (ii) from exercising any control or influence over CMG, and (iii) from entering into any voting agreement with respect to its CMG Shares.

F. NOTES PAYABLE

Notes payable at April 30, 1997 consisted of $10,000,000 in collateralized corporate borrowings and $2,194,000 line of credit borrowing by the Company's subsidiary, SalesLink Corporation. The Company's $10,000,000 borrowing is collateralized by 784,314 of the Company's common shares of its subsidiary, Lycos, Inc. (Lycos), with interest payable quarterly at a rate of LIBOR plus 1.75 percent, and is payable in full on January 17, 1998. SalesLink's borrowings were made under its $2,500,000 revolving credit note agreement with a bank. The revolving credit note is payable in full on October 1, 1998 and provides for the option of interest at the London Interbank Offered Rate (LIBOR) or the higher of 1) the rate announced by First National Bank of Boston as its base rate, or 2) one half percent above the Federal Funds Effective Rate plus, in any case, an applicable margin based on SalesLink's leverage ratio.

G. AVAILABLE-FOR-SALE SECURITIES

At April 30, 1997, available-for-sale securities consist of equity and debt securities, carried at fair value. The estimated fair value of these securities consists of $5,422,000 of Premiere Technologies common stock and $2,013,000 of U.S. Government agency obligations which the Company does not intend to hold to maturity. An unrealized holding gain of $792,000, based on the change in fair value of the Premiere shares from the date of acquisition to April 30, 1997, is presented in the equity section of the balance sheet, net of income taxes. Since the estimated fair value, based on quoted market prices, of each investment in U.S. Government agency obligations approximates its carrying value or amortized cost, there are no unrealized holding gains or losses reflected on these securities as of April 30, 1997.

H. 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 for the three and nine months ended April 30, 1997, common equivalent shares have not been included in the calculation of weighted average shares outstanding for these periods. Common stock equivalent shares consist of stock options. On February 2, 1996, the Company effected a two-for-one common stock split in the form of a stock dividend. Accordingly, the consolidated financial statements have been retroactively adjusted to reflect this event.

I. SEGMENT INFORMATION

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

	Three months ended April 30,		Nine months ended April 30,	
	1997	1996	1997	1996
Net sales:				
Investment and development	$ 6,015,000	$ 1,579,000	$ 15,454,000	$ 2,621,000
Fulfillment services	10,587,000	3,437,000	24,746,000	8,513,000
Lists and database services	2,408,000	2,468,000	8,347,000	8,290,000
	$ 19,010,000	$ 7,484,000	$ 48,547,000	$19,424,000
Operating income (loss):				
Investment and development	$ (9,481,000)	$(4,577,000)	$(34,827,000)	$(9,407,000)
Fulfillment services	1,160,000	561,000	3,257,000	1,014,000
Lists and database services	(3,435,000)	(787,000)	(7,444,000)	(710,000)
	$(11,756,000)	$(4,803,000)	$(39,014,000)	$(9,103,000)

J. COMMITMENTS

In March 1997, Lycos renewed its one year "Premier Provider" agreement (the Agreement) with Netscape Communications Corporation (Netscape) which commenced in May 1997 for an additional one year term, pursuant to which Lycos was designated as one of four "Premier Providers" of search and navigation services accessible from the "Net Search" button on the Netscape browser. Lycos is obligated to make minimum payments of $4.7 million under the terms of the Agreement. To the extent that the minimum guaranteed exposures are exceeded, Lycos is obligated to remit additional payments. In addition, during the term of the Agreement, Netscape is required to purchase advertising and services on the Lycos Web Site valued at $1.5 million. The cost of the Agreement will be recognized over its term.

K. SUBSEQUENT EVENTS

On May 8, 1997, CMG @Ventures II LLC invested $2,000,000 to acquire a 15% minority interest in KOZ, Inc. (KOZ), a provider of an integrated set of Web-based publishing solutions that allow organizations or groups to share information with their members and the community at large. The Company's investment in KOZ will be accounted for on the cost method of accounting.

The Company's subsidiary, Lycos, entered into a joint venture agreement with Bertelsmann Internet Services, GmbH (Bertelsmann) dated as of May 1, 1997, to create Internet navigation centers throughout Eastern and Western Europe. Bertelsmann will provide $5,000,000 in equity capital, and an additional $5,000,000 loan facility to the venture and Lycos will contribute its technology and Internet expertise. Lycos and Bertelsmann will each own a 50% stake in the new venture, named Lycos-Bertelsmann. The venture has commenced operations in Germany, the United Kingdom and France and is expected to establish operations by September in Italy, Belgium, Netherlands, Luxembourg and Spain.

On May 14, 1997, the Company entered into a revolving credit note agreement with a bank. The agreement provides for borrowings up to $10,000,000, matures on May 14, 1998 and provides for the option of interest at 1) LIBOR plus 2.5% or 2) the rate announced by BankBoston as its base rate plus 0.5%.

K. SUBSEQUENT EVENTS (CONTINUED)

On May 28, 1997, the Company announced a new venture stock dividend program in connection with the Company's CMG @Ventures Internet investments. Subject to restrictions on transfer, the program envisions distributing up to 10% of the stock held by CMG @Ventures following an initial public offering by any one of the companies in which it holds an investment. The Company may also announce from time to time other stock dividends in connection with its Internet investments. Such dividends are subject to approval of the Company's Board of Directors and subject to holding requirements by regulatory agencies such as the Securities and Exchange Commission. The program may be altered or discontinued at the discretion of the Company. The Company also announced its first dividend under the new program, payable on July 31, 1997, of one share of Lycos common stock for every sixteen shares of the Company's common stock held by stockholders of record on June 5, 1997. The declaration of the distribution of the Lycos stock will result in the recognition of a one time gain in the Company's fourth quarter ended July 31, 1997, and is not expected to reduce the Company's ownership percentage in Lycos below 50% upon distribution.

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 1996 Annual Report on Form 10-K.

THREE MONTHS ENDED APRIL 30, 1997 COMPARED TO THREE MONTHS ENDED APRIL 30, 1996

Net sales for the quarter ended April 30, 1997 increased $11,526,000, or 154%, to $19,010,000 from $7,484,000 for the quarter ended April 30, 1996. The increase was largely attributable to an increase of $7,150,000 in net sales for the Company's fulfillment services segment, reflecting the acquisition of Pacific Link on October 24, 1996. Additionally, net sales in the Company's investment and development segment increased $4,436,000 primarily reflecting increased sales by the Company's subsidiary, Lycos, Inc. (Lycos). Net sales in the Company's lists and database services segment for the quarter were consistent with the prior year due to competitive pricing pressure. The Company believes that the portfolio companies of the investment and development segment will continue to develop and introduce their products commercially and, therefore, expects to report future revenue growth.

Cost of sales increased $7,257,000, or 138%, to $12,523,000 in the third quarter of fiscal 1997 from $5,266,000 for the corresponding period in fiscal 1996, comprised mainly of increases of $5,836,000 and $1,237,000 in the fulfillment services and investment and development segments, respectively, resulting from increased sales. In the investment and development segment, cost of sales as a percentage of net sales decreased to 45% in the quarter ended April 30, 1997 from 93% in the prior year's third quarter due to the ability to spread fixed costs, such as facilities and equipment costs, over a larger revenue base. In the fulfillment services segment, cost of sales as a percentage of net sales increased to 76% in the third quarter of fiscal 1997 from 63% in the third quarter of fiscal 1996 due to a change in the mix of services, primarily associated with the acquisition of Pacific Link.

Research and development expenses increased $4,715,000, or 269%, to $6,466,000 in the quarter ended April 30, 1997 from $1,751,000 in the prior year's third quarter. The increase consists primarily of an increase of $3,224,000 in research and development expenses for the investment and development segment as product development activities continued at all of the Company's consolidated Internet investments. Additionally, research and development expenses increased $1,561,000 in the lists and database services segment due to the continued development of Engage Technologies' (formerly CMG Direct Interactive) data mining, querying, analysis and targeting products and services. The Company anticipates it will continue to devote substantial resources to product development and that these costs may substantially increase in absolute dollar amounts in future periods.

Selling expenses increased $4,716,000, or 176% to $7,401,000 in the third quarter of fiscal 1997 from $2,685,000 for the third quarter of fiscal 1996. This increase was primarily attributable to a $3,855,000 selling expense increase in the Company's investment and development segment, reflecting the sales and marketing efforts related to several product launches and continued growth of sales and marketing infrastructures. Also during the quarter, Lycos launched a national advertising campaign which contributed to the increased selling expenses in the investment and development segment. Selling expenses in the fulfillment services segment increased by $381,000 in comparison with the third quarter of fiscal 1996 due to the acquisition of Pacific Link, and selling expenses in the lists and database services segment increased by $480,000 versus last year's third quarter due to product launch expenses and the continued building of sales and marketing infrastructure for Engage Technologies. Selling expenses increased as a percentage of net sales to 39% in the third quarter of fiscal 1997 from 36% for the corresponding period in fiscal 1996. The Company anticipates that its subsidiaries will continue to introduce new products and expand sales and, therefore, 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 these costs may substantially increase in absolute dollar amounts in future periods.

General and administrative expenses increased $1,791,000, or 69%, to $4,376,000 in the quarter ended April 30, 1997 from $2,585,000 for the quarter ended April 30, 1996. The investment and development segment and lists and database services segment experienced increases of $1,024,000 and $363,000, respectively, due to the addition of management personnel and infrastructure in several of the Company's Internet investments and Engage Technologies. General and administrative expenses in the fulfillment services segment increased by $404,000 in comparison with the third quarter of fiscal 1996 due to the acquisition of Pacific Link, including approximately $267,000 of goodwill amortization charges for the quarter. General and administrative expenses decreased as a percentage of net sales to 23% in the third quarter of fiscal 1997 from 35% in the third quarter of fiscal 1996. The Company anticipates that its general and administrative expenses will continue to increase significantly in absolute dollar amounts as the Company's subsidiaries, particularly in the investment and development segment, continue to expand their administrative staffs and infrastructures.

Gain on issuance of stock by subsidiary in fiscal 1996 represented the Company's $19,575,000 gain recorded as a result of the sale of stock by Lycos in an initial public offering in April 1996. Interest income, net, decreased $146,000 compared with the third quarter of fiscal 1996, primarily due to lower average corporate cash balances in the third quarter of fiscal 1997 compared to prior year, combined with $280,000 interest expense related to borrowings incurred to finance the Company's acquisition of Pacific Link and $180,000 interest expense related to the Company's $10,000,000 collateralized corporate note payable which was issued in January 1997. These decreases were partially offset by income earned by Lycos from the investment of the proceeds of their initial public offering which occurred in April 1996.

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. The results for the quarter ended April 30, 1996 reflect five investments: FreeMark Communications (FreeMark), Ikonic Interactive, Inc. (Ikonic), GeoCities, Vicinity Corporation (Vicinity) and TeleT Communications LLC (TeleT). During the fourth quarter of fiscal 1996, the Company increased its ownership in FreeMark above 50% and, accordingly, began including their operating results in the Company's consolidated operating results. FreeMark was consolidated through December 1996, when it suspended operations. The Company sold its equity interest in TeleT to Premiere Technologies, Inc. (Premiere) in September 1996. Equity in losses of affiliates for the quarter ended April 30, 1997 include the results from the Company's minority ownership in Ikonic, Vicinity, GeoCities, Parable LLC (Parable) and Silknet Software, Inc. (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 $492,000 in the third quarter of fiscal 1997 from $517,000 in the corresponding period of fiscal 1996 reflecting minority interest in net losses of consolidated subsidiaries within the Company's investment and development segment.

Income tax benefit in the quarter ended April 30, 1997 was $2,584,000. The Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings, excluding taxes provided for significant, unusual or extraordinary items that will be reported separately. In determining the Company's effective rate for fiscal 1997, equity in losses of affiliates, gain on sale of subsidiary, and gain on sale of investment in affiliate were excluded.

NINE MONTHS ENDED APRIL 30, 1997 COMPARED TO NINE MONTHS ENDED APRIL 30, 1996

Net sales increased $29,123,000, or 150%, to $48,547,000 for the nine months ended April 30, 1997 from $19,424,000 for the corresponding period in fiscal 1996. The increase was largely attributable to increases of $16,233,000 and $12,833,000 in net sales for the Company's fulfillment services and investment and development segments, respectively. The fulfillment services increase reflects the acquisition of Pacific Link on October 24, 1996 and the addition of several new SalesLink accounts closed in the second half of fiscal year 1996. The increase in net sales for the Company's investment and development segment primarily reflects increased sales by the Company's subsidiary, Lycos. The Company believes that the portfolio companies of the investment and development segment will continue to develop and introduce their products commercially and, therefore, expects to report future revenue growth.

Cost of sales increased $18,989,000, or 150%, to $31,675,000 for the nine months ended April 30, 1997 from $12,686,000 for the corresponding period in fiscal 1996, primarily comprised of increases of $12,237,000 and $6,399,000 related to the fulfillment services and investment and development segments, respectively, resulting from higher sales. In the investment and development segment, cost of sales as a percentage of net sales decreased to 55% in the nine months ended April 30, 1997 from 82% in the nine months ended April 30, 1996 due to the ability to spread fixed costs, such as facilities and equipment costs, over a larger revenue base. In the fulfillment services segment, cost of sales as a percentage of net sales increased to 72% in the first nine months of fiscal 1997 from 66% in the first nine months of fiscal 1996 due to the mix of services associated with the acquisition of Pacific Link at the end of the first quarter of fiscal 1997.

Research and development expenses increased $14,461,000, or 391%, to $18,163,000 in the first nine months of fiscal 1997 from $3,702,000 for the first nine months of fiscal 1996. The increase consists primarily of an increase of $10,335,000 in research and development expenses for the investment and development segment as product development activities continued at all of the Company's consolidated Internet investments. Also, research and development expenses increased $4,218,000 in the lists and database services segment reflecting the continued development of Engage Technologies' data mining, querying, analysis and targeting products and services. In addition, the Company recorded $1,312,000 of in-process research and development expenses related to investments in Parable and Silknet during the first nine months of fiscal 1997, compared with $452,000 of in-process research and development expenses incurred by Lycos in the first nine months of fiscal 1996, related to the acquisition of Point Communications Corp. The Company anticipates it will continue to devote substantial resources to product development and that these costs may substantially increase in absolute dollar amounts in future periods.

Selling expenses increased $17,673,000, or 319% to $23,221,000 for the nine months ended April 30, 1997 from $5,548,000 for the corresponding period in fiscal 1996. This increase was primarily attributable to a $15,706,000 selling expense increase in the Company's investment and development segment, reflecting the sales and marketing efforts related to several product launches and continued growth of sales and marketing infrastructures. Also during the first nine months of fiscal 1997, Lycos launched a national advertising campaign which contributed to the increased selling expenses in the investment and development segment. Selling expenses in the fulfillment services segment increased by $894,000 in comparison with the first nine months of fiscal 1996 due to the acquisition of Pacific Link. Selling expenses in the lists and database services segment increased by $1,073,000 versus the first nine months of last year due to product launch expenses and the continued building of sales and marketing infrastructure for Engage Technologies. Selling expenses increased as a percentage of net sales to 48% in the nine months ended April 30, 1997 from 29% for the corresponding period in fiscal 1996. The Company anticipates that its subsidiaries will continue to introduce new products and expand sales and, therefore, 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 these costs may substantially increase in absolute dollar amounts in future periods.

General and administrative expenses increased $7,051,000, or 115%, to $13,190,000 for the first nine months of fiscal 1997 from $6,139,000 for the corresponding period in fiscal 1996. The investment and development segment and lists and database services segment experienced increases of $4,953,000 and $1,147,000, respectively, due to the addition of management personnel and infrastructure in several of the Company's Internet investments and Engage Technologies. General and administrative expenses in the fulfillment services segment increased by $951,000 in comparison with the first nine months of fiscal 1996 due to the acquisition of Pacific Link, including approximately $534,000 of goodwill amortization charges. General and administrative expenses decreased as a percentage of net sales to 27% in the nine months ended April 30, 1997 from 32% for the corresponding period in fiscal 1996. The Company anticipates that its general and administrative expenses will continue to increase in absolute dollar amounts as the Company's subsidiaries, particularly in the investment and development segment, continue to expand their administrative staffs and infrastructures.

Gain on sale of subsidiary in fiscal 1997 reflects the Company's pretax gain of $15,111,000 on the sale of NetCarta Corporation on January 31, 1997. Gain on sale of investment in affiliate in fiscal 1997 resulted when the Company sold its equity interest in TeleT to Premiere in exchange for $550,000 and 320,833 shares of Premiere stock in September 1996. Gain on sale of available-for-sale securities in fiscal 1996 occurred when the Company sold its remaining 1,020,000 shares of America Online common stock, realizing a gain of $30,049,000 in October 1995. Gain on issuance of stock by subsidiary in fiscal 1996 represented the Company's $19,575,000 gain recorded as a result of the sale of stock by Lycos in an initial public offering in April 1996.

Interest income, net, decreased $30,000 compared with the first nine months of fiscal 1996, reflecting increases in both interest income and interest expense. Interest expense increased primarily due to $555,000 interest expense related to borrowings incurred to finance the Company's acquisition of Pacific Link and $210,000 interest expense related to the Company's $10,000,000 collateralized corporate note payable which was issued in January 1997. Interest income increased compared with the first nine months of fiscal year 1996, reflecting income earned by Lycos from the investment of the proceeds of their initial public offering which occurred in April 1996, partially offset by the impact of lower corporate cash balances in the first nine months of fiscal 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. The results for the nine months ended April 30, 1996 reflect five investments: FreeMark, Ikonic, GeoCities, Vicinity and TeleT. During the fourth quarter of fiscal 1996, the Company increased its ownership in FreeMark and GeoCities above 50% and, accordingly, began including their operating results in the Company's consolidated operating results. FreeMark was consolidated through December 1996 when it suspended operations. Equity in losses of affiliates for the nine months ended April 30, 1997 include the results from the Company's minority ownership in Ikonic, Vicinity, Parable, Silknet and TeleT (through the date of the sale of TeleT in September 1996). Also, in January 1997 GeoCities successfully completed a $9 million equity financing round in which CMG @Ventures contributed $2 million. With this round of financing, CMG @Ventures' ownership in GeoCities decreased from approximately 61% to approximately 41%, and the Company began accounting for its investment in GeoCities under the equity method of accounting, rather than the consolidation method, and accordingly began including the results of its ownership in GeoCities in equity in losses of affiliates. 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 increased to $3,939,000 in the first nine months of fiscal 1997 from $817,000 in the corresponding period of fiscal 1996 reflecting minority interest in net losses of consolidated subsidiaries within the Company's investment and development segment.

Income tax benefit in the first nine months of fiscal 1997 was $1,842,000. The Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings, excluding taxes provided for significant, unusual or extraordinary items that will be reported separately. In determining the Company's effective rate for fiscal 1997, equity in losses of affiliates, gain on sale of subsidiary, and gain on sale of investment in affiliate were excluded.

LIQUIDITY AND CAPITAL RESOURCES

Working capital at April 30, 1997 decreased to $55.0 million compared to $72.0 million at July 31, 1996. The Company's principal uses of capital during the first nine months of fiscal 1997 were for funding of start-up activities in the Company's investment and development segment, the acquisition of Pacific Link, investments in Parable, Silknet, Vicinity and GeoCities, purchases of property and equipment, and purchases of treasury stock. The Company's principal sources of capital during the first nine months of fiscal 1997 were from short and long term borrowings, sale of NetCarta and sale of common stock. The Company intends to continue to fund existing and future Internet and interactive media investment and development efforts.

The Company's acquisition of Pacific Link in the first quarter of fiscal 1997 was financed through $3 million from corporate funds, a $5.5 million, 5 year bank loan, a $7.5 million, 3 year seller's note, and a $1 million seller's note which was paid in February 1997. The Company received net cash proceeds of $18,468,000 from the sale of NetCarta, of which $2,000,000 included in "Cash and cash equivalents" at April 30, 1997, is currently held on the Company's behalf by an outside escrow agent, to secure certain indemnification obligations of the Company and CMG@Ventures related to the sale of NetCarta, and is restricted for this purpose through February 1998. Additionally, the Company received proceeds of $550,000 in cash and 320,833 shares of Premiere Technologies common stock from the sale of its investment in TeleT during the first quarter of fiscal 1997.

During the first quarter of fiscal 1997, the Company's Board of Directors authorized the Company to buy back up to 500,000 shares of its common stock. During the first and second quarters of fiscal 1997, 100,000 shares were repurchased at an average cost of $9.84 per share, for a total of $984,000. On January 31, 1997, the Company sold 470,477 shares of its common stock (the "CMG Shares"), including the 100,000 treasury shares acquired in fiscal 1997, to Microsoft Corporation ("Microsoft") at a price of $14.50 per share. The shares sold to Microsoft represented 4.9% of CMG's total outstanding shares of common stock following the sale, with proceeds to CMG totaling $6,822,000.

During the first quarter of fiscal 1997, the Company, through its limited partnership subsidiary, CMG@Ventures L.P. and its limited liability company subsidiary, CMG @Ventures II LLC, invested a total of $3,250,000 to acquire a 46% minority interest in Parable, a developer of easy-to-use interactive multimedia software, and a 26% minority interest in Silknet, a provider of Web-based customer service software. In December 1996, the Company's consolidated subsidiary, FreeMark, suspended all operations of its free email service. In January 1997, GeoCities successfully completed a $9 million equity financing round in which CMG @Ventures L.P. contributed $2,000,000. With this round of financing, CMG @Ventures L.P.'s ownership in GeoCities decreased from approximately 61% to approximately 41%, and the Company began accounting for its investment in GeoCities under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of GeoCities and FreeMark were consolidated within the operating results of the Company's investment and development segment. Also during the second quarter of fiscal year 1997, Vicinity successfully completed a $5 million equity financing round in which CMG @Ventures L.P. contributed $1,845,000. With this round of financing, CMG @Ventures L.P.'s ownership in Vicinity decreased from approximately 47% to approximately 45%.

The Company's investments in Parable, Vicinity and GeoCities during the first nine months of fiscal 1997 (as well as its previous investments in Lycos, NetCarta, FreeMark, Blaxxun (formerly Black Sun), GeoCities, Ikonic, TeleT and Vicinity) were made through its majority-owned limited partnership, CMG@Ventures L.P. The Company owns 100% of the capital interest and has all voting rights, and is entitled to 77.5% of the net capital gains, as defined, of these investments. The remaining 22.5% interest in the net capital gains on these investments are attributed to profit partners, including the President and Chief Executive Officer and the Chief Financial Officer of the Company. The Company is responsible for all operating expenses of CMG@Ventures L.P.

During fiscal 1997, the Company completed its original commitment of $35 million in capital to its limited partnership subsidiary, CMG @Ventures L.P., and formed a new limited liability company subisidiary, CMG @Ventures II LLC, to continue the Company's model of providing intellectual and financial capital to companies seeking to further the commercialization of the Internet and other interactive media through the development and application of direct marketing products and services. The Company's investment in Silknet in the first quarter of fiscal 1997 was made through CMG @Ventures II LLC. On May 8, 1997, CMG @Ventures II LLC invested $2,000,000 to acquire a 15% minority interest in KOZ, Inc., a provider of an integrated set of Web-based publishing solutions that allow organizations or groups to share information with their members and the community at large.

The Company's subsidiary, Lycos, entered into a joint venture agreement with Bertelsmann Internet Services, GmbH (Bertelsmann) dated as of May 1, 1997, to create Internet navigation centers throughout Eastern and Western Europe. Bertelsmann will provide $5,000,000 in equity capital, and an additional $5,000,000 loan facility to the venture and Lycos will contribute its technology and Internet expertise. Lycos and Bertelsmann will each own a 50% stake in the new venture, named Lycos-Bertelsmann. The venture has commenced operations in Germany, the United Kingdom and France and is expected to establish operations by September in Italy, Belgium, Netherlands, Luxembourg and Spain.

On May 14, 1997, the Company entered into a revolving credit note agreement with a bank allowing for borrowings up to $10 million. On May 28, 1997, the Company announced a new venture dividend program in connection with the Company's CMG@Ventures Internet investments. Subject to restrictions on transfer, the program envisions distributing up to 10% of the stock held by CMG @Ventures following an initial public offering by any one of the companies in which it holds an investment. The Company may also announce from time to time other stock dividends in connection with its Internet investments. Such dividends are subject to approval of the Company's Board of Directors and subject to holding requirements by regulatory agencies such as the Securities and Exchange Commission. The program may be altered or discontinued at the discretion of the Company. The Company also announced its first dividend under the new program, payable on July 31, 1997, of one share of Lycos, Inc. common stock for every sixteen shares of the Company's common stock held by stockholders of record on June 5, 1997. The distribution of the Lycos stock is not expected to reduce the Company's ownership percentage in Lycos below 50%.

The Company believes that existing working capital and available borrowings under revolving credit note agreements 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. Further, the Company continues to see a strong flow of strategic opportunities that fit within its investment and development business model and expects to seek to secure additional financing commitments from third parties for CMG @Ventures II LLC in the near future.

PART II: OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

On January 31, 1997, the Company sold 470,477 shares of its common stock to Microsoft Corporation at a price of $14.50 per share, representing 4.9% CMG's total outstanding shares of common stock following the sale, with proceeds to CMG totaling $6,822,000. The shares sold to Microsoft were sold in a private placement in reliance upon the exemption provided by section 4 (2) of the Securities Act of 1933.

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)
4	Rights of Common Stockholders	Incorporated by reference to Article FOURTH of the Registrant's Restated Certificate of Incorporation and ARTICLE II of the Registrant's Restated By-Laws.
10.1	CMG @Ventures, Inc. Deferred Compensation Plan	Filed herewith.
11	Statement re computation of per share earnings	Filed herewith.
27	Financial data schedule	Filed herewith.

(B) Reports on Form 8-K.

On February 14, 1997, the Company filed a report on Form 8-K dated January 31, 1997 in conjunction with the sale by the Company of 470,477 shares of its common stock to Microsoft Corporation.

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: June 12, 1997

Andrew J. Hajducky III, CPA
Chief Financial Officer

Exhibit 10.1

CMG@VENTURES, INC.

DEFERRED COMPENSATION PLAN

I. GENERAL

1.1 Establishment of Plan. CMG@Ventures, Inc., a Delaware corporation having its principal place of business at 100 Brickstone Square, 1st Floor, Andover, Massachusetts ("CMG@Ventures, Inc."), hereby establishes the CMG@Ventures, Inc. Deferred Compensation Plan (the "Plan"), effective as of April 1, 1997, for the purpose of establishing deferred compensation accounts for certain individuals who have contributed significantly to certain investments made by CMG@Ventures, Inc. and the realization of gain with respect to those investments (collectively, "Participants"), subject to the terms and conditions of this Plan.

1.2 No Right to Corporate Assets. This Plan is unfunded and CMG@Ventures, Inc. and all companies controlling, controlled by and under common control with CMG@Ventures, Inc. ("Affiliates") will not be required to set aside, segregate, or deposit any funds or assets of any kind to meet the obligations of CMG@Ventures, Inc. hereunder. Nothing in this Plan will give a Participant or any other person any equity or other interest in the assets of CMG@Ventures, Inc. or any of its Affiliates, or create a trust of any kind or a fiduciary relationship of any kind between CMG@Ventures, Inc. or any of its Affiliates on the one hand and any Participant or any such other person on the other. Any rights that a Participant or any other person may have under this Plan will be solely those of a general unsecured creditor of CMG@Ventures, Inc.

1.3 Limitation on Rights Created by Plan. Nothing in this Plan will give a Participant any right to continue as an officer or employee or in any other capacity of or with CMG@Ventures, Inc., or any of its Affiliates.

1.4 Nonalienation of Benefits. The rights and benefits of a Participant in this Plan are personal to the Participant. No interest, right or claim under this Plan and no distribution therefrom will be assignable, transferable or inheritable in any respect or subject to sale, testamentary disposition, mortgage, pledge, hypothecation, anticipation, garnishment, attachment, execution or levy.

1.5 Binding Effect of Plan. This Plan will be binding upon and inure to the benefit of the Participants individually and will be binding upon and inure to the benefit of CMG@Ventures, Inc. and its assigns and successors in interest.

1.6 Administration. This Plan will be administered by the Compensation Committee of the Board of Directors of CMG@Ventures, Inc., which will have sole discretion with respect to its interpretation and implementation.

1.7 Interpretation. This Plan will be construed, enforced and administered according to the laws of the Commonwealth of Massachusetts.

II. DEFERRED COMPENSATION

2.1 Deferral of Compensation. The Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may from time to time recognize the services performed by certain individuals as employees and officers of CMG@Ventures, Inc. in connection with the making of certain investments and the realization of gains with respect to those investments by CMG@Ventures, Inc.; and in connection therewith, the Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may set aside in its sole discretion cash bonuses to be paid to said individuals as Participants in this Plan, which will generally equal 20% to 22.5% of said gains as determined by said Committee, subject to the terms and conditions hereof. A list of the names of the Participants and their dates of hire (the "Participant List") shall be maintained in the office of the chief financial officer of CMG@Ventures, Inc. Any cash bonuses awarded to any Participants in this Plan shall be reflected in deferred compensation accounts as provided in this Plan, and distributions from those accounts shall be subject to vesting and forfeiture as provided in this Plan.

2.2 Deferred Compensation Accounts. At such time as the Compensation Committee of the Board of Directors of CMG@Ventures, Inc. determines in its sole discretion to award cash bonuses to Participants in this Plan in connection with the realization of a gain with respect to a particular investment, the Compensation Committee shall adopt a Schedule of Deferred Compensation Accounts in the form maintained in the office of the chief financial officer of CMG@Ventures, Inc. (the "Schedule of Deferred Compensation Accounts"), and CMG@Ventures, Inc. will thereupon establish and maintain an account for each Participant which reflects the cash bonus thereby awarded to the Participant in a deferred compensation account as set forth in Schedule of Deferred Compensation Accounts established pursuant to and subject to the terms and conditions of this Plan. These deferred compensation accounts shall be maintained only on the books of CMG@Ventures, Inc. and shall not be funded in any respect, and the amounts of deferred compensation reflected in said accounts shall always be entirely the property of CMG@Ventures, Inc. and its Affiliates and shall be available to CMG@Ventures, Inc. and its Affiliates from time to time for the payment of their debts, liabilities and commitments generally. The Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may, in its sole discretion, adopt a Schedule of Deferred Compensation Accounts based upon a preliminary estimate (or updated interim estimate) of gain realized with respect to a particular investment prior to the determination of the final gain realized. In such event, the Compensation Committee may issue a preliminary Schedule of Deferred Compensation Accounts with respect to that investment followed by updated interim schedules and then by a final schedule at such time as the actual gain has been finally determined by the Committee. Cash bonuses awarded to, and deferred compensation accounts established for, Participants in this Plan and distributions made to those Participants based upon a preliminary or interim Schedule of Deferred Compensation Accounts in connection with the gain realized with respect to a particular investment shall thereupon be adjusted to reflect any interim or final Schedule of Deferred

Compensation Accounts. All adjustments to any Schedule of Deferred Compensation Accounts shall be made at the sole discretion of the Compensation Committee.

2.3 Vesting of Deferred Compensation Accounts. The vesting of any deferred compensation account established as provided in this Plan pursuant to the adoption of a Schedule of Deferred Compensation Accounts shall vest with respect to each Participant in forty (40) quarter-annual cumulative and consecutive installments of three and three-quarters percent (3 3/4%) each for the first five (5) years and one and one-quarter percent (1 1/4%) each for the second five (5) years, with the first four (4) installments vesting on the first anniversary of the date of hire of each respective Participant as set forth in the Participant List, and with each subsequent installment vesting in arrears at the end of each consecutive quarter-annual period following the first anniversary of each respective Participant's date of hire and with the entire deferred compensation account of such Participant vesting by the tenth anniversary of such date of hire, provided that on each such vesting date, each such Participant must then be a full-time employee of CMG@Ventures, Inc. or one of its Affiliates and must be in compliance with, and not in default of, all of his or her obligations hereunder and under any other agreement between said Participant and CMG@Ventures, Inc. and any of its Affiliates in order for such vesting to occur. No portion of any Deferred Compensation Account established with respect to any Participant shall vest in any respect whatsoever after the date of termination of said Participant's employment relationship with CMG@Ventures, Inc. and its Affiliates as provided herein.

2.4 Interest. Interest will not be credited to the deferred compensation accounts established pursuant to this Plan.

2.5 Distributions; Repayments. Upon the adoption of a Schedule of Deferred Compensation Accounts by the Compensation Committee of the Board of Directors of CMG@Ventures, Inc., distributions shall be made to Participants according to that schedule to the extent Participants' deferred compensation accounts are vested at the time of the implementation of each such schedule, and distributions shall continue to be made to Participants on each quarterly vesting date established pursuant to this Plan with respect to each Participant's deferred compensation account to the extent of that portion of each deferred compensation account that then becomes vested for each Participant. Upon the adoption of any updated interim or final Schedule of Deferred Compensation Accounts in connection with the gain realized with respect to a particular investment, additional distributions of vested amounts may be made in accordance with such updated interim or final schedule. In the event there is any distribution to a Participant pursuant to a preliminary or updated interim schedule which exceeds the amount properly distributable to such Participant pursuant to a later updated interim or final schedule, the Participant shall pay such excess to the Company forthwith, and the Company shall have the right of setoff provided in Section 2.9 with respect thereto. Furthermore, in the event that any additional amount is properly distributable to such Participant pursuant to a later updated interim or final schedule, the Company shall pay such additional amount to the Participant forthwith.

2.6 Forfeitures. In the event of termination of a Participant's employment relationship with CMG@Ventures, Inc. and its Affiliates for any reason or for no reason whatsoever, any balance or balances then remaining in said Participant's deferred compensation account or accounts which is vested on the date of termination (as the same may be adjusted) shall be paid to the Participant and the unvested balance or balances of such account or accounts shall be forfeited and redistributed to other Participants with respect to the particular Schedule of Deferred Compensation Accounts (as the same may be adjusted) to which said forfeiture relates pro rata in proportion to the balances remaining in the accounts of said Participants who continue to comply with the vesting conditions set forth in Section 2.3, or as the Compensation Committee of the Board of Directors of CMG@Ventures, Inc. shall otherwise decide in its sole discretion.

2.7 Hardship Distributions from Deferred Compensation Accounts. The Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may, in its sole discretion, distribute a portion or all of a Participant's deferred compensation account in case of the Participant's financial hardship.

2.8 Withholding. CMG@Ventures, Inc. may withhold any amounts it deems appropriate with respect to the payment of any distribution pursuant to this Plan for the purpose of satisfying the obligations of CMG@Ventures, Inc. and its Affiliates with respect to the payment of any amounts due appropriate authorities with respect to said distributions.

2.9 Right of Setoff. CMG@Ventures, Inc. shall have the right to setoff against any distributions made to any Participant pursuant to this Plan any amounts owed to CMG@Ventures, Inc. or any of its Affiliates by any Participant.

III. AMENDMENT AND TERMINATION

3.1 Amendment. The Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may, without the consent of any Participant or any other person, amend the Plan, including the Participant List, at any time and from time to time; provided, however, that no amendment will reduce the amount credited to the deferred compensation account of any Participant as set forth in a final Schedule of Deferred Compensation Accounts except as provided herein.

3.2 Termination. The Compensation Committee of the Board of Directors of CMG@Ventures, Inc. may terminate this Plan at any time in its sole discretion. Upon termination of the Plan, a payment from a Participant's deferred compensation account shall be made in a lump sum to each Participant as soon as practicable after the date the Plan is terminated.

IN WITNESS WHEREOF, this CMG@Ventures, Inc. Deferred Compensation Plan has been executed to take effect on April 1, 1997.

CMG@VENTURES, INC.

By: /s/ Andrew J. Hajducky III

Andrew J. Hajducky III
Chief Financial Officer

EXHIBIT 11

CMG INFORMATION SERVICES, INC. AND SUBSIDIARIES

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

(in thousands, except per share amounts)

	Three months ended April 30,		Nine months ended April 30,	
	1997	1996	1997	1996
Primary:				
Net income (loss)	$(10,276)	$7,414	$(17,007)	$22,947
Weighted average common and common equivalent shares outstanding:				
Shares outstanding at the beginning of the period	9,605	9,154	9,167	8,839
Weighted average shares issued during the period	17	1	195	122
Weighted average treasury stock acquired during the period	--	--	(35)	--
Weighted average common stock equivalents	--	814	--	946
Weighted average common and common equivalent shares outstanding	9,622	9,969	9,327	9,907
Primary net income (loss) per share	$ (1.07)	$ 0.74	$ (1.82)	$ 2.32
Fully Diluted:				
Net income (loss)	$(10,276)	$7,414	$(17,007)	$22,947
Weighted average common and common equivalent shares outstanding:				
Shares outstanding at the beginning of the period	9,605	9,154	9,167	8,839
Weighted average shares issued during the period	17	1	195	122
Weighted average treasury stock acquired during the period	--	--	(35)	--
Weighted average common stock equivalents	--	814	--	958
Weighted average common and common equivalent shares outstanding	9,622	9,969	9,327	9,919
Fully diluted net income (loss) per share	$ (1.07)	$ 0.74	$ (1.82)	$ 2.31

All share information has been restated to reflect a 2-for-1 Common Stock split effected as a stock dividend on February 2, 1996.

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 APRIL 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
JUL-31-1997
AUG-01-1996
APR-30-1997
61,742
7,435
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104,435
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(18,849)
(1,842)
(17,007)
0
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0
(17,007)
(1.82)
(1.82)