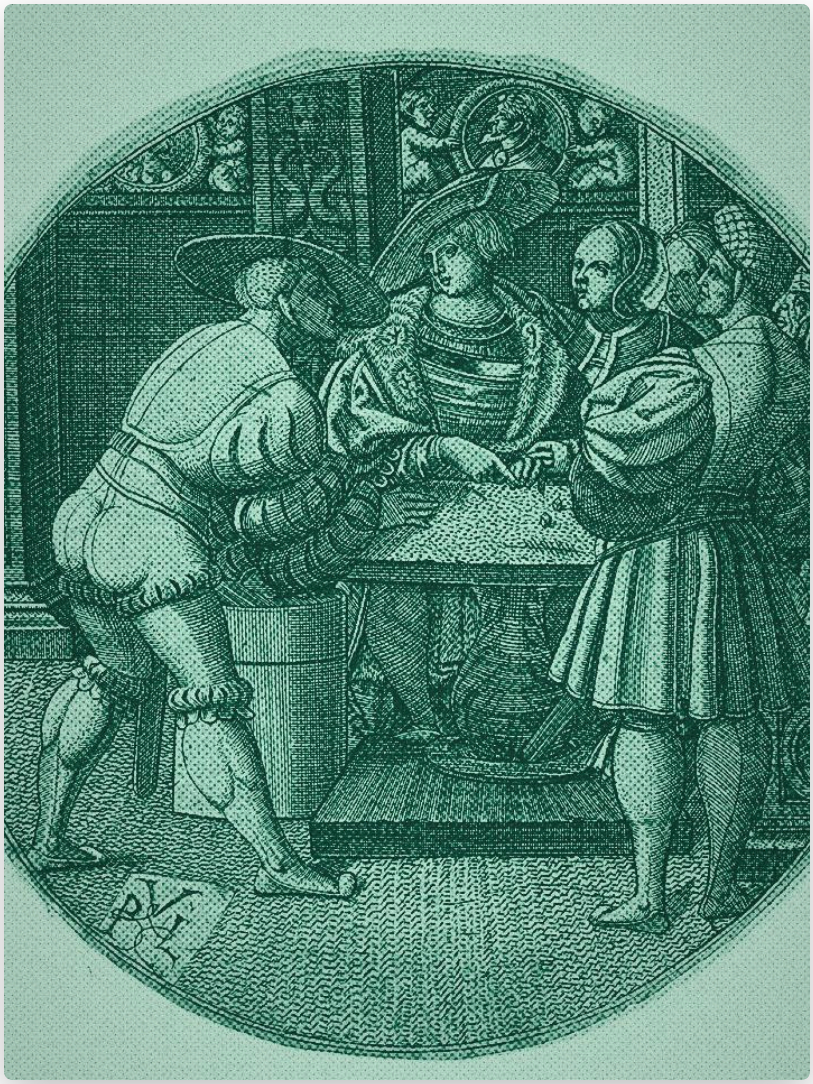
FORM S-1 · REGISTRATION STATEMENT

Dice Inc

IPO priced 1998-11-12 · $14.00 a share · EWBX



From S1 Directory · www.s1directory.com/s1/dice-inc/ · Source: https://www.sec.gov/Archives/edgar/data/1067056/000094018098000841/0000940180-98-000841.txt

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 6, 1998 REGISTRATION NO. 333- . SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 EARTHWEB INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER) DELAWARE 7310 13-3899472 (STATE OR OTHER (PRIMARY STANDARD INDUSTRIAL (I.R.S. EMPLOYER JURISDICTION OF CLASSIFICATION CODE NUMBER) IDENTIFICATION NO.) INCORPORATION OR ORGANIZATION) 3 PARK AVENUE NEW YORK, NEW YORK 10016 (212) 725-6550 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) JACK D. HIDARY PRESIDENT AND CHIEF EXECUTIVE OFFICER EARTHWEB INC. 3 PARK AVENUE NEW YORK, NEW YORK 10016 (212) 725-6550 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE) WITH COPIES SENT TO: JOSEPH W. BARTLETT, ESQ. WINTHROP B. CONRAD, JR., ESQ. MORRISON & FOERSTER LLP DAVIS POLK & WARDWELL 1290 AVENUE OF THE AMERICAS 450 LEXINGTON AVENUE NEW YORK, NEW YORK 10104-0012 NEW YORK, NEW YORK 10017 (212) 468-8000 (212) 450-4000 APPROXIMATE DATE OF COMMENCEMENT OF THE PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. [_] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, PLEASE CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, CHECK THE FOLLOWING BOX. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)(2)(3)	AMOUNT OF REGISTRATION FEE
COMMON STOCK, $.01 PAR VALUE	$34,500,000	$10,177.50

(1) IN ACCORDANCE WITH RULE 457(O) UNDER THE SECURITIES ACT OF 1933, THE NUMBER OF SHARES OF COMMON STOCK BEING REGISTERED AND THE PROPOSED MAXIMUM OFFERING PRICE PER SHARE ARE NOT INCLUDED IN THIS TABLE. (2) INCLUDES SHARES OF COMMON STOCK WHICH THE UNDERWRITERS HAVE THE RIGHT TO PURCHASE UPON EXERCISE OF THE OVER-ALLOTMENT OPTION. (3) ESTIMATED SOLELY FOR THE PURPOSE OF CALCULATING THE REGISTRATION FEE PURSUANT TO RULE 457(O) UNDER THE SECURITIES ACT OF 1933. THE REGISTRANT HEREBY AMENDS THE REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THE REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

++
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
++

PROSPECTUS Subject to Completion
Dated , 1998

SHARES (COMPANY LOGO) EARTHWEB INC. COMMON STOCK (PAR VALUE, $0.01 PER SHARE) ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY EARTHWEB INC. ("EARTHWEB" OR THE "COMPANY"). PRIOR TO THIS OFFERING (THE "OFFERING"), THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK. IT IS CURRENTLY ESTIMATED THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN $ AND $ PER SHARE. SEE "UNDERWRITING" FOR A DISCUSSION OF THE FACTORS TO BE CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE.

THE COMPANY INTENDS TO QUALIFY THE COMMON STOCK FOR QUOTATION ON THE NASDAQ NA- TIONAL MARKET ("NASDAQ") UNDER THE SYMBOL "EWBX."

THE UNDERWRITERS HAVE RESERVED FOR SALE, AT THE INITIAL PUBLIC OFFERING PRICE, SHARES OF COMMON STOCK FOR CERTAIN DIRECTORS, OFFICERS, EMPLOYEES, FRIENDS AND FAMILY OF THE COMPANY WHO HAVE EXPRESSED AN INTEREST IN PURCHASING SUCH SHARES OF COMMON STOCK IN THE OFFERING. SEE "UNDERWRITING." SUCH PERSONS ARE EXPECTED TO PURCHASE, IN THE AGGREGATE, NOT MORE THAN % OF THE COMMON STOCK OFFERED IN THE OFFERING.

SEE "RISK FACTORS" BEGINNING ON PAGE 7 FOR CERTAIN INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT (1)	PROCEEDS TO COMPANY (2)
Per Share	$	$	$
Total (3)	$	$	$

(1)THE COMPANY HAS AGREED TO INDEMNIFY THE SEVERAL UNDERWRITERS AGAINST CERTAIN LIABILITIES, INCLUDING LIABILITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SEE "UNDERWRITING." (2)BEFORE DEDUCTING EXPENSES OF THE OFFERING PAYABLE BY THE COMPANY ESTIMATED AT $. (3)THE COMPANY HAS GRANTED THE UNDERWRITERS AN OPTION, EXERCISABLE WITHIN 30 DAYS AFTER THE DATE OF THIS PROSPECTUS, TO PURCHASE UP TO AN ADDITIONAL SHARES OF COMMON STOCK ON THE SAME TERMS AND CONDITIONS AS SET FORTH ABOVE, SOLELY TO COVER OVER-ALLOTMENTS, IF ANY. IF SUCH OVER-ALLOTMENT OPTION IS EXERCISED IN FULL, THE TOTAL PRICE TO PUBLIC, UNDERWRITING DISCOUNT AND PROCEEDS TO COMPANY WILL BE $, $ AND $, RESPECTIVELY. SEE "UNDERWRITING."

THE SHARES OF COMMON STOCK ARE OFFERED BY THE UNDERWRITERS SUBJECT TO PRIOR SALE, WHEN, AS AND IF DELIVERED TO AND ACCEPTED BY THE UNDERWRITERS, AND SUBJECT TO APPROVAL OF CERTAIN LEGAL MATTERS BY DAVIS POLK & WARDWELL, COUNSEL FOR THE UNDERWRITERS. IT IS EXPECTED THAT DELIVERY OF THE SHARES OF COMMON STOCK WILL BE MADE AGAINST PAYMENT THEREFOR ON OR ABOUT , 1998, AT THE OFFICES OF J.P. MORGAN SECURITIES INC., 60 WALL STREET, NEW YORK, NEW YORK. J.P. MORGAN & CO. BEAR, STEARNS & CO. INC. VOLPE BROWN WHELAN & COMPANY WIT CAPITAL CORPORATION AS E-MANAGER , 1998

[INSERT PHOTO OR GRAPHICS]

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SPECIFICALLY, THE UNDERWRITERS MAY OVER-ALLOT IN CONNECTION WITH THE OFFERING AND MAY BID FOR, AND PURCHASE SHARES OF THE COMMON STOCK IN THE OPEN MARKET. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO

BUY BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER TO SELL OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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Management..... 35 Principal Stockholders..... 40 Certain Transactions..... 42 Description of Capital Stock..... 43 Shares Eligible for Future Sale... 45 Underwriting..... 47 Legal Matters..... 49 Experts..... 49 Available Information..... 49 Index to Financial Statements..... F-1 UNTIL , 1998 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK OFFERED HEREBY, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

Prospectus Summary

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Unless otherwise indicated, all information in this Prospectus assumes (i) the conversion (the "Preferred Stock Conversion") of shares of the Company's Series A Convertible Preferred Stock, par value $.01 per share ("Series A Preferred Stock") into shares of Common Stock and shares of the

Company's Series B Convertible Preferred Stock, par value $.01 per share ("Series B Preferred Stock") (collectively, the "Preferred Stock") into shares of Common Stock and (ii) no exercise of the Underwriters' over-allotment option. See "Underwriting."

The Company

EarthWeb Inc. ("EarthWeb" or the "Company") is the leading provider of Internet-based online services to the information technology ("IT") community worldwide. The Company's integrated business-to-business online services address the needs of IT professionals for content, community and commerce. EarthWeb's content offerings include a wide range of technical materials, such as resource directories, tutorials and a reference library, which enhance the ability of IT professionals to perform their job functions. Its community areas, such as bulletin boards and question and answer services, allow users to help one another solve technical problems and share information. Its commerce services provide a single online source for IT professionals to purchase specialized software and other products. EarthWeb's online services also offer a channel through which advertisers and vendors can efficiently and effectively target what the Company believes to be the largest aggregation of IT professionals worldwide. As a global intermediary for IT professionals, advertisers and vendors, EarthWeb is positioned as a trusted third party that offers an integrated environment where these constituencies can share information, interact with one another and transact business.

EarthWeb's online services address the needs of IT professionals across various segments of the IT industry. EarthWeb's flagship service, developer.com, focuses primarily on the software development and Internet segments. Developer.com features a vast collection of online resources, including the full text of more than 150 technical books, over 375 proprietary tutorials, and access to over 150,000 technical resources. EarthWeb has also obtained the online rights to over 3,000 additional technical books that are expected to be added to its online reference library. Developer.com's Gamelan directory is the industry-recognized site for Java resources. The Company recently acquired datamation.com, a leading resource for IT enterprise managers providing case studies, technical articles and technology assessment tools. EarthWeb's online services also include intranetjournal.com, a site for intranet managers, javascripts.com, a resource for JavaScript developers, and jars.com, a site providing ratings and reviews of Java and other code. EarthWeb's unique blend of online services currently attracts an average of over 1.4 million users a month to its online services and the email version of EarthWeb's Journal, featuring highlights from the Company's online services, currently has over 240,000 subscribers.

IT professionals have become more specialized and have grown in number as the pace and complexity of technological change has increased. IT professionals today play a central role in many organizations because their ability to deploy and integrate new information technologies is essential to executing business strategy and maintaining competitiveness. Organizations are increasingly adopting technologies such as client/server architectures, data warehousing, Internet/intranet applications and object-oriented software development. These and other technologies have continued to fuel the growth in the worldwide market for IT products and services, which is forecasted to grow from an estimated

$755 billion in 1997 to $1.1 trillion in 2001, according to International Data Corporation ("IDC"). IT spending in 1997 in North America, Western Europe and Japan is estimated by IDC to be 45%, 28% and 15%, respectively, of total global IT spending. EarthWeb believes, based on industry estimates, that the number of IT professionals worldwide is approximately 15 million and will continue to grow.

EarthWeb leverages the interactive nature of the Internet to serve as an intermediary between IT professionals, business and consumer advertisers and vendors. Business-to-business Internet advertising is forecasted by Forrester Research ("Forrester") to increase from an estimated $290 million in 1998 to $2.6 billion in 2002 and consumer-oriented Internet advertising is forecasted by Jupiter Communications to increase from an estimated $1.9 billion to $7.7 billion in the same period. Internet commerce is forecasted by IDC to grow from an estimated $10.6 billion in 1997 to $223.1 billion in 2001, with the business-to-business component growing from an estimated $5.5 billion to $149.5 billion in the same period. The Company uses advanced Internet technologies to enable its advertisers to target their advertisements to specific user groups and to measure the effectiveness of their advertisements. EarthWeb also provides an online channel for large and small vendors to sell specialized software and other products. This online channel offers IT professionals a wide selection of products which they can purchase via secure online transactions, many of which can be downloaded directly.

EarthWeb seeks to maintain and strengthen its position as the leading provider of online services to IT professionals worldwide. The Company intends to extend its online services model across various segments of the IT industry, promote EarthWeb and its other online brands, grow existing revenue streams, add new revenue streams (including fee-based premium services), pursue strategic acquisitions and expand internationally.

EarthWeb was incorporated in New York in April 1996, commenced operations on October 25, 1996 and was reincorporated in Delaware in June 1997. References to "EarthWeb" or the "Company" in this Prospectus which refer to the period prior to October 25, 1996 are to the Company's predecessors. The Company's principle executive office is located at 3 Park Avenue, New York, New York 10016 and its telephone number at such location is (212) 725-6550. The Company's corporate Web site address is http://www.earthweb.com. Information contained on the Company's Web site is not part of this Prospectus.

The Offering

COMMON STOCK OFFERED(1)..... shares COMMON STOCK TO BE OUTSTANDING AFTER THE OFFERING(1)(2)..... shares USE OF PROCEEDS..... General corporate purposes, including expansion of sales and marketing capabilities, possible strategic acquisitions or investments, international expansion and working capital requirements. See "Use of Proceeds." PROPOSED NASDAQ SYMBOL..... "EWBX"

(1) Assumes no exercise of the Underwriters' over-allotment option.
(2) Based on shares of Common Stock outstanding as of June 30, 1998, including the shares issued as a result of the Preferred Stock Conversion. Does not include shares of Common Stock reserved for issuance pursuant to the Stock

Plan (as hereinafter defined) of which options to purchase shares were outstanding and were exercisable. See "Management--Benefit Plans."

Risk Factors

See "Risk Factors" for a discussion of certain considerations relevant to an investment in the Common Stock.

Summary Financial Data

The following table sets forth summary financial data of the Company that is derived from the financial statements of the Company. The data should be read in conjunction with the financial statements and related notes and other financial information included therein.

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1997	1998
					(UNAUDITED)
Dollars in thousands, except per share data					

STATEMENT OF OPERATIONS DATA: Revenues..... $ -- $ 472 $ 1,135 $ 592 $ 974 Gross profit (deficit).. -- 158 (223) (9) 181 Loss from continuing operations(1)..... (705) (2,004) (5,437) (2,277) (2,916) Net loss..... (640) (2,046) (7,821) (2,826) (2,916) Basic and diluted net loss per share from continuing operations.. Basic and diluted net loss per share..... Weighted average shares outstanding used in computing basic and diluted net loss per share..... Pro forma basic and diluted net loss per share from continuing operations(2)..... Pro forma basic and diluted net loss per share(2)..... Shares used in computing pro forma basic and diluted net loss per share.....

AS OF JUNE 30, 1998 ACTUAL AS ADJUSTED (3) (UNAUDITED) Dollars in thousands

BALANCE SHEET DATA:		
Cash and cash equivalents.....	$4,762	$
Working capital.....	5,024	
Total assets.....	8,920	
Stockholders' equity.....	7,269	

(1)From its inception in 1994 until mid-1997, EarthWeb primarily developed and maintained Web sites and online commerce infrastructures for its customers. During this period, substantially all of the Company's revenues were derived from development contracts, maintenance fees and software license fees. During 1996, the Company began developing its business of online services for IT professionals. The Company's software products and professional services divisions were discontinued in 1997 and have been recorded as discontinued operations for all periods. (2)The pro forma per share amounts are computed by using the sum of the weighted average number of shares of Common Stock and the shares issued as a result of the Preferred Stock Conversion. (3)Based on shares outstanding as of June 30, 1998, which includes the conversion into of shares of Preferred Stock into shares of Common Stock and gives effect to the sale of shares of Common Stock offered hereby (assuming an initial

offering price of $), but excludes: (i) shares of Common Stock issuable upon exercise of options outstanding under the Stock Plan, at a weighted average exercise price of $ per share; and (ii) shares of Common Stock reserved for future issuance under the Stock Plan. See "Description of Capital Stock."

Risk Factors

In addition to the other information in this Prospectus, prospective investors should carefully consider the following risk factors when evaluating an investment in the Common Stock being offered hereby.

Extremely Limited Operating History; Anticipated Losses

Although EarthWeb commenced operations in October 1994, it did not begin operating its current business of providing online services to IT professionals until October 1995 and did not begin generating advertising revenues until June 1996. Accordingly, EarthWeb has an extremely limited operating history upon which an evaluation of the Company can be based, and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. Such risks include the failure to continue to develop and extend the Company's online service brands, the rejection of the Company's services by Internet users, vendors or advertisers, the inability of the Company to maintain and increase the levels of traffic on its online services, the development of similar or superior services or products by competitors, the failure of the market to adopt the Internet as an advertising medium, the failure to successfully sell Internet advertising through the Company's recently developed internal sales force, reductions in market prices for Internet advertising as a result of competition or other factors, the inability of the Company to integrate effectively the technology and operations of any acquired businesses or technologies with its operations and the inability to identify, attract, retain and motivate qualified personnel. There can be no assurance that the Company will be successful in addressing such risks and the failure of the Company to do so could have a material adverse effect on the Company's business, results of operations and financial condition.

As of June 30, 1998, EarthWeb had an accumulated deficit of $11.2 million. Although the Company has experienced revenue growth in recent periods, there can be no assurance that the revenues of the Company will continue at their current level or increase in the future. The Company has not achieved profitability on a quarterly or annual basis to date, and the Company anticipates that it will continue to incur net losses for the foreseeable future. The Company currently expects to increase its operating expenses significantly, expand its sales and marketing operations and continue to develop and extend its online services. To the extent that such expenses precede or are not subsequently followed by increased revenues, EarthWeb's business, results of operations and financial condition could be materially and adversely affected.

The extremely limited operating history of EarthWeb and the uncertain nature of the markets addressed by the Company make the prediction of future results of operations difficult or impossible and, therefore, the recent revenue growth experienced by the Company should not be taken as

indicative of the rate of revenue growth, if any, that can be expected in the future. The Company believes that period-to-period comparisons of its results of operations are not meaningful and that the results for any period should not be relied upon as an indication of future performance.

Developing Market; Unproven Acceptance of the Company's Online Services

The market for the Company's online services has only recently begun to develop, is rapidly evolving and is characterized by an increasing number of market entrants. As is typical of a new and rapidly evolving industry, demand and market acceptance for recently introduced services is subject to a high level of uncertainty and risk. Because the market for the Company's online services is new and evolving, it is difficult to predict the future growth rate, if any, and size of this market. There can be no assurance either that the market for the Company's online services will continue to develop or become sustainable. If use of its online services fails to continue to grow, the Company's ability to establish other online services would be materially and adversely affected. In addition, EarthWeb's business strategy includes extending its online services model to additional segments of the IT industry. However, there can be no assurance that the Company will be successful in its efforts.

DEPENDENCE ON CONTINUED GROWTH IN THE USE OF THE INTERNET; DEPENDENCE ON INTERNET INFRASTRUCTURE The Company's future success is substantially dependent upon continued growth in the use of the Internet to support the sale of advertising on the Company's online services and in the acceptance and volume of commerce transactions on the Internet. There can be no assurance that the number of Internet users will continue to grow or that commerce over the Internet will become more widespread. As is typical in the case of a new and rapidly evolving industry, demand and market acceptance for recently introduced services are subject to a high level of uncertainty. The Internet may not prove to be a viable commercial marketplace for a number of reasons, including lack of acceptable security technologies, lack of access and ease of use, congestion of traffic, inconsistent quality of service and lack of availability of cost-effective, high-speed service, potentially inadequate development of the necessary infrastructure, excessive governmental regulation, uncertainty regarding intellectual property ownership or timely development and commercialization of performance improvements, including high speed modems. See "--Online Security Risks;--Intellectual Property; and--Government Regulation and Legal Uncertainties."

EarthWeb's success also depends upon, among other things, the continued development and maintenance of a viable Internet infrastructure to support the continued growth in the use of the Internet. The maintenance and improvement of this infrastructure will require timely development of products, such as high speed modems and communications equipment, to continue to provide reliable Internet access and improved content. The current Internet infrastructure may not be able to support an increased number of users or the increased bandwidth requirements of users, and, as such, the performance or reliability of the Internet may be adversely affected. Furthermore, the Internet has experienced certain outages and delays as a result of damage to portions of its infrastructure. Similar outages and delays in the future, including those resulting from Year 2000 problems, could adversely

affect the level of traffic on the Company's online services. The effectiveness of the Internet may decline due to delays in the development or adoption of new standards and protocols (for example, the next-generation Internet protocol) designed to support increased levels of activity. There can be no assurance that the infrastructure or products or services necessary to ensure the continued expansion of the Internet will be developed, or that the Internet will become a viable commercial medium for advertisers. If the necessary infrastructure, standards, protocols, products, services or facilities are not developed, or if the Internet does not become a viable commercial medium, EarthWeb's business, results of operations and financial condition could be materially and adversely affected. Even if such infrastructure, standards or protocols or complementary products, services or facilities are developed, there can be no assurance that the Company will not be required to incur substantial expenditures in order to adapt its services to changing or emerging technologies, which could have a material adverse effect on the Company's business, results of operations and financial condition.

RELIANCE ON ADVERTISING REVENUES AND UNCERTAIN ADOPTION OF THE INTERNET AS AN ADVERTISING MEDIUM EarthWeb presently derives substantially all of its revenues from the sale of advertisements on its online services under short-term contracts. Most of the Company's advertising customers have only limited experience with the Internet as an advertising medium, have not devoted a significant portion of their advertising expenditures to Internet advertising and may not find such advertising to be effective for promoting their products and services relative to traditional print and broadcast media. The Company's ability to generate significant advertising revenues will depend upon, among other factors, advertisers' acceptance of the Internet as an effective and sustainable advertising medium, the development of a large base of users of the Company's online services possessing demographic characteristics attractive to advertisers and the ability of the Company to maintain effective advertising delivery and measurement systems. No standards have yet been widely accepted for the measurement of the effectiveness of Internet advertising, and there can be no assurance that such standards will develop sufficiently to support Internet advertising as a significant advertising medium. In addition, there can be no assurance that advertisers will determine that banner advertising, which comprises substantially all of the Company's revenues, is an effective or attractive advertising medium, and there can be no assurance that the Company will effectively transition to any other forms of Internet advertising, should they develop.

Certain advertising filter software programs are available that limit or remove advertising from an Internet user's desktop. Such software, if generally adopted by users, may have a materially adverse effect upon the viability of advertising on the Internet. The Company relies primarily on its in-house advertising sales force for domestic advertising sales, which involves additional risks and uncertainties, including risks associated with the recruitment, retention, management, training and motivation of sales personnel. As a result of the foregoing, there can be no assurance that the Company will sustain or increase current advertising sales levels. Failure to do so could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, there is intense competition in the sale of advertising on the Internet, including competition from Internet portals and other high-traffic sites, which has resulted in a wide range of rates quoted by different vendors for a variety of advertising services. As a result, future levels of

Internet advertising revenues that will be realized generally or by any specific company are difficult to project. Competition among current and future suppliers of Internet navigational services or Web sites and advertising networks, as well as competition with other traditional media for advertising placements, could result in significant price competition, reduced pricing for Internet advertising and reductions in the Company's advertising revenues.

Dependence on a Limited Number of Advertisers

EarthWeb's revenues to date have been derived from a limited number of customers which advertise on EarthWeb's services and the Company expects that a limited number of advertisers will continue to account for a significant portion of the Company's revenues. In particular, Microsoft and IBM accounted for approximately 15% and 10%, respectively, of the Company's revenues for the six months ended June 30, 1998 and the Company's top 20 advertisers accounted for an aggregate of approximately 69% of the Company's revenues during the same period. Moreover, advertisements delivered by the Company are typically sold pursuant to purchase order agreements which are subject to cancellation. There can be no assurance that current advertisers will continue to purchase advertising from the Company or that the Company will be able to successfully attract additional advertisers. The loss of one or more of the advertisers that represent a material portion of the revenues generated could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, the non-payment or late payment of amounts due by a significant advertiser could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Competition

The market for Internet-based online services is relatively new, intensely competitive and rapidly changing. Since the advent of commercial services on the Internet, the number of online services competing for users' attention and spending has proliferated because of, among other reasons, the absence of substantial barriers to entry, and the Company expects that competition will continue to intensify. The Company competes with other companies who have particular sections of their Web sites directed at certain segments or sub- segments of the IT professional community, such as Ziff-Davis (InternetUser), CNET (builder.com and activex.com), CMP (TechWeb), Mecklermedia (webdeveloper.com), Wired Digital (Webmonkey) and IDG (Javaworld). The Company also competes for circulation and advertising impressions with general interest portal and destination sites as well as traditional media. With respect to sales of products, the Company competes with traditional retailers of such products, such as book, software and online retail stores.

Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than the Company. These competitors may be able to respond more quickly to new or

emerging technologies and changes in customer requirements and to devote greater resources to the development, promotion and sale of their products and services than the Company. There can be no assurance that the Company will be able to compete successfully against its current or future competitors.

Fluctuations in Quarterly Results of Operations; Seasonality

As a result of the Company's extremely limited operating history, the Company does not have historical financial data for a significant number of periods on which to base planned operating expenses. The Company's expense levels are based in part upon its expectations concerning future revenue and, to a large extent, are fixed. Quarterly revenues and operating results depend substantially upon the advertising revenues received within the quarter, which are difficult to forecast accurately. Accordingly, the cancellation or deferral of a small number of advertising contracts could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenue in relation to the Company's expectations would have an immediate adverse effect on the Company's business, results of operations and financial condition.

The Company's results of operations may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. These factors include, without limitation, the level of usage of the Internet, demand for Internet advertising, the addition or loss of advertisers, the level of user traffic on EarthWeb's online services, economic conditions specific to the Internet industry and online media and economic conditions generally. Management believes that its revenues are also subject to seasonal fluctuations because advertisers generally place fewer advertisements during the first and third calendar quarter of each year. As a strategic response to the foregoing, the Company may from time to time make certain pricing, service or marketing decisions or business combinations that could have a material adverse effect on the Company's business, results of operations and financial condition.

Due to the foregoing factors, among others, the Company's quarterly operating results may fall below the expectations of securities analysts and investors in the future. In such event, the trading price of the Company's Common Stock would likely be materially and adversely affected.

Risks Associated with Brand Development

EarthWeb believes that establishing and maintaining brand identity of its several brands is a critical aspect for attracting and expanding its targeted Internet-based audience and that the importance of brand recognition will increase due to the growing number of Internet online services. Promotion and enhancement of EarthWeb's brands will depend largely on the Company's success in continuing to provide high quality online services, which cannot be assured. If users do not perceive the Company's existing online services to be of high quality, or if the Company introduces new online services or

enters into new business ventures that are not favorably received by users, the Company will risk diluting its brands and decreasing the attractiveness of its audiences to advertisers. Furthermore, in order to attract and retain Internet users and to promote and maintain its brands in response to competitive pressures, the Company may find it necessary to increase substantially its financial commitment to creating and maintaining a distinct brand loyalty among users. If the Company is unable to provide high quality online services, or otherwise fails to promote and maintain its brands, or if the Company incurs excessive expenses in an attempt to improve its online services, or promote and maintain its brands, the Company's business, results of operations and financial condition could be materially and adversely affected.

Dependence on Key Personnel

EarthWeb's performance is substantially dependent on the performance of its senior management and key technical personnel. In particular, the Company's success depends substantially on the continued efforts of Jack D. Hidary and William Gollan. The Company has acquired key person life insurance on only certain members of its senior management personnel. The loss of the services of any of its executive officers or other key employees could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's future success also depends upon its continuing ability to attract and retain highly qualified technical and managerial personnel. Competition for such personnel is intense and there can be no assurance that the Company will be able to attract and retain highly qualified technical and managerial personnel either currently or in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material and adverse effect upon the Company's business, results of operations and financial condition.

Management of Growth

The Company's recent growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. To manage its future growth, the Company must continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The Company also currently intends to establish or acquire additional services which will create additional operational and management complexities. In addition, the Company expects that its operational and management systems will face increased strain as a result of the expansion of its services into new segments of the IT industry. There can be no assurance that the Company will be able to manage effectively the expansion of its operations, that the Company's systems, procedures and controls will be adequate to support the Company's operations or that Company management will be able to achieve the rapid execution necessary to fully exploit market opportunities for the expansion of the Company's online services. Any inability to manage growth effectively could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Associated with Potential Acquisitions

Since EarthWeb commenced its current business in 1996, its strategy has included the acquisition of certain assets of Internet-based content providers to enhance its current online services and the Company expects to continue this strategy in the future. The continued growth of EarthWeb will depend in part on its ability to identify suitable acquisition candidates and to acquire them on appropriate terms. Any such acquisitions would be accompanied by the risks commonly encountered in such transactions, including the difficulty of assimilating the technology, operations and personnel of the acquired companies, the potential disruption of the Company's ongoing business, additional expenses associated with amortization of acquired intangible assets, the maintenance of uniform standards, controls, procedures and policies, and the potential unknown liabilities associated with acquired businesses. There can be no assurance that the Company will be able to identify candidates that it deems suitable for acquisition or that the Company will be able to consummate desired acquisitions on terms acceptable to it or that it will be successful in integrating the acquired companies. If realized, any of these risks could have a material and adverse effect upon the Company's business, results of operations and financial condition.

Risks Associated with International Operations and Expansion

A key part of the Company's strategy is to develop its online service brands in international markets. To date, the Company has only limited experience in developing localized versions of its online services and in marketing and operating its online services internationally. The Company intends to enter into relationships with foreign business partners. If the international revenues are not adequate to offset investments in international activities, the Company's business, results of operations and financial condition could be materially adversely affected. The Company may experience difficulty in managing international operations because of distance, as well as language and cultural differences, and there can be no assurance that the Company or its future foreign business associates will be able to successfully market and operate its online services in foreign markets. The Company also believes that, in light of substantial anticipated competition, it will be necessary to implement its business strategy quickly in international markets to obtain a significant share of the market, and there can be no assurance that the Company will be able to do so. In addition to the uncertainty of the Company's ability to continue to generate revenues from its foreign operations and expand its international presence, certain risks are inherent in transacting business on an international level, such as unexpected changes in regulatory requirements, export restrictions, trade barriers, difficulties in staffing and managing foreign operations, political instability, fluctuations in currency exchange and adverse tax consequences. The occurrence of any of these risks could adversely impact the success of the Company's international operations and, as a result, have a material adverse effect on the Company's future international operations and, consequently, on the Company's overall business, results of operations and financial condition.

Dependence on Content Providers

EarthWeb's success depends upon its ability to provide a wide range of in-depth content. The markets for EarthWeb's online services are characterized by rapidly changing technology, emerging industry standards and the rapidly changing needs of EarthWeb's targeted audience. EarthWeb relies on a number of publishers of technical materials, its vendors and the users of its online services for the continuing provision of up-to-date content. There can be no assurance that the publishers of technical materials with which the Company currently maintains relationships, EarthWeb's current vendors or the current users of EarthWeb's online services will continue to provide the Company with a similar flow of content in terms of quality or quantity, or at all, or that they will continue to provide the Company with a similar flow of content in terms of quality or quantity, or at all, or that they will continue to do it on the same terms as before. If the flow of content for EarthWeb's online services decreases either in terms of quality or quantity, or ceases completely, the Company's business, results of operations and financial condition could be materially adversely affected.

Dependence on Strategic Alliances

The Company relies on certain strategic alliances to attract users to its online services and to attract paid advertising to its online services. There can be no assurance that these relationships will continue beyond their initial terms or that the Company will develop additional third party alliances on acceptable commercial terms, if at all. The inability of the Company to maintain its current strategic relationships or develop new strategic relationships could have a material adverse affect on the Company's business, results of operation and financial condition.

Risk of Capacity Constraints and Systems Failures

The performance of EarthWeb's online services is critical to the Company's reputation, its ability to attract advertisers to the Company's services and achieving market acceptance of its online services. Any system failure, including network, software or hardware failure, that causes interruption or an increase in response time of the Company's online services could result in decreased usage of the Company's services and, if sustained or repeated, could reduce the attractiveness of the Company's online services to its users, vendors and advertisers. An increase in the volume of queries conducted through the Company's online services could strain the capacity of the software or hardware employed by the Company, which could lead to slower response time or system failures, and adversely affect the Company's advertising revenues. The Company also faces technical challenges associated with higher levels of personalization and localization of content delivered to users of its online services.

The process of managing advertising within large, high traffic Internet online services such as the Company's is an increasingly important and complex task. The Company relies on both internal and licensed third party advertising inventory management and analysis systems. To the extent that any extended failure of the Company's advertising management system results in incorrect advertising

insertions, the Company may be exposed to "make good" obligations to its advertising customers. By displacing advertising inventory, such obligations could defer advertising revenues and thereby have a material adverse effect on the Company's business, results of operations and financial condition. The Company's operations are dependent in part upon its ability to protect its operating systems against physical damage from acts of God, power loss, telecommunications failures, physical break-ins and similar events. The occurrence of any of these events could result in interruptions, delays or cessations in service to users of the Company's online services, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Online Security Risks

The Company is potentially vulnerable to attempts by unauthorized computer users ("hackers") to penetrate the Company's network security. If successful, such individuals could misappropriate proprietary information or cause interruptions in the Company's online services. The Company may be required to expend significant capital and resources to protect against the threat of such security breaches or to alleviate problems caused by such breaches. In addition to security breaches, inadvertent transmission of computer viruses could expose the Company to risk of loss or litigation and possible liability. Continued concerns over the security of Internet transactions and the privacy of the users may also inhibit the growth of the Internet generally as a means of conducting commercial transactions.

Intellectual Property

Legal standards relating to the validity, enforceability and scope of protection of certain intellectual property rights in Internet-related industries are uncertain and still evolving, and no assurance can be given as to the future viability or value of any intellectual property rights of the Company or other companies within the IT industry. There can be no assurance that the steps taken by the Company to protect its intellectual property rights will be adequate or that third parties will not infringe or misappropriate the Company's proprietary rights. Any such infringement or misappropriation, should it occur, could have a material adverse effect on the Company's business, results of operations and financial condition. Furthermore, there can be no assurance that the Company's business activities will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against the Company. The Company anticipates that it may be subject to claims in the ordinary course of its business, including claims of alleged infringement by the Company of the trademarks and other intellectual property rights of third parties due to the dissemination of the Company's content or the provision of access by the Company's online services to content made available by third parties. Such claims and any resultant litigation, should it occur, could subject the Company to significant liability for damages and could result in invalidation of the Company's proprietary rights and, even if not meritorious, could be time-consuming and expensive to defend, and could result in the diversion of management time and attention, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

EarthWeb regards substantial elements of its online services as proprietary and attempts to protect them by relying on trademark, service mark, trade dress, copyright and trade secret laws and restrictions on disclosure and transferring title. The Company currently has no patents or patents pending for its online services and does not anticipate that patents will become a significant part of the Company's intellectual property in the foreseeable future. The Company also enters into confidentiality agreements with its employees, consultants, vendors and customers, license agreements with third parties and generally seeks to control access to and distribution of its technology, documentation and other proprietary information. The Company pursues the registration of its trademarks in the United States and internationally, and has obtained the United States trademark for "EarthWeb" and its related logo, "Plugin Datamation" and "Datamation" and has applied for the registration of certain additional trademarks and service marks, including developer.com and developerdirect.com. Effective trademark, copyright and trade secret protection may not be available in every country in which the Company's online services are distributed or made available through the Internet. There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, service marks, trade dress and similar proprietary rights.

The Company has licensed in the past, and it expects that it may license in the future, certain elements of its distinctive trademarks, service marks, trade dress, trade secrets and similar proprietary rights to third parties, including in connection with the Company's online services that may be operated by third parties. While the Company attempts to ensure that the quality of its several brands is maintained by such licensees, no assurance can be given that such licensees will not take actions that could materially and adversely affect the value of the Company's proprietary rights or the reputation of its online services, either of which could have a material adverse effect on the Company's business, results of operation and financial condition. Also, the Company is aware that third parties have from time to time copied significant portions of developer.com directory listings for use in competitive Internet navigational tools and services, and there can be no assurance that the distinctive elements of developer.com can be protected under copyright law.

Year 2000 Compliance

The Year 2000 issue involves the potential for system and processing failures of date-related data resulting from computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that contain time-sensitive software may recognize a date using two digits of "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar ordinary business activities.

EarthWeb believes that its internal software and hardware systems will function properly with respect to dates in the year 2000 and thereafter. Nonetheless, there can be no assurance in this regard until such systems are operational in the Year 2000. The Company is in the process of contacting all of its significant suppliers to determine the extent to which the Company's interface systems are vulnerable

to those third parties' failure to make their own systems Year 2000 compliant. Additionally, any Year 2000 problems experienced by the Company's advertising customers could affect the placement of advertisements on the Company's online services. Accordingly, to the extent the systems of the Company's suppliers and advertising customers are not fully Year 2000 compliant, there can be no assurance that potential system interruptions or the cost necessary to update software will not have a material adverse affect on the Company's business, results of operation or financial condition.

Liability for Information Services

Because content made available by third parties may be downloaded by the online services operated or facilitated by the Company and may be subsequently distributed to others, there is a potential that claims will be asserted against the Company for defamation, negligence or personal injury, or based on other theories due to the nature of such content. Such claims have been brought, and sometimes successfully asserted, against online service providers in the past. In addition, the Company could be exposed to liability with respect to the selection of listings that may be accessible through the Company's online services or through content and materials that may be posted by users in classifieds, bulletin board or chat room services offered by the Company. Such claims may include, among others, claims that by providing hypertext links to Internet sites operated by third parties, the Company is liable for wrongful actions by such third parties through such Internet sites. It is also possible that users could make claims against the Company for losses incurred in reliance on information provided on the Company's online services. Although the Company carries general liability insurance, the Company's insurance may not cover potential claims of this type or may not be adequate to fully indemnify the Company. Any imposition of liability or legal defense expenses that are not covered by insurance or are in excess of insurance coverage could have a material adverse effect on the Company's business, results of operations and financial condition.

Government Regulation and Legal Uncertainties

Since few laws or regulations currently are directly applicable to access or commerce on the Internet, the Company is not subject to direct government regulation, other than regulations applicable to businesses generally. However, a number of legislative and regulatory proposals are under consideration by federal, state, local and foreign governmental organizations and, as a result, a number of laws or regulations may be adopted with respect to Internet user privacy, taxation, infringement, pricing, quality of products and services and intellectual property ownership. It is also uncertain as to how existing laws will be applied to the Internet in areas such as property ownership, copyright, trademark, trade secret, obscenity and defamation. The adoption of new laws or the adaptation of existing laws to the Internet may decrease the growth in the use of the Internet, which could in turn decrease the demand for the Company's online services, increase the cost of the Company doing business or otherwise have a material adverse effect on the Company's business, results of operations and financial condition.

Broad Discretion in Use of Proceeds

The Company intends to use the net proceeds from the sale offered hereby for general corporate purposes, including expanding its sales and marketing capabilities, possible strategic acquisitions, international expansion and working capital requirements. Accordingly, management will have significant flexibility in applying the net proceeds of this Offering. The failure of management to apply such funds effectively could have a material adverse effect on the Company's business, results of operations and financial condition. See "Use of Proceeds."

Concentration of Stock Ownership

As of June 30, 1998, the present directors, executive officers, greater than 5% stockholders and their respective affiliates beneficially owned approximately % of the outstanding Common Stock of the Company, after giving effect to the Offering and the Preferred Stock Conversion. As of June 30, 1998, Warburg, Pincus Ventures, L.P. ("Warburg") beneficially owned approximately % of the outstanding Common Stock of the Company, after giving effect to the Offering and the Preferred Stock Conversion. As a result of their ownership, the directors, executive officers, greater than 5% stockholders (including Warburg) and their respective affiliates collectively are able to control all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying or preventing a change in control of the Company. See "Principal Stockholders."

Shares Eligible for Future Sale; Registration Rights

No prediction can be made as to the effect, if any, that future sales of Common Stock, or the availability of shares for future sales, will have on the market price of the Common Stock prevailing from time to time. Sales of substantial amounts of Common Stock in the public market after the closing of the Offering, or the perception that such sales could occur, could adversely affect the prevailing market price of the Common Stock. Upon completion of the Offering, there will be shares of Common Stock outstanding (shares, if the Underwriters' over-allotment option is exercised in full and assuming no exercise of outstanding options). Of these shares, the shares sold in the Offering (shares, if the Underwriters' over-allotment option is exercised in full) will be freely tradable without restriction or further registration under the Securities Act by persons other than "affiliates" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"). The remaining shares will be "restricted securities" (the "Restricted Shares") as that term is defined under Rule 144, and may not be publicly resold except in compliance with the registration requirements of the Securities Act or pursuant to an exemption from such registration requirements, including that provided by Rule 144. The Company and the stockholders, officers and directors of the Company have agreed that during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus they will not (i) offer, sell, contract to sell or otherwise dispose of Common Stock or any securities of the Company which are substantially similar to the Common Stock,

including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive Common Stock or any such substantially similar securities or (ii) enter into any swap, option, future, forward or other agreement that transfers, in whole or in part, the economic consequences of ownership of Common Stock or any securities substantially similar to the Common Stock (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Prospectus and the issuance of Common Stock in connection with the transactions described in this Prospectus), without the prior written consent of J.P. Morgan Securities Inc. See "Underwriting." After giving effect to these contractual restrictions, an aggregate of shares of Common Stock (including shares issuable upon exercise of vested stock options), will be eligible for sale in the public market, subject to Rule 144. Additionally, following such period, shares of Common Stock may be sold in the public market through the exercise of demand and piggyback registration rights held by certain of the Company's current stockholders. See "Shares Eligible for Future Sale" and "Description of Capital Stock--Registration Rights."

The Company intends to register on a Form S-8 registration statement under the Securities Act, during the 180-day lock-up period, a total of shares of Common Stock reserved for issuance under the Company's Stock Plan, none of which may be sold for a period of 180 days subsequent to the completion of the Offering. As of the date of this Prospectus, there were outstanding options to purchase shares of Common Stock, of which were exercisable. Future substantial sales of Common Stock in the public market following this Offering, the expectation of such sales or the availability of shares for sale, could adversely affect the market price of the Common Stock. See "Shares Eligible for Future Sale" and "Management--Benefit Plans."

No Prior Trading Market; Potential Volatility of Stock Price

Prior to the Offering, there has been no public market for the Common Stock, and there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. The initial public offering price of the Common Stock has been determined through negotiations between the Company and the Representatives (as hereinafter defined), and may not be indicative of future market prices. See "Underwriting." There can be no assurance that the market price of the Common Stock will not be highly volatile or that it will not decline below the initial public offering price. Factors such as variations in the Company's financial results, earnings, estimates by securities analysts, fluctuations in the stock prices of the Company's competitors, any loss of key management, adverse regulatory actions or decisions, announcements of extraordinary events such as litigation or acquisitions or changes in pricing policies by the Company or its competitors, as well as changes in the market for the Company's online services and general economic, political and market conditions, may have a significant effect on the market price for the Common Stock.

Upon commencement of the Offering, the Common Stock will be quoted on Nasdaq which has experienced extreme price and volume trading volatility in recent years. This volatility has had a substantial effect on the market prices of companies for reasons frequently unrelated or

disproportionate to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of the Common Stock.

Dilution

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The public offering price is substantially higher than the pro forma net
tangible book value per share of the Common Stock. Assuming a public offering
price of $    per share, investors purchasing shares of Common Stock in the
Offering, based upon the pro forma net tangible book value per share of Common
Stock as of June 30, 1998 of $   , will incur immediate and substantial
dilution in the amount of $    per share. See "Dilution."
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Absence of Dividends

The Company anticipates that earnings will be retained for the development of the Company's business and that no cash dividends will be declared on the Common Stock in the foreseeable future. See "Dividend Policy."

Anti-takeover Provisions

Certain provisions of the Delaware General Corporation Law (the "DGCL") may delay, discourage or prevent a change in control of the Company. Such provisions may discourage bids for Common Stock at a premium over the market price and may adversely affect the market price and the voting and other rights of the holders of Common Stock. In addition to the Common Stock, upon consummation of the Offering, the Company's Amended and Restated Certificate of Incorporation will authorize the issuance of up to shares of preferred stock without designation. The Board of Directors will have the authority without action by the Company's stockholders to fix the rights, privileges and preferences of, and to issue shares of, such preferred stock, which may have the effect of delaying, deterring or preventing a change in control of the Company. See "Description of Capital Stock--Preferred Stock" and "--Delaware Law."

Use of Proceeds

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The net proceeds to the Company from the sale of the     shares of Common Stock
being offered hereby (at an assumed initial public offering price of $    per
share) are estimated to be approximately $    million ($    million if the
Underwriters' over-allotment option is exercised in full), after deducting
underwriting discounts and commissions and estimated Offering expenses payable
by the Company.
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The Company expects to use such net proceeds for general corporate purposes, including expansion of its sales and marketing capabilities, possible strategic acquisitions or investments, international expansion and working capital requirements. The Company evaluates potential strategic acquisitions or investments, but at the present time the Company has no present understandings, commitments or

agreements with respect to any such acquisition or investment. Pending such uses, the Company intends to invest the net proceeds from the Offering in United States government securities and investment-grade, interest- bearing instruments.

The foregoing represents the Company's present intentions with respect to the allocation of proceeds of the Offering based upon its present plans and business conditions. The occurrence of certain unforeseen events or changed business conditions, however, could result in the application of the proceeds of the Offering in a manner other than as described in this Prospectus. See "Risk Factors--Broad Discretion in Use of Proceeds."

Dividend Policy

The Company has never declared or paid any cash dividends on its Common Stock and does not expect to do so in the foreseeable future. The Company currently intends to retain any earnings to finance the expansion and development of the business. Any future determination of the payment of dividends will be made at the discretion of the Board of Directors of the Company based upon conditions then existing, including the Company's earnings, financial condition and capital requirements as well as such economic and other conditions as the Board of Directors may deem relevant.

Capitalization

The following table sets forth the capitalization of the Company (i) on an actual basis as of June 30, 1998, and (ii) adjusted to reflect the Preferred Stock Conversion and to give effect to the sale of shares of Common Stock offered hereby (assuming an initial offering price of $) This table should be read in conjunction with "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements of the Company and notes thereto included elsewhere in this Prospectus.

As of June 30, 1998 Actual as Adjusted

Dollars in thousands, except share data Total long-term obligations..... $ 132 -- Stockholders' equity: Series A Convertible Preferred Stock, $.01 par value; 1,000,000 shares authorized; 653,111 shares issued and outstanding, actual (no shares issued and outstanding, as adjusted)..... 6 -- Series B Convertible Preferred Stock, $.01 par value; 600,000 shares authorized; 598,086 shares issued and outstanding, actual (no shares issued and outstanding, as adjusted)..... 6 -- Common Stock, $.01 par value; 21,750,000 shares authorized; 5,171,456 shares issued and outstanding, actual (shares issued and outstanding, as adjusted) (1)..... 52 $ Additional paid-in capital..... 18,451 Unearned compensation..... (18) Accumulated deficit..... (11,228) Total stockholders' equity..... 7,269 Total capitalization..... $ 7,401 $

(1)Does not include shares of Common Stock reserved for issuance pursuant to the Stock Plan of which options to purchase shares were outstanding and were exercisable at June 30, 1998. See "Management--Stock Option Plan."

Dilution

The Company's net tangible book value as of June 30, 1998 was approximately $6.5 million, or $ per share of Common Stock. Net tangible book value per share is equal to the total tangible assets of the Company minus total liabilities divided by the number of shares of Common Stock outstanding (after giving effect to the Preferred Stock Conversion). After giving effect to the sale of the shares of Common Stock offered hereby (at an assumed initial public offering price of $ per share), deducting underwriting discounts and commissions and estimated Offering expenses payable by the Company, the pro forma net tangible book value of the Company would have been approximately $, or $ per share of Common Stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. Dilution is determined by subtracting pro forma net tangible book value per share after the Offering from the amount of cash paid by a new investor for a share of Common Stock. The following table illustrates such dilution:

Assumed initial public offering price per share.....		$
Net tangible book value per share as of June 30, 1998....	$	
Increase in net tangible book value per share attributable to new investors.....		
Pro forma net tangible book value per share after the Offering.....		
Dilution per share to new investors.....		$

The following table sets forth as of June 30, 1998 the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid by existing stockholders and by new investors:

	SHARES PURCHASED		TOTAL CONSIDERATION		
	NUMBER	PERCENT	AMOUNT	PERCENT	AVERAGE PRICE PER SHARE
Existing stockholders...		%	$	%	$
New investors.....					
Total.....		100%	$	100%	

The foregoing tables assume (i) the completion of the Preferred Stock Conversion and (ii) no exercise of the Underwriters' over-allotment option. If the Underwriters' over-allotment is exercised in full, the pro forma net tangible book value per share of Common Stock as of June 30, 1998 would have been $ per share, which would result in dilution to the new investors of $ per share, and the number of shares held by the new investors will increase to , or % of the total number of shares to be outstanding after the Offering, and the number of shares held by the existing stockholders will be shares, or % of the total number of shares to be outstanding after the Offering. As of June 30, 1998, there were outstanding options to purchase an aggregate of shares of Common Stock, of which were then

exercisable, and the Company had also reserved for issuance up to an additional shares of Common Stock for issuance upon the exercise of options which had not yet been granted under the Stock Plan. To the extent options or warrants are exercised, there will be further dilution to new investors.

Selected Financial Data

The following selected financial data should be read in conjunction with the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. The statement of operations data for the years ended December 31, 1995, 1996 and 1997 and the balance sheet data as of December 31, 1996 and 1997 are derived from the audited financial statements of the Company, and are included elsewhere in this Prospectus. The balance sheet data as of December 31, 1995 is derived from the audited financial statements of the Company not included herein. The selected financial data as of June 30, 1998, and for the six months ended June 30, 1997 and 1998, are derived from unaudited financial statements of the Company, which in the opinion of management include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The historical results are not necessarily indicative of future results.

			SIX MONTHS ENDED	
YEAR ENDED DECEMBER 31,			JUNE 30,	
1995	1996	1997	1997	1998

Dollars in thousands, except per share data STATEMENT OF OPERATIONS DATA: Revenues..... $ -- $ 472 $ 1,135 $ 592 $ 974 Cost of revenues..... -- 314 1,358 601 793 Gross profit (deficit)... -- 158 (223) (9) 181 Operating expenses Product development.... 36 68 1,003 476 556 Sales and marketing.... -- 252 1,018 424 810 General and administrative..... 626 1,802 2,567 1,296 1,332 Depreciation and amortization..... 42 101 893 140 477 Total operating expenses..... 704 2,223 5,481 2,336 3,175 Loss from operations..... (704) (2,065) (5,704) (2,345) (2,994) Interest and other income (expense), net..... (1) 61 267 68 78 Loss from continuing operations..... (705) (2,004) (5,437) (2,277) (2,916) Income (loss) from discontinued operations..... 65 (42) (2,384) (549) -- Net loss..... $ (640) $ (2,046) $ (7,821) $(2,826) $(2,916) Basic and diluted net loss per share from continuing operations... Basic and diluted net income (loss) per share from discontinued operations..... Basic and diluted net loss per share..... Weighted average shares outstanding used in computing basic and diluted net income (loss) per share..... Pro forma basic and diluted net loss per share from continuing operations(1)..... Pro forma basic and diluted net loss per share from discontinued operations(1)..... Pro forma basic and diluted net loss per share(1)..... Shares used in computing basic and diluted net loss per share(1).....

(1) The pro forma per share amounts are computed by using the net loss by the sum of the weighted average number of shares of Common Stock and including the shares issued as a result of the Preferred Stock Conversion.

AS OF DECEMBER 31,				
				AS OF

Dollars in thousands	1995	1996	1997	JUNE 30, 1998
BALANCE SHEET DATA:				
Cash and cash equivalents.....	$ 886	$ 3,779	$ 4,775	$ 4,762
Working capital.....	865	3,315	4,317	5,024
Total assets.....	1,393	5,652	8,514	8,920
Long-term obligations.....	25	94	85	132
Stockholders' equity.....	1,251	4,259	6,445	7,269

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

EarthWeb is the leading provider of Internet-based online services to the IT community worldwide. The Company's integrated business-to-business online services address the needs of IT professionals for content, community and commerce. EarthWeb's content offerings include a wide range of technical materials, such as resource directories, tutorials and a reference library, which enhance the ability of IT professionals to perform their job functions. Its community areas, such as bulletin boards and question and answer services, allow users to help one another solve technical problems and share information. Its commerce services provide a single online source for IT professionals to purchase specialized software and other products. EarthWeb's online services also offer a channel through which advertisers and vendors can efficiently and effectively target what the Company believes to be the largest aggregation of IT professionals worldwide.

From its inception in 1994 until mid-1997, EarthWeb primarily developed and maintained Web sites and online commerce infrastructures for its customers. During this period, substantially all of the Company's revenues were derived from development contracts, maintenance fees and software license fees. During 1996, the Company began developing online services for IT professionals. The Company's operations not related to providing online services to IT professionals were discontinued in 1997 and have been recorded as discontinued operations for all periods.

To date, the Company has made five acquisitions to expand and extend its online service offerings. In August 1997, the Company acquired substantially all the assets of the Java Applet Rating Service ("JARS"), including the Web site, jars.com. JARS is a premier online service providing ratings and reviews of Java and other source code. In February 1998, the Company acquired the companion Web sites, htmlgoodies.com and javagoodies.com, which provide tutorials and other technical resources for Web developers. In April 1998, the Company acquired intranetjournal.com, a leading online service for intranet managers. In May 1998, the Company acquired javascripts.com, an online service which complements EarthWeb's other offerings by providing a large repository of JavaScript source code. In July 1998, the Company acquired substantially all the assets comprising datamation.com, which provides online articles, resources and product analysis for IT enterprise managers. Datamation has served the IT enterprise management community as an industry recognized brand for over 40 years; in

December 1997, it moved its operations from print to online. At June 30, 1998, the Company had intangible assets of $779,000, primarily related to the acquisition of JARS. The acquisition of datamation.com will lead to additional goodwill and other intangibles, the exact amount of which will be based on the final allocation of the purchase price. Goodwill and other intangibles are amortized on a straight-line basis over a period of three years.

The Company currently derives substantially all of its revenue from advertisements and sponsorships on its online services. The Company first recognized revenues from advertising in June 1996 and advertising revenues constituted 100%, 86% and 95% of the Company's total revenues for the years ended December 31, 1996 and December 31, 1997 and the six months ended June 30, 1998, respectively. The Company has historically utilized third party firms to sell and serve advertisements on EarthWeb's sites. At the end of the third quarter of 1997, the Company hired its first sales employee and in the first quarter of 1998, the Company began relying predominantly on its in-house sales force. The Company's in-house sales force has increased EarthWeb's average cost per thousand ("CPM") by marketing to advertisers the advantages of using EarthWeb's online services to reach the IT professional community. EarthWeb also derives revenues from online commerce and brand licensing. In the future, EarthWeb expects to derive additional revenues from membership subscription fees for premium service offerings.

Advertising revenue is recognized in the period in which the advertisement is displayed, provided that no significant Company obligations remain and the collection of the receivable is probable. Company obligations typically include guarantees of a minimum number of "impressions" (times that an advertisement is viewed by users of the Company's online services over a specified period of time). The Company records revenues and expenses for barter transactions (receipt of advertisements or other goods or services in exchange for advertisements on its online services) at the lesser of the estimated fair value of the advertisements, goods or services received or the fair value of the advertisements given. In future periods, management intends to maximize cash advertising revenues, although the Company will continue to enter into barter advertising transactions as appropriate.

In order to expand its online services, the Company anticipates incurring additional expenses to increase its sales and marketing efforts, pursue additional strategic acquisitions and support the growth of the organization.

The Company expects to experience significant fluctuations in its future quarterly results due to a variety of factors, many of which are outside of the Company's control. These factors include the level of usage on the Internet, demand for Internet advertising, the addition or loss of advertisers, the level of user traffic on EarthWeb's online services, economic conditions specific to the Internet industry and online media and economic conditions generally. Management believes that its revenues are also subject to seasonal fluctuations because advertisers generally place fewer advertisements during the first and third calendar quarter of each year. The Company believes that certain expenses as a percentage of revenues may fluctuate between periods based on the growth of revenues; however, the Company expects expenses to continue to grow in absolute dollars for the forseeable future.

Results of Operations

Six Months Ended June 30, 1998 Compared to Six Months Ended June 30, 1997 Revenues. Revenues for the six months ended June 30, 1998 increased 64% to $974,000 from $593,000 for the six months ended June 30, 1997. The increase in revenues resulted primarily from significant growth in page views because of the Company's expanded and enhanced content offerings and the ability of EarthWeb's in-house sales force to sell a larger number of advertising impressions at a higher CPM. Barter transactions accounted for approximately 25% and 21% of revenues for the six months ended June 30, 1998 and 1997, respectively.

Cost of Revenues. The Company's cost of revenues consists primarily of employee compensation and related expenses, consulting fees, Internet access and hosting fees, computer related expenses and content licensing fees required to support and deliver the Company's online services. Cost of revenues for the six months ended June 30, 1998 increased 32% to $793,000 from $601,000 for the six months ended June 30, 1997. The increase in cost of revenues was primarily attributable to increased employee compensation and related expenses and content licensing fees due to the expansion of the Company's online service offerings.

Product Development Expenses. The Company's product development expenses consist primarily of employee compensation and related expenses, consulting fees and computer leasing costs required to support the development of new service offerings. Product development expenses for the six months ended June 30, 1998 increased 17% to $556,000 from $476,000 for the six months ended June 30, 1997. The increase in product development expenses was primarily attributable to the expansion of the Company's online service offerings.

Sales and Marketing Expenses. Sales and marketing expenses consist primarily of employee compensation and related expenses, advertising (including expenses recorded for barter transactions), promotional materials and trade show exhibition expenses. Sales and marketing expenses for the six months ended June 30, 1998 increased 91% to $810,000 from $424,000 for the six months ended June 30, 1997. The increase in sales and marketing expenses for the six months ended June 30, 1998 was primarily attributable to an increase in employee compensation and related costs for its in-house sales force which did not exist during the six months ended June 30, 1997. Barter transactions accounted for approximately 27% and 35% of sales and marketing expenses for the six months ended June 30, 1998 and 1997, respectively.

General and Administrative Expenses. General and administrative expenses consist primarily of employee compensation and related expenses for executive, administrative, and accounting personnel, facility costs, recruiting fees, insurance costs and professional fees. General and administrative expenses for the six months ended June 30, 1998 increased 3% to $1,332,000 from $1,295,000 for the six months ended June 30, 1997. General and administrative expenses were approximately the same for the two periods because the infrastructure in place during the six months ended June 30, 1997 was sufficient to support the growth of the Company's online services business. Management expects general and administrative expenses to increase in future periods due to the growth of the business.

Depreciation and Amortization. Depreciation and amortization consists primarily of depreciation of property and equipment and amortization of intangible assets related to acquisitions. Depreciation and amortization for the six months ended June 30, 1998 increased 240% to $477,000 from $140,000 for the six months ended June 30, 1997. The increase was primarily a result of additional depreciation on property and equipment and amortization of intangible assets from acquisitions.

Interest and Other Income, net. Interest and other income, net consists primarily of interest earned on cash and cash equivalents. Interest and other income, net for the six months ended June 30, 1998 increased 16% to $78,000 from $68,000 for the six months ended June 30, 1997. The increase was primarily the result of higher average cash balances during the six months ended June 30, 1998.

Income Taxes. No provision for federal and state income taxes has been recorded as the Company incurred net operating losses through June 30, 1998. As of December 31, 1997, the Company had approximately $7.4 million of net operating loss carryforwards for federal income tax purposes, expiring in 2012, available to offset future taxable income. Given the Company's limited operating history, losses incurred to date and the difficulty in accurately forecasting the Company's future results, management does not believe that the realization of the related deferred income tax assets meets the criteria required by generally accepted accounting principles and, accordingly, a full 100% valuation allowance has been recorded.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996 Revenues. Revenues for 1997 increased 140% to $1.1 million from $472,000 for 1996. The year ended December 31, 1997 represents a full year of advertising sales activity compared to only six months of advertising sales in 1996. In 1996, the Company recorded a one-time barter transaction in which Sun Microsystems contributed server equipment with a value of $257,000 in exchange for advertising.

Cost of Revenues. The cost of revenues for 1997 increased 332% to $1.4 million from $314,000 for 1996. This increase was primarily the result of costs related to the growth of the Company's online business which included hiring additional content and operations personnel and consultants and expanding the Company's Internet access and hosting facilities.

Product Development Expenses. Product development expenses for 1997 increased 1,367% to $1.0 million from $68,000 in 1996. The increase in product development expenses was primarily the result of increased employee compensation and related expenses, consultant fees and equipment lease payments to support the development of the Company's online services.

Sales and Marketing Expenses. Sales and marketing expenses for 1997 increased 304% to $1.0 million from $252,000 in 1996. The increase in sales and marketing expenses is primarily the result of an increase in marketing activities, including advertising, trade show exhibitions, public relations efforts and establishment of an in-house sales force. Expenses from barter transactions were 18% and 0% of sales and marketing expenses for the years ended December 31, 1997 and 1996, respectively.

General and Administrative Expenses. General and administrative expenses for 1997 increased 42% to $2.6 million from $1.8 million in 1996. The increase in general and administrative expenses was primarily the result of increased employee compensation and related expenses, recruiting costs and

rent expense for its additional office space.

Depreciation and Amortization. Depreciation and amortization for 1997 increased 785% to $893,000 from $101,000 for 1996. This increase was primarily the result of additional depreciation on property and equipment and amortization of intangible assets from the JARS acquisition. In addition, depreciation and amortization expense for 1997 includes a write-off of intangible assets of $337,000 related to the JARS acquisition.

Interest and Other Income, net. Interest and other income, net for 1997 increased 334% to $267,000 from $61,000 for 1996. The increase was the result of higher average cash balances during 1997.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995 During the year ended December 31, 1995, EarthWeb did not generate any revenues from its online services business and operating expenses increased approximately $1.5 million due primarily to increases in sales and marketing expenses and the growth of the Company's infrastructure. The Company does not believe that a comparison of its results of operations for these two periods would be meaningful.

Quarterly Results of Operation

The following table sets forth certain unaudited quarterly statement of operations data for each of the four quarters during the year ended December 31, 1997 as well as the two quarters in the six months ended June 30, 1998. In the opinion of management, this information has been prepared substantially on the same basis as the audited financial statements appearing elsewhere in this Prospectus, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results. The quarterly data should be read in conjunction with the audited financial statements of the Company and the notes thereto appearing elsewhere in this Prospectus. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

	QUARTERS ENDED					
	MARCH 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997	MARCH 31, 1998	JUNE 30, 1998
Dollars in thousands						
Revenues:						
Advertising.....	$ 261	$ 239	$ 177	$ 294	$ 284	$ 640
Other.....	69	23	17	55	24	26
Total revenues.....	330	262	194	349	308	666
Cost of revenues.....	258	343	346	411	395	398
Gross profit (deficit)..	72	(81)	(152)	(62)	(87)	268
Operating expenses:						
Product development....	237	239	291	236	246	310
Sales and marketing....	159	265	328	266	333	477
General and administrative.....	610	686	706	565	605	727
Depreciation and amortization.....	63	77	199	554	233	244
Total operating expenses.....	1,069	1,267	1,524	1,621	1,417	1,758
Loss from operations....	(997)	(1,348)	(1,676)	(1,683)	(1,504)	(1,490)
Interest and other						

income, net.....	41	26	125	75	47	31
Loss from continuing operations.....	(956)	(1,322)	(1,551)	(1,608)	(1,457)	(1,459)
Loss from discontinued operations.....	(172)	(377)	(631)	(1,204)	--	--
Net loss.....	$ (1,128)	$ (1,699)	$ (2,182)	$(2,812)	$ (1,457)	$(1,459)

As a result of the Company's extremely limited operating history, the Company does not have historical financial data for a significant number of periods on which to base planned operating expenses. The Company's expense levels are based in part upon its expectations concerning future revenue and, to a certain extent, are fixed. Quarterly revenues and operating results depend substantially upon the advertising revenues received within the quarter, which are difficult to forecast accurately. Accordingly, the cancellation or deferral of a small number of advertising contracts could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenue in relation to the Company's expectations would have an immediate adverse effect on the Company's business, results of operations and financial condition.

Due to the foregoing factors, quarterly revenues and results of operations are difficult to forecast, and the Company does not believe that period-to-period comparisons of its operating results will necessarily be meaningful and should not be relied upon as indicators of future performance. In one or more future quarters the Company's results of operations may fall below the expectations of securities analysts and investors. In such event, the trading price of the Common Stock would likely be materially adversely affected.

The Company has a limited operating history and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. These risks include the failure to develop and extend the Company's online service brands, the rejection of the Company's services by Internet consumers, vendors and/or advertisers, the inability of the Company to maintain and increase the levels of traffic on its online services, as well as other risks and uncertainties.

Liquidity and Capital Resources

The Company historically has satisfied its cash requirements primarily through private placements of convertible preferred stock and common stock and lease financings.

Net cash used in operating activities was $6.7 million for the year ended December 31, 1997 and $2.5 million for the six months ended June 30, 1998. Cash used in operating activities in 1997 was primarily attributable to a net loss of $7.8 million, partially offset by depreciation and amortization of $893,000. Cash used in operating activities for the first six months of 1998 resulted primarily from a net loss of $2.9 million, offset by depreciation and amortization of $477,000.

Net cash used in investing activities of $2.3 million for the year ended December 31, 1997 was primarily attributable to cash used for the purchase of fixed assets of $954,000, acquisitions of $812,000 and a restricted deposit of $512,000 collateralizing letters of credit. Net cash used in investing activities for the first six months of 1998 of $638,000 was attributable to purchases of fixed assets of $251,000, payments on obligations related to acquisitions of Web sites of $537,000, offset by the release of restricted cash of $150,000. In July 1998, the Company used approximately $700,000 for the acquisition of various assets.

Net cash provided by financing activities was $10.0 million for the year ended December 31, 1997 and primarily consisted of proceeds from the issuance of Series B Preferred Stock. Net cash provided by financing activities was $3.1 million for the first six months ended June 30, 1998 related to the issuance of Common Stock. In July 1998, the Company received an additional $638,000 in connection with the issuance of Common Stock in June 1998.

The Company currently believes that the cash proceeds from the Offering, together with existing cash balances, will be sufficient to meet anticipated cash requirements until such time as the Company generates positive cash flow from operations. There can be no assurance that additional capital beyond the amounts currently forecasted by the Company will not be required nor that any such required additional capital will be available on reasonable terms, if at all, at such time as required by the Company.

Year 2000

The Year 2000 issue involves the potential for system and processing failures of date-related data resulting from computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that contain time-sensitive software may recognize a date using two digits of "00" as the year 1900 rather then the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar ordinary business activities.

EarthWeb believes that its internal software and hardware systems will function properly with respect to dates in the year 2000 and thereafter. Nonetheless, there can be no assurance in this regard until such systems are operational in the year 2000. The Company is in the process of contacting all of its significant suppliers to determine the extent to which the Company's interface systems are vulnerable to those third parties' failure to make their own systems Year 2000 compliant. Additionally, any Year 2000 problems experienced by the Company's advertising customers could affect the placement of advertisements on the Company's online services. Accordingly, to the extent the systems of the Company's suppliers and advertising customers are not fully Year 2000 compliant, there can be no assurance that potential system interruptions or the cost necessary to update software will not have a material adverse affect on the Company's business, results of operation or financial condition.

Recent Accounting Pronouncements

In June 1997, FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"), which establishes standards for reporting and display of comprehensive income and its components in the financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. SFAS No. 130 offers alternatives for presentation of disclosures required by the standard. The adoption of SFAS No. 130 is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In June 1997, FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"), which establishes standards for reporting information about operat- ing segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 131 is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In February 1998, FASB issued SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits" ("SFAS No. 132"), which requires disclosures about pension and postretirement benefits. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 132 is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 is effective for financial statements for years beginning after December 15, 1998. SOP 98-1 provides guidance over accounting for computer software developed or obtained for internal use including the requirement to capitalize specified costs and amortization of such costs. The Company does not expect the adoption of this standard to have a material effect on the Company's capitalization policy.

In March 1998, AIPCA issued Statement of Position 98-4, "Deferral of the Effective Date of a provision of SOP 97-2" ("SOP 98-4"). SOP 98-4 defers for one year the application of certain provisions of Statement of Position 97-2 "Software Revenue Recognition" ("SOP 97-2"). Different informal and unauthoritative interpretations of certain provisions of SOP 97-2 have arisen. The AICPA is considering amendments to SOP 97-2, so they can issue interpretations regarding the applicability and the method of application of those provisions. Because of the uncertainties related to the outcome of these amendments, the impact on the future financial results of the Company is not currently determinable.

In April 1998, the AICPA issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"). SOP 98-5, which is effective for fiscal years beginning after December 15, 1998, provides guidance on the financial reporting of start-up costs and organization costs. It requires

costs of start-up activities and organization costs to be expensed as incurred. As the Company has expensed these costs historically, the adoption of this standard is not expected to have a significant impact on the Company's results of operations, financial position or cash flows.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities" ("SFAS 133"), which establishes accounting and reporting standards of derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The adoption of SFAS No. 133 is not expected to have an impact on the Company's results of operations, financial position or cash flows upon the adoption of this standard.

Business

The following Business section contains forward-looking statements which involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus.

EarthWeb is the leading provider of Internet-based online services to the IT community worldwide. The Company's integrated business-to-business online services address the needs of IT professionals for content, community and commerce. EarthWeb's content offerings include a wide range of technical materials, such as resource directories, tutorials and a reference library, which enhance the ability of IT professionals to perform their job functions. Its community areas, such as bulletin boards and question and answer services, allow users to help one another solve technical problems and share information. Its commerce services provide a single online source for IT professionals to purchase specialized software and other products. EarthWeb's online services also offer a channel through which advertisers and vendors can efficiently and effectively target what the Company believes to be the largest aggregation of IT professionals worldwide. As a global intermediary for IT professionals, advertisers and vendors, EarthWeb is positioned as a trusted third party that offers an integrated environment where these constituencies can share information, interact with one another and transact business.

EarthWeb's online services address the needs of IT professionals across various segments of the IT industry. EarthWeb's flagship service, developer.com, focuses primarily on the software development and Internet segments. Developer.com features a vast collection of online resources, including the full text of more than 150 technical books, over 375 proprietary tutorials, and access to over 150,000 technical resources. EarthWeb has also obtained the online rights to over 3,000 additional technical books that are expected to be added to its online reference library. Developer.com's Gamelan directory is the industry-recognized site for Java resources. The Company recently acquired datamation.com, a leading resource for IT enterprise managers providing case studies, technical articles and technology assessment tools. EarthWeb's online services also include intranetjournal.com, a site for intranet managers, javascripts.com, a resource for JavaScript developers, and jars.com, a site providing ratings and reviews of Java and other code. EarthWeb's unique blend of online services currently attracts an

average of over 1.4 million users a month to its online services and the email version of Earthweb's Journal, featuring highlights from the Company's online services, currently has over 240,000 subscribers.

Industry Overview

IT Industry

Professionals in the IT industry have become more specialized and have grown in number as the pace and complexity of technological change has increased. IT professionals today play a central role in many organizations because their ability to deploy and integrate new information technologies is essential to executing business strategy and maintaining competitiveness. Organizations are increasingly adopting technologies such as client/server architectures, data warehousing, Internet/intranet applications and object-oriented software development. These and other technologies have continued to fuel the growth in the worldwide market for IT products and services, which is forecasted to grow from an estimated $755 billion in 1997 to $1.1 trillion in 2001, according to IDC. IT spending in 1997 in North America, Western Europe and Japan is estimated by IDC to be 45%, 28% and 15%, respectively, of total global IT spending. EarthWeb believes, based on industry estimates, that the number of IT professionals worldwide is approximately 15 million and will continue to grow.

With the increasing complexity of information technology, professionals tend to develop specialized knowledge and skill bases relevant to a particular segment or sub-segment of the IT industry. These segments can be categorized into six broad areas, each with major subsegments:

Segment Description Major Sub-segments

Software Development	Creation of software applications using various programming languages, tools and environments	C/C++, Java, Visual Basic and other programming languages, object-oriented technology and visual development environments
Internet Technologies and Web Development	Use of technologies based on Internet protocols for communication and commerce both within and between organizations	Internet, intranet, extranet, Web sites, Internet commerce, Internet security and Internet protocols
Enterprise Management	Deployment of sophisticated, large-scale software applications and systems to manage and support functions within businesses and other organizations	Systems management software, financial management systems, enterprise resource planning, Year 2000, middleware, field sales automation, data warehousing and supply chain management
Networking and Telecommunications	Design, installation and management of infrastructure for data and voice	Network and directory services, data and voice communications

	communications	technologies, wireless and mobile communications and Internet service provider network infrastructure
Hardware	Design, manufacture, purchase and maintenance of hardware components and peripherals	Personal, midrange and mainframe systems; computer chip, PC display, multimedia and disk storage technologies
Services, Support and Consulting	Services that support the development, implementation and maintenance of enterprise computing systems	Systems integration, outsourced custom development, systems design and maintenance, outsourced network management and technical support

IT professionals need to stay abreast of rapid technological developments in a marketplace where vendors continually introduce new products with a variety of standards and short life cycles. They have historically relied on resources provided by IT publishers, software and hardware vendors, training service providers and fellow professionals to follow the latest trends in the industry. IDC forecasts that the IT education and training market alone will grow from an estimated $16.7 billion in 1997 to $25.8 billion in 2001. Due to the fast rate of change, however, technical information, training materials, and software tools become quickly dated and obsolete. This environment creates the following common needs among IT professionals:

Content. IT professionals require a wide range of independent, in-depth and up-to-date content including technical resources, such as source code, technical articles and white papers; market information about emerging products and technologies; expert technical advice; training and skills development; IT related research; and specialized reference materials.

Community. IT professionals need an environment in which they can share technical information with one another, work together to find solutions to common technical problems, learn about upcoming IT conferences and other industry events and seek employment and hire personnel.

Commerce. IT professionals increasingly need a centralized channel through which they can purchase specialized IT products. In particular, IT professionals need a source for obtaining hard-to-find technologies, including software produced by small and mid-sized vendors that is not widely available through existing channels.

IT professionals devote considerable time, effort and financial resources researching new technologies, seeking answers to technical questions and developing and implementing IT solutions. They have had to rely on fragmented and disparate sources, such as technical books and print magazines, training materials provided by service providers and traditional software retailers. None of these sources has provided a comprehensive solution for IT professionals' need for content, community and commerce.

The Internet

The Internet enables millions of people worldwide to have access to current news and information, create community among individuals with similar professional or personal interests and conduct business electronically. The number of Internet users worldwide is projected to grow from an estimated 69 million at the end of 1997 to 320 million by the year 2002, according to IDC. With this growth in the number of Internet users, the Internet is emerging as a mass communication and commerce medium, which offers advertisers and vendors certain advantages. The Internet permits advertisers to target specific demographic groups, measure the effectiveness of their advertising campaigns and revise them in response to real-time feedback. Business-to-business Internet advertising is forecasted by Forrester to increase from an estimated $290 million in 1998 to $2.6 billion in 2002 and consumer-oriented Internet advertising is forecasted by Jupiter Communications to increase from an estimated $1.9 billion to $7.7 billion in the same period. The Internet provides online merchants with the ability to reach a global audience and to operate with minimal infrastructure, reduced overhead and greater economies of scale, while providing customers with broad selection, increased pricing information and unparalleled convenience. IDC forecasts that total commerce on the Internet will grow from an estimated $10.6 billion in 1997 to $223.1 billion in 2001, with the business-to-business component growing from an estimated $5.5 billion to $149.5 billion in the same period.

The Earthweb Solution

EarthWeb provides online services to IT professionals in an integrated business-to-business environment that addresses their needs for content, community and commerce. The Company provides comprehensive online services for IT professionals and offers channels through which advertisers and IT vendors can target potential buyers. As a global intermediary for IT professionals, advertisers and vendors, EarthWeb is positioned as a trusted third party that offers a forum for these constituencies to share information, interact with one another and transact business.

Content. EarthWeb's online services provide access to technical resources that enhance IT professionals' ability to perform their daily job functions. These resources contain up-to-date information and allow IT professionals to keep pace with the rapidly changing IT industry. EarthWeb's technical resources include a library of full-text reference books, training materials and tutorials, technical articles, white papers and source code libraries. IT professionals can easily browse these technical resources using EarthWeb's proprietary categorization system as well as search across EarthWeb's wide range of content using a single semantic search engine.

Community. EarthWeb provides various means by which users can contribute materials to its sites and communicate with each other. Users are encouraged to submit source code, object code, development tools and other materials that are then archived in EarthWeb's directories. EarthWeb's online services also include a number of bulletin boards for technical discussion that allow users to solve problems together, and which are managed by experienced IT professionals to maintain the quality of content. These discussion threads are then archived creating an online knowledge repository for future reference. EarthWeb also provides IT professionals with a centralized calendar of upcoming

conferences and other industry events and online technical job listings. The Company believes that nurturing a sense of community fosters loyalty and affinity among its users and increases the amount of time they spend using its online services.

Commerce. EarthWeb provides IT professionals with a centralized online location to purchase products, including specialized software and technical books. Many of the products in the online store are difficult to find through existing channels. Vendors include major software developers, such as Microsoft, Lotus and Symantec, as well as small and mid-sized specialized software vendors. EarthWeb also provides a classified advertising service that allows IT professionals to buy and sell specialized hardware. The Company has implemented an electronic software delivery mechanism that enables users to download directly a variety of software immediately after purchase.

Benefits for Advertisers and Vendors. EarthWeb provides IT advertisers and vendors with a channel to target what it believes to be the world's largest aggregation of IT professionals. Many of these professionals either make or influence purchasing decisions. EarthWeb's advertisers and vendors generally can enhance the effectiveness of their advertising or merchandising by customizing or refining advertisements, and by placing them on either a targeted area on EarthWeb's sites or across EarthWeb's entire network of online services. EarthWeb also provides small to mid-size vendors with a much needed distribution channel and the ability to focus their marketing efforts cost effectively.

Business Strategy

EarthWeb seeks to maintain and strengthen its position as the leading provider of online services to IT professionals worldwide. The Company intends to achieve this objective by implementing the following key strategies:

Extend Online Services to Additional IT Segments. EarthWeb intends to extend its online services model across additional segments of the IT industry. Specifically, the Company seeks to replicate, through internal development and acquisitions, its integrated service offerings to address the needs of IT professionals in segments of the IT industry beyond its current offerings in the software development, Internet and enterprise management segments. The recent acquisition of datamation.com, for instance, provides EarthWeb with a strong service offering for the enterprise management segment. EarthWeb also intends to continue strengthening its existing online offerings by maintaining what it believes to be the most in-depth, independent and up-to-date content available for IT professionals and enhancing its interactive community-building and commerce services.

Enhance Worldwide Brand Recognition. The Company will continue to promote the EarthWeb brand as the leading integrated source of content, community, and commerce for all segments of the IT industry. In addition, EarthWeb plans to promote its branded online services, such as developer.com and datamation.com, under the EarthWeb umbrella through online and offline advertising, strategic alliances and other promotional activities. The Company seeks to reinforce for users, advertisers, and

vendors that the EarthWeb brands represent technical competence, comprehensiveness, timeliness, and neutrality. The Company believes that the extension of the EarthWeb's online services model to additional IT segments will attract additional users and further enhance awareness of its brands.

Cultivate Multiple Revenue Streams. EarthWeb believes its business-to-business model has strongly positioned it to grow its existing revenue streams and develop new sources of revenue. The Company currently derives most of its revenues from advertising and sponsorships. With regard to advertising revenue, the Company will seek to maintain or increase the premium CPM rates it commands for its targeted user base and to attract non-technology advertisers by marketing the attractive demographics of its IT professional user base. With regard to the Company's other current revenue streams, EarthWeb seeks to attract more merchandisers to its online store and enter into additional brand licensing arrangements. Future sources of revenue include the sale of subscriptions to premium services. EarthWeb believes that many IT professionals or their employers will be willing to pay for access to an increased volume of enhanced content. The Company believes it can grow its current and future revenue streams with minimal incremental costs by leveraging its existing sales, marketing and technology infrastructure.

Grow Through Targeted Acquisitions. EarthWeb will continue to pursue acquisitions to fulfill a number of objectives. The first, and most important, is to strengthen EarthWeb's existing online services and extend its offerings into additional IT industry segments. The second is to obtain valuable brands, expertise and access to new advertisers and users. The third is to increase traffic on EarthWeb's online services. Based on the Company's five acquisitions since August 1997, EarthWeb has found that the addition of new sites generally increases traffic on its existing sites as well as on the acquired sites. EarthWeb believes it will continue to be able to find attractive candidates for acquisition.

Expand Internationally. Many IT professionals reside outside the United States and approximately one-third of the Company's traffic originates internationally. EarthWeb believes that the number of IT professionals worldwide will grow significantly in the future. The Company intends to capitalize on these international market opportunities through localization and translation of selected content into foreign languages and the creation of regional business ventures to increase EarthWeb's audience worldwide. EarthWeb has successfully localized and translated portions of its content for the Japanese market and has other language translation efforts underway.

Online Services

EarthWeb offers a broad range of online services to meet IT professionals' needs for content, community and commerce.

Content

The content on EarthWeb's sites includes technical resources, reference materials, decision support tools, training materials and tutorials, technical news, articles and information.

Technical Resources. EarthWeb's online services provide IT professionals with access to over 150,000 resources and examples for use in their work, including reusable source code and software interface components. EarthWeb also provides online decision support tools including a regular technology survey of more than 1,000 IT professionals and online assessment tools enabling IT managers to evaluate their technology infrastructure. EarthWeb further provides extensive technical resource directories which are categorized using its proprietary categorization system and contain links to over 17,000 technical resources related to topics such as Active Server Pages, ActiveX, C/C++, Cold Fusion, CGI, databases, distributed objects, HTML/DHTML, intranets, Java, JavaScript, middleware, Perl, push technology, Visual Basic, XML, VRML, data warehousing, networks, Year 2000, datamining and storage systems. Most of these technical resources are submitted by users and include links to Web sites that contain technical articles, training materials and source code. EarthWeb has expended considerable time and effort in developing its proprietary categorization system which enables users to quickly identify and locate relevant technical resources, and has received industry recognition for this system.

Reference Materials. EarthWeb believes its reference library is the largest online library of technical books for IT professionals. Its more than 150 technical reference, how-to and training books for IT professionals are provided in full text in HTML and address areas such as ActiveX, APIs, browsers, C/C++, CGI, Perl, databases, HTML, Intranets, Java, Java Beans, JavaScript, Linux, middleware, office suites, operating systems and utilities, push technologies, servers and networks, SQL, TCP/IP, Unix, Visual Basic, Visual InterDev, VRML, Web graphics and Web site management. EarthWeb is in the process of adding more than 3,000 additional books to its online reference library, which will comprise over 1.5 million pages of text. These books are provided by leading publishers, such as Macmillan Computer Publishing and the Coriolis Group, a division of International Thompson Publishing. EarthWeb also provides in-depth product analysis, benchmarks and other product reference information that facilitate product evaluation. Reference materials can be browsed by their table of contents or searched using a semantic search engine. Most of the online books can also be purchased in physical form through EarthWeb's online store.

Training Materials and Tutorials. EarthWeb features over 375 original, proprietary, in-depth technical tutorials for IT professionals on subjects such as Active Server Pages, ActiveX, CGI, databases, distributed objects, emerging technologies, Internet, HTML/DHTML, intranets, Java, JavaScript, multimedia, Perl, general programming, Visual Basic, VRML and XML. The tutorials include workshops on specific technical issues, online textbooks, source code, tests and quizzes. EarthWeb believes it offers one of the largest collections of training materials and tutorials for IT professionals on the Web, and adds new training materials on a weekly basis.

Technical News, Articles and Information. EarthWeb provides a range of original articles, aggregated news and case studies. EarthWeb provides a vast collection of articles on various technical subjects, including software development, Internet technologies and Web development and enterprise management. EarthWeb's online Journal features highlights from EarthWeb's online services as well as original news, research, analysis and feature articles. The Journal is published in HTML and email

formats. Currently, the email version has over 240,000 subscribers and is growing at an average rate of more than 3,000 new subscribers each week. EarthWeb also provides news of most interest to IT professionals, which is aggregated daily from various media sources, including CMP and Ziff-Davis.

Community

EarthWeb provides useful interactive forums for IT professionals, such as technical bulletin boards, question and answer services and job listings.

Technical Bulletin Boards. EarthWeb's online services include more than 20 technical bulletin boards containing more than 3,000 interactive technical discussion threads, which are focused and managed by experienced IT professionals. These online bulletin boards enable users to help each other solve technical problems. These bulletin boards are then archived, creating an online knowledge repository for future reference. EarthWeb enables users to locate relevant discussion threads through its search engine.

Technical Question and Answer Services. EarthWeb encourages users to submit questions or problems that are answered by EarthWeb's network of experienced IT professionals. Detailed answers are published online in a searchable format.

Technical Job Listings; Other Services. EarthWeb has entered into arrangements with CareerBuilder and Junglee to provide its users with thousands of IT job listings that can be searched by a number of parameters such as job type, salary range and geographic location. Currently, companies that have job listings posted with EarthWeb include Microsoft, Yahoo!, Intel, USWeb and others. EarthWeb also provides a comprehensive calendar of upcoming IT conferences and other industry events, and hosts online conference proceedings.

Commerce

EarthWeb provides a channel for IT professionals to shop online for specialized IT products.

Online Shopping. EarthWeb's online store provides IT professionals access to over 700 products from over 100 vendors, including Microsoft, Lotus, Symantec and other leading IT vendors. EarthWeb also offers products from small and mid- size specialized software vendors. Many of such products are not available in stores or catalogs. EarthWeb provides a browsable online catalog, secure transactions and secure electronic delivery of software products. Books purchased online are delivered directly from the vendor. EarthWeb intends to contract with third parties for physical product fulfillment for books and software.

Classified Ads. EarthWeb provides technical classified advertising services for the IT professional through a contractual arrangement with Classifieds2000. The classified advertising section includes listings for technical equipment ranging from desktop computers, modems and printers to hubs/repeaters, routers, servers and switches.

Marketing and Sales

Marketing

The Company employs a combination of online and offline advertising and promotional campaigns to promote use of its online services by users, advertisers and vendors. The Company purchases advertising on search engines and directories such as HotBot, Excite, NetCenter, AltaVista and Lycos and on selected technical Web sites such as TechWeb and ZDNet. As part of these arrangements with search engines, the Company buys advertising which appears when certain keywords or topics are entered. EarthWeb is promoted by over 30,000 links from other Web sites and links on major distribution portals and search engines. Additionally, EarthWeb's Java directory has a permanent bookmark on Netscape's Communicator 4.0, and EarthWeb's developer.com was chosen as one of 21 "gold channels" in the channel directory of Microsoft Internet Explorers 4.0. EarthWeb further markets its online services through its Journal, which is currently emailed to more than 240,000 subscribers. EarthWeb also promotes its online services through traditional print media. The Company has an ongoing public relations program, participates in tradeshows, conferences, speaking engagements and promotional contests and publishes articles in technical publications.

The Company pursues strategic relationships with key marketing partners to enhance brand awareness. Developer.com's Gamelan directory has been exclusively designated by Sun Microsystems as "The Official Directory for Java" since 1996. EarthWeb's developer.com was designated by Apple as the exclusive online location for the proceedings of the 1998 Apple Worldwide Developers Conference. EarthWeb also licenses its brands to strategic third parties such as Macmillan Computer Publishing which established the EarthWeb Press to publish books and software for IT professionals.

Advertising Sales

EarthWeb historically has derived substantially all of its revenues from the sale of advertisements. The Company believes it has been able to achieve its advertising revenues to date primarily through its ability to enable advertisers to efficiently and effectively reach targeted segments of the IT community. Based on independent research commissioned by the Company, 81% of EarthWeb's users are the primary or co-primary decision makers for purchases of Internet and Web applications in their enterprises. EarthWeb believes that targeting this audience has enabled it to sell advertising space at rates that are higher than the average rates charged by online services aimed at more general audiences. Independent research has also shown that 89% of users have some college education, 30% have at least some graduate level education and 62% are between 18 and 34 years old. EarthWeb believes these demographics will be attractive to non-technology advertisers.

The Company offers advertisers two main advertising options: run-of-site and premium placement. Run-of-site advertisements rotate on a random basis throughout EarthWeb's online services, offering advertisers the broadest reach of EarthWeb users. Run-of-site advertisements are typically sold in blocks of 50,000 impressions, currently at a CPM of $68, before volume discounts and advertising agency commissions, for banner advertising. Advertisements can also be displayed in specific sections in EarthWeb's service, which target specific IT professional subsegments, at a CPM of $78, before

volume discounts and advertising agency commissions, for banner advertising. EarthWeb also offers advertisers the opportunity to sponsor its weekly electronic newsletter, which reaches over 240,000 users, at a CPM of $100.

EarthWeb organizes its sales force by geographic regions as follows: New England/Eastern Canada; Mid-Atlantic; Southeast/Midwest; Texas, Southwest and two territories within the Northwest. As of July 31, 1998, EarthWeb had an advertising sales force consisting of 12 representatives. The Company plans to add several additional sales personnel by the end of 1998.

During the first six months of 1998, 60 advertisers, an increase of 186% over the last six months of 1997, placed advertisements on EarthWeb's online services. Microsoft and IBM accounted for approximately 15% and 10%, respectively, of the Company's revenues for the six months ended June 30, 1998. The following is a partial list of the Company's significant advertisers:

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Allaire                          Novell
Apple Computer                   Object Design
CyberCash                        Oracle
IBM                              O'Reilly Software
Intel                            Seagate
Lotus                            Silicon Graphics
Microsoft                        Stingray
Miller Freeman                   Sun Microsystems
Net Objects                      Tandem
Netscape                         ZD Expo/JavaOne
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Competition

EarthWeb believes it competes on the basis of brand recognition, exclusivity of content and services, quality and quantity of content, product and resource selection, convenience, reliability and speed of fulfillment. The Company believes that it is differentiated and well positioned against its competitors because of its unique focus on providing a combination of content, community and commerce, including training materials, technical directories, a reference library, a knowledge repository of technical questions and answers and specialized technical products, for its users.

The market for Internet-based online services is relatively new, intensely competitive and rapidly changing. Since the advent of commercial services on the Internet, the number of online services competing for users' attention and spending has proliferated because of, among other reasons, the absence of substantial barriers to entry, and the Company expects that competition will continue to intensify. The Company competes with other companies who have particular sections of their Web sites directed at certain segments or sub- segments of the professional community, such as Ziff-Davis (InternetUser), CNET (builder.com and activex.com), CMP (TechWeb), Mecklermedia (webdeveloper.com), Wired Digital (Webmonkey) and IDG (Javaworld). The Company also competes for circulation and advertising impressions with general interest portal and destination sites as well as traditional media. With respect to sales of products, the Company competes with traditional retailers of such products, such as book, software and online retail stores.

Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than the Company. These competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements and to devote greater resources to the development, promotion and sale of their products and services than the Company. There can be no assurance that the Company will be able to compete successfully against its current or future competitors.

Infrastructure, Operations and Technology

The Company makes its Web sites available using multiple Sun Microsystems and Wintel-based servers that run on Sun Solaris and Microsoft NT operating systems. For disk storage, the Company partially relies on a high performance and fully redundant central storage system from EMC. The full implementation of this central storage system will significantly enhance the scalability of EarthWeb's online services. The Company licenses software from the following vendors: Apache and Netscape (Web servers); Accipiter (advertising management system); BroadVision (commerce system); Netscape (subscriptions system) and CyberSource (secure credit card capture and billing).

The Company maintains two data centers, one for production and one for development and staging. In the event of an outage at the production facility, the systems in the development and staging center are capable of supporting the Company's online services. The Company's Internet connections are fully redundant, so that if a failure in the network or equipment of one service provider occurs, traffic is automatically routed through the other provider. All of the Company's production servers are powered by an uninterruptible power supply with a diesel generator designed to provide back-up power to the power supply at the production facility within seconds of a power outage. In addition, all of the Company's production systems are copied to backup tapes each night and regularly stored at an off-site storage facility. The Company maintains a quality assurance process to constantly monitor its servers, processes and network connectivity. The Company has implemented these various redundancies and backup systems in order to minimize the risk associated with damage from fire, power loss, telecommunications failure, break-ins, computer viruses and other events beyond the Company's control. See "Risk Factors--Risk of Capacity Constraints and System Failures."

Intellectual Property

The Company protects its intellectual property through a combination of license agreements, trademark, service mark, copyright, trade secret laws and other methods of restricting disclosure and transferring title. The Company obtains the majority of its content under license agreements with publishers, through work for hire arrangements with third parties and from internal staff development. The Company currently has no patents or patents pending for its current online services and does not anticipate that patents will become a significant part of the Company's intellectual property in the foreseeable future. The Company also enters into confidentiality agreements with its employees,

consultants, vendors and customers, license agreements with third parties and generally seeks to control access to and distribution of its technology, documentation and other proprietary information. The Company pursues the registration of its trademarks in the United States and internationally, and has obtained a United States registration for its "EarthWeb" trademark and the related logo, "Plugin Datamation" and "Datamation" and has applied for registration of certain of its other trademarks and servicemarks, such as "developer.com" and "developerdirect.com." The legal status of intellectual property on the Internet is currently subject to various uncertainties. See "Risk Factors--Intellectual Property."

Employees

As of July 31, 1998 the Company had 53 full time employees, including 16 in sales and marketing. The Company's future success depends in large part on its ability to attract and retain highly qualified employees. Competition for such personnel is intense and there can be no assurance that the Company will be able to retain its senior management or other key personnel in the future. The Company's employees are not represented by any union, and the Company considers its relations with its employees to be good.

Facilities

The Company's headquarters are currently located in a leased facility in New York City consisting of a total of approximately 33,500 square feet of office space, the majority of which is under a ten year lease.

Legal Proceedings

The Company is not a party to any material legal proceedings.

Management

Directors and Executive Officers

The following sets forth certain information with respect to the directors and executive officers of the Company as of July 31, 1998.

Name Age Position

Jack D. Hidary(1)	30	President, Chief Executive Officer and Director
Murray Hidary	27	Executive Vice President, Business Development, Secretary, Treasurer and Director

Nova Spivack	29	Strategic Planning Advisor and Director
William Gollan	51	Senior Vice President
Irene Math	36	Vice President, Finance
Kevin McPherson	40	Vice President, Worldwide Advertising Sales
John Kleine	44	Vice President, Systems and Operations
Scott Anderson	43	Vice President, Marketing
Cary Davis(1)(2)	32	Director
Henry Kressel(1)(2)	64	Director

(1) Member of the Compensation Committee of the Board of Directors (2) Member of the Audit Committee of the Board of Directors Messrs. Jack D. Hidary and Murray Hidary are brothers.

JACK D. HIDARY has served as the President, Chief Executive Officer and a director of the Company since April 1996 and has co-managed its predecessors since January 1995. Mr. Hidary is a co-founder of the Company. From November 1991 to July 1994, Mr. Hidary served as a Stanley Fellow in Clinical Neuroscience at the National Institutes of Health, where he helped establish a digital brain imaging laboratory making use of Internet, neutral network and other advanced technologies. Prior to this fellowship, Mr. Hidary helped build ColumbiaNet, the online service of Columbia University, where he also studied Philosophy and Neuroscience.

MURRAY HIDARY has been the Executive Vice President, Business Development and a director of the Company since April 1996 and has co-managed its predecessors since January 1995. Mr. Hidary is a co-founder of the Company. Mr. Hidary studied Music and Composition at New York University.

NOVA SPIVACK has been the Strategic Planning Adviser of the Company since August 1998 and has been a director of the Company since April 1996. From April 1996 until July 1998, Mr. Spivack served as Executive Vice President, Strategic Planning of the Company and since January 1995 has co-managed its predecessors. Mr. Spivack is a co-founder of the Company. Prior to 1994, Mr. Spivack was the Editor/Reviewer of Interactive and Multimedia News at Individual, Inc. Mr. Spivack received his B.A. in Philosophy from Oberlin College and a C.S.S. degree from the International Space University.

WILLIAM GOLLAN has been the Senior Vice President of the Company since November 1997. Prior to joining the Company, Mr. Gollan was a Senior Vice President of LitleNet beginning in February 1996 focusing on electronic software distribution. Prior to February 1996, Mr. Gollan served as a consultant to a range of companies in the technology publishing and software distribution industries focusing on distribution channel development, customer loyalty and enrichment programs and advertising sales development programs. These companies included Ziff-Davis, IDG and Stream International. In 1990, Mr. Gollan co- founded Computer Buying World Magazine, an IDG monthly trade magazine focused on the computer distribution channel. Mr. Gollan attended Northeastern University.

IRENE MATH has been the Vice President, Finance of the Company since November 1996. From June 1995 to May 1996, Ms. Math served as Corporate Controller for MCI/News Corp.'s Internet Ventures. From July 1992 to May 1995, she was a Vice President in Banking and Corporate Finance at Chemical Bank. From September 1984 to June 1992, Ms. Math held various positions at Arthur Andersen & Co. Ms. Math graduated from Lehigh University with a B.S. in Accounting and is a Certified Public Accountant.

KEVIN MCPHERSON has been the Vice President, Worldwide Advertising Sales of the Company since July 1998. From 1997 through June 1998, Mr. McPherson served as Vice President and Publisher of BYTE Magazine. From September 1996 to January 1997, Mr. McPherson served as Senior Vice President of Network Sales for IDG. From 1981 through September 1996, Mr. McPherson served in various capacities at Computerworld including Senior Vice President and Publisher. Mr. McPherson received a B.A. from the University of Richmond and an M.B.A from the University of Connecticut.

JOHN KLEINE has been the Vice President, Systems and Operations of the Company since January 1998. Prior to joining the Company, Mr. Kleine served as Vice President, Director of Business Systems from 1983 to 1997 at True North Communications where he was responsible for all desktop systems, voice and data networking, data center operations and graphics design computing. Prior to 1983, Mr. Kleine held various financial positions at Warner Communications, Inc. and Viacom International, Inc. Mr. Kleine received his B.A. in Accounting and Mathematics from Queens College and an M.B.A. from Bernard M. Baruch College.

SCOTT ANDERSON has been the Vice President, Marketing of the Company since August 1998. From 1994 through June 1998, Mr. Anderson served as a Partner and Worldwide Management Supervisor at Ogilvy and Mather. Prior to Ogilvy and Mather, Mr. Anderson worked at various agencies including Suissa Miller and Drew Advertising. Mr. Anderson received a B.S. from Rutgers University.

CARY DAVIS has been a director of the Company since February 1998. Mr. Davis has served with E.M. Warburg, Pincus & Co., LLC, since October 1994 and has been a Vice President since January 1998. From August 1992 to September 1994, Mr. Davis was employed by Dell Computer Corporation, where his last position was Manager of Worldwide Desktop Marketing. Mr. Davis also serves as a director of BEA Systems, Inc. Mr. Davis holds a B.A. from Yale University and an M.B.A. from Harvard University.

HENRY KRESSEL has been a director of the Company since October 1996. Dr. Kressel has served with E.M. Warburg, Pincus & Co., LLC, an investment firm, since 1983 and has been a Managing Director since 1985. Prior to 1983, Dr. Kressel was Staff Vice President for research and development in solid state technology at the RCA Corporation. Dr. Kressel also serves as a director of Level One Communications, Inc., a semi-conductor company, IA Corporation, a software development company and Nova Corporation, a credit card processing company. Dr. Kressel received a B.A from Yeshiva University, a Masters in Applied Physics from Harvard University, a Ph.D. in Engineering from the University of Pennsylvania and an M.B.A. from The Wharton School of Business at the University of Pennsylvania.

Board of Directors

The Company currently has five directors serving on its Board of Directors. Each of the current members of the Board of Directors has been elected pursuant to the terms of the Amended and Restated Shareholders Agreement entered into in June 1997 by and among Global Network Partners

LLC ("GNP"), EarthWeb LLC and Warburg, which provisions will terminate upon the consummation of the Offering.

The Board of Directors has established an Audit Committee, the members of which are Henry Kressel and Cary Davis, who are nonemployee directors and a Compensation Committee, the members of which are Henry Kressel and Cary Davis, who are nonemployee directors, and Jack D. Hidary.

The Audit Committee is responsible for recommending to the Board of Directors the engagement of the independent auditors of the Company and reviewing with the independent auditors the scope and results of the audits, the internal accounting controls of the Company, audit practices and the professional services furnished by the independent auditors.

The Compensation Committee is responsible for reviewing and approving all compensation arrangements for officers of the Company, and is also responsible for administering the Stock Plan.

The Delaware General Corporation Law provides that a Company may indemnify its directors and officers as to certain liabilities. The Company's Certificate of Incorporation and Bylaws provide for the indemnification of its directors and officers. The effect of such provisions is to indemnify, to the fullest extent permitted by law, the directors and officers of the Company against all costs, expenses and liabilities incurred by them in connection with any action, suit or proceeding in which they are involved by reason of their affiliation with the Company. The Company intends to maintain directors and officers liability insurance.

The Company does not currently pay any director's fees.

Employment and Consulting Agreements

Jack D. Hidary and Murray Hidary (the "Managers") entered into employment agreements (individually, an "Employment Agreement" and, collectively, the "Employment Agreements") with GNP effective January 1, 1995. Each Employment Agreement provided for an initial two year term, which will extend automatically for additional one-year terms unless terminated by 60 days prior notice from the respective Manager. Through an Intercompany Services Agreement dated as of October 25, 1996 among the Managers, Nova Spivack, the Company, GNP and EarthWeb LLC (the "Intercompany Services Agreement"), which amends certain provisions of each of the Employment Agreements (and for purposes of the following discussion, all references to the Employment Agreements shall be to the Employment Agreements as amended by the Intercompany Services Agreement), each of the Managers agreed to serve as an officer and employee of the Company as if the Company were "the Company" under their respective Employment Agreement. In connection therewith, the Company agreed to assume all of the obligations of GNP under the Employment Agreements, including payments of salary and other compensation. Mr. Jack D. Hidary receives an annual base salary of $160,000 per annum, subject to cost of living increases, and Mr. Murray Hidary receives an annual base salary of $130,000 per annum, subject to cost of living increases. Each Manager is also entitled to receive bonuses as may from time- to-time be awarded by the Board of Directors to such Manager.

In the event either Mr. Jack D. Hidary or Mr. Murray Hidary is terminated without "cause" (as such term is defined in the respective Employment Agreement), each may continue to receive their respective base salary for a period of up to two years following such termination. The continued payment of such Manager's base salary is contingent upon such Member's not disclosing the Company's confidential information or competing with the business of the Company.

The Company entered into a consulting agreement with Nova Spivack, effective August 1, 1998, pursuant to which Mr. Spivack will provide advisory services to the CEO and senior management. Under this agreement, Mr. Spivack receives compensation in the amount of $130,000 per year, subject to cost of living increases. The term of the agreement is three years. Mr. Spivack is under a non-disclosure obligation for a period of five years, commencing upon termination of his consulting agreement. Mr. Spivack is under a non-compete obligation for a period of three years thereafter.

The Company entered into an employment agreement with Irene Math dated November 6, 1996, pursuant to which Ms. Math serves as Vice President, Finance of the Company. The agreement provides for an initial annual base salary of $115,000, plus bonuses payable in accordance with management bonus programs established by the Company. The agreement is terminable at any time by either party. In the event of (i) the involuntary termination of Ms. Math by the Company for reasons set forth in the agreement, or (ii) a change of control, Ms. Math is entitled to receive (a) up to six months salary and benefits, and (b) the vesting of an additional 15% of any unvested stock options. The agreement prohibits Ms. Math from competing with the Company during the term of the agreement and for one year thereafter.

The Company entered into an employment agreement with William Gollan dated November 3, 1997, pursuant to which Mr. Gollan serves as Senior Vice President of the Company. Mr. Gollan was paid a one-time signing bonus of $42,500. The agreement provides for an initial annual base salary of $137,500, subject to increase upon certain specified business results being achieved, plus bonuses. If Mr. Gollan is terminated "without cause" as defined in the agreement, he is entitled to up to nine months salary and benefits. Pursuant to the terms of his stock option agreement, upon a termination of Mr. Gollan without cause the vesting of certain of Mr. Gollan's stock options will accelerate. The agreement prohibits Mr. Gollan from competing with the Company during the term of the agreement and one year thereafter.

Benefit Plans

Stock Option Plan

The Company's 1996 Amended and Restated Stock Plan, (as amended to date, the "Stock Plan") was adopted by the Board of Directors of the Company in October 1996 and was subsequently ratified by the stockholders of the Company. The Stock Plan provides for the grant of incentive stock options and non-qualified stock options. The Stock Plan also provides for the issuance of stock appreciation rights and restricted stock. Directors, employees and consultants of the Company are eligible to receive grants under the Stock Plan. The Stock Plan is administered by the Compensation Committee. The

Stock Plan authorizes 995,166 shares of Common Stock for issuance, subject to adjustment as set forth in the Stock Plan. As of December 31, 1997, options relating to shares of Common Stock were outstanding and approximately remained available for future grants. No stock appreciation rights of restricted stock have been granted under the Stock Plan.

401(k) Plan

The Company maintains a 401(k) retirement savings plan (the "401(k) Plan"). All employees of the Company, meeting certain minimum eligibility requirements are eligible to participate in the 401(k) Plan. The 401(k) Plan provides that the employee may contribute up to 15% of his or her pre-tax gross compensation (but not greater than a statutorily prescribed annual limit). The 401(k) Plan permits, but does not require, additional contributions to the 401(k) Plan by the Company. All amounts contributed by the employee participants in conformance with plan requirements and earnings on such contributions are fully vested at all times. For the year ended December 31, 1997, the Company did not contribute to the 401(k) Plan.

Summary of Executive Compensation

The table below sets forth information concerning the annual and long-term compensation for services rendered in all capacities to the Company during the year ended December 31, 1997 for: (i) the Chief Executive Officer of the Company and (ii) each other executive officers of the Company whose salary and bonus exceeded $100,000 in 1997 (collectively, the "Named Executive Officers"):

Summary Compensation Table

				LONG-TERM COMPENSATION AWARDS
	ANNUAL COMPENSATION			SECURITIES
NAME AND PRINCIPAL POSITION	SALARY	BONUS(1)	OTHER ANNUAL COMPENSATION	UNDERLYING OPTIONS

Jack D. Hidary Chief Executive Officer and President $160,000 $10,000 -- -- Nova Spivack(2) Executive Vice President, Strategic Planning 130,000 10,000 -- -- Murray Hidary Executive Vice President, Business Development 130,000 10,000 -- -- Irene Math Vice President, Finance 118,000 10,000 -- 45,000 (1) Represents bonuses earned in 1997, one-half of which was paid in 1998. (2) Mr. Spivack was Executive Vice President, Strategic Planning through July 1998.

Option Grants in Fiscal Year Ended December 31, 1997

The following table sets forth information regarding stock options granted pursuant to the Stock Plan during the fiscal year ended December 31, 1997 to each of the Named Executive Officers. The Company has never granted stock appreciation rights.

	OPTION GRANTS IN LAST FISCAL YEAR					
	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE	
		PERCENT OF			VALUE AT ASSUMED	
		TOTAL OPTIONS			ANNUAL RATES	
		GRANTED TO			OF	
	NUMBER OF	EMPLOYEES IN			STOCK PRICE	
	SECURITIES	FISCAL YEAR	EXERCISE OR		APPRECIATION FOR	
	UNDERLYING	ENDED	BASE		OPTION TERM(3)	
	OPTIONS	DECEMBER 31,	PRICE PER	EXPIRATION		
NAME	GRANTED(1)	1997(2)	($/SHARE)(3)	DATE	5%	10%
Jack D. Hidary.....	--	--	$ --	--	--	--
Nova Spivack.....	--	--	--	--	--	--
Murray Hidary.....	--	--	--	--	--	--
Irene Math.....	26,952	7.6%	$1.00	2/18/04	10,969	25,577
	18,048	5.1%	$2.00	9/30/04	14,691	34,255

(1) Such options were granted pursuant to and in accordance with the Stock Plan. See "Benefit Plans--Stock Option Plan." (2) Based on an aggregate of 354,879 options granted to employees in the year ended December 31, 1997, including options granted to Named Executive Officers. (3) The exercise price per share of each option was equal to the for market value of the Common Stock on the date of grant as determined by the Board of Directors. (4) Potential gains are reported net of the option exercise price, but before taxes associated with exercise. These amounts represent certain assumed rates of appreciation. Actual gains, if any, on stock option exercises are dependent on the future performance of the Common Stock and overall stock market conditions, as well as the option holder's continued employment with the Company throughout the vesting period. The amounts reflected in this table will not necessarily be achieved.

December 31, 1997 -- Fiscal Year End Option Values

The following table sets forth information concerning the value of unexercised in-the-money options held by the Named Executive Officers as of December 31, 1997.

	AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES			
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END(1)	
NAME	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Jack D. Hidary.....	--	--	--	--
Nova Spivack.....	--	--	--	--
Murray Hidary.....	--	--	--	--
Irene Math.....	--	45,000	--	$

(1) There was no public trading market for the Common Stock at December 31, 1997. Accordingly, these values have been calculated on the basis of the fair market value of the Common Stock at December 31, 1997 ($) as determined by the Board of Directors of the Company, less the applicable exercise price per share, multiplied by the number of shares underlying such options.

Principal Stockholders

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of July 31, 1998 (assuming the Preferred Stock Conversion) and as adjusted to reflect the sale of the Common Stock offered hereby by (i) each person (or group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) known by the Company to own beneficially 5% or more of the Common Stock, (ii) the Company's directors and Named Executive Officers, and (iii) all directors and executive officers of the Company as a group.

NAME AND ADDRESS OF BENEFICIAL OWNERS(1)(2)	NUMBER OF SHARES BENEFICIALLY OWNED PRIOR TO OFFERING(2)	PERCENT PRIOR TO OFFERING	PERCENT AFTER OFFERING
EarthWeb LLC	5,167,639	57.90%	
Warburg, Pincus Ventures, L.P.(3)	3,753,591	42.06%	
Jack D. Hidary(4)(5)	5,324,559	58.65%	--
Murray Hidary(4)(5)	5,324,559	58.65%	--
Nova Spivack(4)(5)	5,324,559	58.65%	--
Cary Davis(6)	3,753,591	42.06%	--
Henry Kressel(6)	3,753,591	42.06%	--
Irene Math(7)	26,963	*	*
All Directors and executive officers as a group (10 persons)(4)(5)(6)(8)	9,078,150	100.00%	

* Less than 1% (1) Unless otherwise noted, the address of each of the persons listed is 3 Park Avenue, New York, New York 10016. (2) As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days from the date of this Prospectus through the exercise of any option, warrant or right. Shares of Common Stock subject to options, warrants or rights which are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding such options, warrants or rights, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon shares of Common Stock outstanding as of July 31, 1998, and shares of Common Stock outstanding as of the close of the Offering, respectively. (3) The sole general partner of Warburg, Pincus Ventures, L.P. ("Warburg") is Warburg, Pincus & Co., a New York general partnership ("WP"). E.M. Warburg, Pincus & Co., LLC, a New York limited liability company ("EMWP"), manages Warburg. The members of EMWP are substantially the same as the partners of WP. Lionel I. Pincus is the managing partner of WP and the managing member of EMWP and may be deemed to control both WP and EMWP. WP has a 15% interest in the profits of Warburg as the general partner and also owns approximately 1.5% of the limited partnership interests in Warburg. Henry Kressel, a director of the Company, is a Managing Director of EMWP, and thus may be deemed to have an indirect, pecuniary interest (within the meaning of Rule 16a-1 under the Exchange Act) in an undeterminate portion of the shares beneficially owned by Warburg and WP. The address for Warburg is 466 Lexington Avenue, New York, New York 10017. (4) Jack D. Hidary, Murray Hidary and Nova Spivack are members of Global Network Partners LLC, which is owned 38.5% by Jack D. Hidary, 38.5% by Murray Hidary and 23% by Nova Spivack. Global Network Partners LLC has a 72.13% member interest in EarthWeb LLC and, as a result, is a controlling member of EarthWeb LLC and thus

may be deemed to beneficially own the shares of Common Stock owned by EarthWeb LLC. Jack D. Hidary, Murray Hidary and Nova Spivack each disclaim beneficial ownership of such shares except to the extent of their pecuniary interest therein. (5) Includes 156,920 shares subject to stock options that are exercisable within 60 days (including options which vest upon the completion of the Offering) and shares issued upon the exercise of certain stock options, which are the subject of various Voting Trust Agreements between the Company, Global Network Partners LLC and certain optionholders of the Company, including the 26,963 shares beneficially owned by Ms. Math and 83,381 shares beneficially owned by all directors and officers as a group. Pursuant to such agreement, Global Network Partners LLC (which is owned by Jack D. Hidary, Murray Hidary and Nova Spivack) has the right to vote shares received upon the exercise of such options, and thus may be deemed to beneficially own the shares of stock subject to such options. Jack D. Hidary, Murray Hidary and Nova Spivack each disclaim beneficial ownership of such shares. (6) All of the shares indicated as owned by Dr. Kressel and Mr. Davis are owned directly by Warburg and are included because of Dr. Kressel's and Mr. Davis' affiliation with Warburg. Dr. Kressel and Mr. Davis disclaim beneficial ownership of these shares within the meaning of Rule 13d-3 under the Exchange Act.

(7) Includes 23,963 shares subject to stock options that are exercisable within 60 days (includes options which vest upon the completion of the Offering). (8) Includes 80,381 shares subject to stock options that are exercisable within 60 days (includes options which vest upon the completion of the Offering).

As of July 31, 1997, the Company had six holders of its Common Stock.

Certain Transactions

In October 1996, the Company issued 653,111 shares of Series A Preferred Stock to Warburg in a private placement for an aggregate purchase price of approximately $6.7 million, of which $4.9 million was received by the Company and the remainder was used to repay certain investors and cover the transaction costs. In June 1997, the Company issued 598,086 shares of Series B Preferred Stock to Warburg for an aggregate purchase price of $10.0 million. All of the Series A Preferred Stock and Series B Preferred Stock will convert into shares of Common Stock upon the consummation of the Offering. In June 1998, the Company issued 667,639 shares of its Common Stock to EarthWeb LLC for an aggregate purchase price of $3.7 million.

The controlling member of EarthWeb LLC is GNP, the members of which are Jack D. Hidary, Murray Hidary and Nova Spivack, directors of the Company. As of July 31, 1998, Warburg held approximately 42% of the capital stock of the Company. Warburg is entitled to demand and piggyback registration rights with respect to the Common Stock issuable upon the conversion of the Series A Preferred Stock and the Series B Preferred Stock , and EarthWeb LLC and GNP have the same registration rights with respect to any Common Stock held by them. See "Description of Capital Stock--Registration Rights."

Pursuant to certain provisions of the Shareholders Agreement, Warburg granted GNP an option to purchase up to 10% of the shares that Warburg receives upon conversion of its Preferred Stock, subject to Warburg realizing a return of at least five times on its investment. The rights become conditionally

exercisable upon the consummation of certain sales of the Company and upon the closing of certain public offerings (including the Offering) after the expiration of any restrictions on resale of such shares.

The Company has entered into a consulting agreement with Nova Spivack dated as of August 1, 1998. See "Management--Employment Agreements." Pursuant to the above-referenced consulting agreement, certain repurchase rights with respect to Mr. Spivack's interests in GNP were waived.

Description of Capital Stock

General

The Company's authorized capital stock consists of 21,750,000 shares of Common Stock, $.01 par value, and 2,750,000 shares of preferred stock (the "Preferred Stock"), $.01 par value, which has been designated as follows: (i) 1,000,000 shares are designated as Series A Convertible Preferred Stock (the "Series A Preferred"), (ii) 600,000 shares are designated as Series B Convertible Preferred Stock (the "Series B Preferred"), and (iii) 1,150,000 shares are designated as Series C Convertible Preferred Stock (the "Series C Preferred"). Immediately prior to the completion of the Offering, there will be shares of Common Stock outstanding (assuming no exercise of outstanding options and giving effect to the issuance of shares of Common Stock upon the Preferred Stock Conversion) and no shares of Series A Preferred, Series B Preferred, or Series C Preferred outstanding. Concurrently with the completion of the Offering, the Company plans to amend and restate its Certificate of Incorporation to (i) cancel and retire all currently authorized shares of Preferred Stock, and (ii) integrate the Company's Certificate of Incorporation and the amendment thereto into one document (the "Amended and Restated Certificate of Incorporation").

The following summary of the terms and provisions of the Company's capital stock does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated Certificate of Incorporation and Bylaws, which have been filed as exhibits to the Registration Statement, of which this Prospectus is a part, and applicable law.

Common Stock

The holders of Common Stock are entitled to one vote for each share on all matters voted upon by stockholders, including the election of directors. Subject to the rights of any then outstanding shares of Preferred Stock, the holders of the Common Stock are entitled to such dividends as may be declared in the discretion of the Board of Directors out of funds legally available therefor. See "Dividend Policy." Holders of Common Stock are entitled to share ratably in the net assets of the Company upon liquidation after payment or provision for all liabilities and any preferential liquidation rights of any Preferred Stock then outstanding. The holders of Common Stock have no preemptive rights to purchase shares of stock of the Company. Shares of Common Stock are not subject to any redemption

provisions and are not convertible into any other securities of the Company. All outstanding shares of Common Stock are, and the shares of Common Stock to be sold by the Company in the Offering when payment is received therefor will be, fully paid and nonassessable.

Preferred Stock

The Amended and Restated Certificate of Incorporation authorizes shares of undesignated preferred stock which the Board of Directors of the Company has the authority, without further action by the Company's stockholders, to issue from time to time in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights, and the restrictions or qualifications thereof. The rights, preferences, privileges, and restrictions or qualifications, of different series of preferred stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions, and other matters. The issuance of such preferred stock could: (i) decrease the amount of earnings and assets available for distribution to holders of Common Stock; (ii) adversely affect the rights and powers, including voting rights, of holders of Common Stock and (iii) have the effect of delaying, deferring, or preventing a change in control of the Company. The Company has no present plans to issue any additional shares of preferred stock. The information set forth in this Prospectus assumes the occurrence of the Preferred Stock Conversion upon the completion of the Offering. The Series A and B Preferred Stock automatically converts to Common Stock upon the consummation of a firm commitment underwritten offering of Common Stock meeting the requirements set forth in the Certificate of Incorporation.

Registration Rights

Six months after the consummation of this Offering, the holders of a majority of the Common Stock held by Warburg and the members holding a majority interest in each of GNP and EarthWeb LLC are entitled to demand registration rights with respect to an aggregate of shares of Common Stock (assuming the Preferred Stock Conversion) (the "Registrable Securities"). Pursuant to these rights, such shareholders may require that the Company file up to an aggregate of six registration statements under the Securities Act, subject to certain minimum size and other conditions. In addition, if the Company proposes to register any of its securities under the Securities Act, whether for its own account or for any of its shareholders, holders of the Registrable Securities are entitled, subject to certain restrictions and limitations, to include their Registrable Securities in such registration. The Company is required to bear substantially all registration and selling expenses (except for underwriting discounts, selling expenses and the fees and expenses of more than one counsel representing holders of Registrable Securities) in connection with the above- described registrations. The foregoing registration rights are transferable in certain circumstances and may be amended or waived only with the written consent of the Company and a specified number of holders of Registrable Securities.

Limitation on Directors' Liabilities

The Certificate of Incorporation limits, to the maximum extent permitted by the DGCL, the personal liability of directors and officers for monetary damages for breach of their fiduciary duties as directors and officers, except in certain circumstances involving certain wrongful acts, such as a breach of the director's duty of loyalty or acts of omission which involve intentional misconduct or a knowing violation of law.

Section 145 of the Delaware General Corporation Act permits the Company to indemnify officers, directors or employees against expenses (including attorney's fees), judgments, fines and amounts paid in settlement in connection with legal proceedings "if [as to any officer, director or employee] he acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the corporation, and, with respect to any criminal act or proceeding, had no reasonable cause to believe his conduct was unlawful," provided that with respect to actions by, or in the right of the corporation against, such individuals, indemnification is not permitted as to any matter as to which such person "shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation, unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper." Individuals who are successful in the defense of such action are entitled to indemnification against expenses reasonably incurred in connection therewith.

The By-Laws of the Company require the Company to indemnify directors and officers against liabilities which they may incur under the circumstances set forth in the preceding paragraph.

The Company plans to maintain standard policies of insurance under which coverage is provided (a) to its directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act, and (b) to the Company with respect to payments which may be made by the Company to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

Delaware Law

The Company is a Delaware corporation and is subject to Section 203 of the Delaware General Corporation Laws, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the "business combination" or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15% or more of a corporation's voting stock, other than "interested stockholders" prior to the time the Common Stock of

the Company is quoted on Nasdaq. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of Common Stock held by stockholders.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the Common Stock is .

Shares Eligible for Future Sale

Upon consummation of the Offering approximately shares of Common Stock will be outstanding (assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options). Of these shares, the shares of Common Stock sold in the Offering (assuming no exercise of the Underwriters' over-allotment option) will be freely tradable without restriction or further registration under the Securities Act, except for certain manner of sale, volume limitations and other restrictions with respect to any shares held by an affiliate of the Company within the meaning of Rule 144 (a "Company Affiliate"), which will be subject to the resale limitations of Rule 144 (excluding the holding period requirement). Under Rule 144 a person is an affiliate of an entity if such person directly or indirectly controls or is controlled by or is under common control with such entity and may include certain officers and directors, principal stockholders and certain other stockholders with special relationships. This Prospectus may not be used in connection with any resale of shares of Common Stock acquired in the Offering by Company Affiliates.

In general, under Rule 144 as currently in effect, if a minimum of one year has elapsed since the later of the date of acquisition of the restricted securities from the issuer or from an affiliate of the issuer, a person (or persons whose shares of Common Stock are aggregated), including persons who may be deemed Company Affiliates, would be entitled to sell within any three-month period a number of shares of Common Stock that does not exceed the greater of (i) one percent of the then-outstanding shares of Common Stock (i.e., approximately shares immediately after consummation of the Offering (assuming no exercise of the Underwriters' over-allotment option)) or (ii) the average weekly trading volume during the four calendar weeks preceding the date on which notice of the sale is filed with the Commission. Sales under Rule 144 are also subject to certain restrictions as to the manner of sale (which restrictions are proposed to be eliminated), notice requirements and the availability of current public information about the Company. In addition, under Rule 144(k), if a period of at least two years has elapsed since the later of the date restricted securities were acquired from the Company or the date they were acquired from a Company Affiliate, a shareholder who is not a Company Affiliate at the time of sale and who has not been a Company Affiliate for at least three months prior to the sale would be entitled to sell shares of Common Stock in the public market immediately without compliance with the foregoing requirements under Rule 144. Rule 144 does not required the same person to have held the securities for the applicable periods. The foregoing summary of Rule 144 is not intended to be a

complete description thereof. In addition, any employee, director or officer of, or consultant to, the Company who purchased shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701 of the Securities Act, which permits non- affiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144, and permits affiliates to sell their Rule 701 shares without having to comply with the holding period restrictions of Rule 144, in each case, commencing 90 days after the date of this Prospectus.

Following the Offering, the Company intends to file a registration statement on Form S-8 under the Securities Act to register shares of Common Stock reserved or to be available for issuance pursuant to the Stock Plan. Shares of Common Stock issued pursuant to such plan generally will be available for sale in the open market by holders who are not Company Affiliates and, subject to the volume and other applicable limitations of Rule 144, by holders who are Company Affiliates, unless such shares are subject to vesting restrictions or the contractual restrictions described below.

On the date of this Prospectus (assuming no exercise of the Underwriters' over- allotment option), shares are "restricted securities" as defined in Rule 144 and may not be publicly resold, except in compliance with the registration requirements of the Securities Act or pursuant to an exemption from registration, including that provided by Rule 144. Of the "restricted securities," and without consideration of the contractual restrictions described below, approximately shares would be available for immediate sale in the public market without restriction pursuant to Rule 144(k). Beginning 90 days after the date of this Prospectus, and without consideration of the contractual restrictions described below, approximately shares would be eligible for sale in reliance upon Rule 701. The holders of the remaining approximately restricted securities will not be able to sell such shares pursuant to Rule 144 until a one year period has elapsed since the shares were acquired from the Company or an "affiliate" of the Company, which one year period will end in June 1999. Furthermore, holders of an aggregate of shares are entitled to piggyback registration rights, of which shares are also entitled to demand registration rights. To date, none of these holders has indicated an intention to exercise such demand registration rights. See "Description of Capital Stock--Registration Rights."

The Company and the shareholders, officers and directors of the Company have agreed that during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus they will not (i) offer, sell, contract to sell or otherwise dispose of any securities of the Company which are substantially similar to the Common Stock, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive Common Stock or any such substantially similar securities or (ii) enter into any swap, option, future, forward or other agreement that transfers, in whole or in part, the economic consequences of ownership of Common Stock or any securities substantially similar to the Common Stock (other than (x) pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Prospectus and (y) the issuance of Common Stock in connection with the transactions described in this Prospectus), without the prior written consent of J.P. Morgan Securities Inc. See "Underwriting."

As a result of these contractual restrictions and the provisions of Rules 144 and 701, approximately shares will be eligible for sale beginning 180 days after the date of this Prospectus. Additional shares may be available if options are exercised between June 30, 1998 and 180 days after the date of this Prospectus.

Prior to the Offering, there has been no public market for the Common Stock, and no prediction can be made of the effect, if any, that sales of Common Stock or the availability of shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of Common Stock in the public market or otherwise, or the perception that such sales could occur, could adversely affect the prevailing market price for the Common Stock.

Underwriting

Under the terms and subject to the conditions contained in an Underwriting Agreement dated the date of this Prospectus (the "Underwriting Agreement"), the Underwriters named below, for whom J.P. Morgan Securities Inc., Bear, Stearns & Co. Inc. and Volpe Brown Whelan & Company, LLC are acting as representatives (the "Representatives") and Wit Capital Corporation ("Wit Capital") is facilitating online distribution ("e-Manager(TM)"), have severally agreed to purchase, and the Company has agreed to sell to them, the respective number of shares of Common Stock set forth opposite their names below.

Underwriters Number of Shares

J.P. Morgan Securities Inc..... Bear, Stearns & Co. Inc..... Volpe Brown Whelan & Company, LLC..... Total.....

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase shares of Common Stock are subject to the approval of certain legal matters by counsel and to certain other conditions. Under the terms and conditions of the Underwriting Agreement, all of the Underwriters are obligated to take and pay for all such shares of Common Stock, if any are taken.

The Underwriters propose initially to offer the shares of Common Stock directly to the public at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of $ per share to certain other dealers. After the initial public offering of the Common Stock, the offering price and other selling terms may be changed from time to time by the Underwriters.

Pursuant to the Underwriting Agreement, the Company has granted to the Underwriters an option, exercisable for 30 days from the dated hereof, to purchase up to additional shares of Common Stock, on the same terms and conditions as set forth on the cover page hereof. The Underwriters may exercise such option solely to cover over-allotments, if any, made in connection with the sale of shares of Common Stock offered hereby. To the extent such option is exercised, each of the Underwriters will

have a commitment, subject to certain conditions, to purchase approximately the same percentage of such additional shares as the number of shares of Common Stock to be purchased by it as shown in the table above bears to the total number shares of Common Stock initially offered hereby.

The Company and the stockholders, officers and directors of the Company have agreed that during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus they will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities of the Company which are substantially similar to the Common Stock, including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive Common Stock or any such substantially similar securities or (ii) enter into any swap, option, future, forward or other agreement that transfers, in whole or in part, the economic consequences of ownership of Common Stock or any securities substantially similar to the Common Stock (other than (x) pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Prospectus and (y) the issuance of Common Stock in connection with the transactions described in this Prospectus), without the prior written consent of J.P. Morgan Securities Inc.

The Underwriters have reserved for sale, at the initial public offering price, shares of the Common Stock for certain directors, officers, employees, friends and family of the Company who have expressed an interest in purchasing such shares of Common Stock in the Offering. Such persons are expected to purchase, in the aggregate, not more than % of the Common Stock offered in the Offering. The number of shares available for sale to the general public in the Offering will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered to the general public on the same basis as other shares offered hereby.

The Underwriters, at the request of the Company, have reserved for sale at the initial public offering price up to shares of Common Stock to subscribers to EarthWeb's online services who express an interest in purchasing such shares. The sale of such shares will be made by Wit Capital acting as e-Manager(TM) in the Offering. Purchases of reserved shares are to be made through an account at Wit Capital in accordance with Wit Capital's procedures for opening an account and transacting in securities. Any reserved shares not purchased by subscribers to EarthWeb's online services will be offered by the Underwriters on the same basis as other shares offered hereby.

The Company has agreed to indemnify the Underwriters against certain liabilities, losses and expenses, including liabilities under the Securities Act, or to contribute to payments that the Underwriters may be required to make in respect thereof.

In connection with the Offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the Underwriters may over-allot in connection with the Offering, creating a syndicate short position. In addition, the Underwriters may bid for, and purchase, shares of Common Stock in the open market to cover syndicate short positions or to stabilize the price of the Common Stock. Finally, the underwriting syndicate may reclaim selling

concessions allowed for distributing the Common Stock in the Offering, if the syndicate repurchases previously distributed Common Stock in syndicate covering transactions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Common Stock above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

Prior to the Offering, there has been no public market for the Common Stock. The initial public offering price for the shares of Common Stock offered hereby has been determined by agreement between the Company and the Underwriters. Among the factors considered in making such determination were the history of and the prospects for the industry in which the Company competes, an assessment of the Company's management, the present operations of the Company, the historical results of operations of the Company and the trend of its revenues and earnings, the prospects for future earnings of the Company, the general condition of the securities markets at the time of the Offering and the prices of similar securities of generally comparable companies. There can be no assurance that an active trading market will develop for the Common Stock or that the Common Stock will trade in the public market at or above the initial public offering price.

Legal Matters

The validity of the Common Stock offered hereby will be passed upon for the Company by Morrison & Foerster LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by Davis Polk & Wardwell, New York, New York.

Experts

The balance sheets of EarthWeb Inc. as of December 31, 1996 and 1997 and the statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997, have been included in this Registration Statement in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

Available Information

The Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-1 with respect to the Common Stock being offered by this Prospectus. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the shares of Common Stock offered hereby, reference is made to the Registration Statement, including the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete and, where such contract is an exhibit to the Registration Statement, each such statement is qualified in all respects by the provisions of such

exhibit, to which such reference is hereby made. Copies of the Registration Statement, including the exhibits and schedules thereto, may be examined without charge at the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W. Room 1024, Washington, D.C. 20549, and the Securities and Exchange Commission's Regional Offices located at 500 West Madison Street, Suite 1400, Chicago, IL 60661, and 7 World Trade Center, 13th Floor, New York, NY 10048 or on the Internet at http://www.sec.gov. Copies of all or a portion of the Registration Statement can be obtained from the Public Reference Section of the Securities and Exchange Commission upon payment of prescribed fees.

As a result of the Offering, the Company will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance therewith, will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. Upon approval of the Common Stock for quotation on the Nasdaq National Market, such reports, proxy and information statements and other information may also be inspected at the offices of Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006.

Earthweb Inc.

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Report of Independent Accountants..... F-2 Balance Sheets at December 31, 1996 and 1997 and June 30, 1998 (unaudited)..... F-3 Statements of Operations for the years ended December 31, 1995, 1996 and 1997 and the six months ended June 30, 1997 and 1998 (unaudited)..... F-4 Statements of Cash Flows for the years ended December 31, 1995, 1996 and 1997 and the six months ended June 30, 1997 and 1998 (unaudited)..... F-5 Statements of Stockholders' Equity for the years ended December 31, 1995, 1996 and 1997 and the six months ended June 30, 1998 (unaudited)..... F-6 Notes to Financial Statements..... F-7

Report of Independent Accountants

To the Board of Directors ofEarthWeb Inc.:

We have audited the accompanying balance sheets of EarthWeb Inc. as of December 31, 1997 and 1996, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EarthWeb Inc. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

New York, New York PricewaterhouseCoopers LLP March 31, 1998

Earthweb Inc.

Balance Sheets

	AS OF DECEMBER 31,		AS OF JUNE 30,
	1996	1997	1998 (UNAUDITED)

ASSETS: Current assets: Cash and cash equivalents..... $3,779,368 $ 4,775,153 $ 4,762,084 Restricted cash..... -- 512,000 362,000 Stockholder receivable..... -- -- 637,500 Accounts receivable, net..... 101,179 375,961 573,994 Prepaid expenses and other current assets..... 75,921 235,242 157,470 Assets of discontinued operations (accounts receivable and deferred costs)..... 657,631 403,052 50,000 Total current assets..... 4,614,099 6,301,408 6,543,048 Fixed assets, net..... 819,261 1,650,828 1,553,129 Intangible assets, net..... -- 505,938 778,676 Other assets..... 63,016 55,674 44,997 Assets of discontinued operations (fixed assets, net)..... 156,000 -- -- Total assets..... $5,652,376 $ 8,513,848 $ 8,919,850 LIABILITIES AND STOCKHOLDERS' EQUITY: Current liabilities: Accounts payable..... $ 387,527 $ 574,006 $ 381,200 Accrued expenses..... 234,945 414,239 581,073 Deferred revenue..... -- 89,389 70,996 Other current liabilities..... 13,698 462,790 295,566 Liabilities of discontinued operations (accrued expenses and deferred revenue)..... 663,171 443,527 190,181 Total current liabilities..... 1,299,341 1,983,951 1,519,016 Other liabilities, including capital lease obligations..... 93,858 85,311 131,599 Total liabilities..... 1,393,199 2,069,262 1,650,615 Commitments and contingencies Stockholders' equity: Series A Convertible Preferred Stock, par value $.01 per share; 1,000,000 shares authorized, 653,111 shares issued and outstanding; with a liquidation preference of $6,766,510, $7,000,722 and $7,209,130 (unaudited) at December 31, 1996 and 1997 and June 30, 1998, respectively..... 6,531 6,531 6,531 Series B Convertible Preferred Stock, par value $.01 per share; 600,000 shares authorized, 598,086 shares issued and outstanding; with a liquidation preference of $0, $10,466,786 and $10,778,378 (unaudited) at December 31, 1996 and 1997 and June 30, 1998, respectively..... -- 5,981 5,981 Common stock, par value $.01 per share; 21,750,000 shares

authorized, (1996: 18,000,000 shares authorized); 5,171,456 (unaudited) shares issued and outstanding (1997 and 1996: 4,500,000 shares) 45,000 45,000 51,714 Additional paid in capital..... 4,699,899 14,699,864 18,451,692 Unearned compensation..... -- -- (18,200) Accumulated deficit..... (492,253) (8,312,790) (11,228,483) Total stockholders' equity..... 4,259,177 6,444,586 7,269,235 Total liabilities and stockholders' equity..... $5,652,376 $ 8,513,848 $ 8,919,850 The accompanying notes are an integral part of these financial statements.

Earthweb Inc.

Statements of Operations

YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
1995	1996	1997	1997	1998
			(UNAUDITED)	

Revenues..... $ -- $ 472,109 $ 1,135,141 $ 592,581 $ 974,333 Cost of revenues..... -- 314,332 1,358,293 601,412 793,254 Gross profit (deficit).. -- 157,777 (223,152) (8,831) 181,079 Operating expenses: Product development.... 35,465 68,410 1,003,422 475,995 555,800 Sales and marketing.... -- 252,287 1,018,313 424,352 810,436 General and administrative..... 626,441 1,801,744 2,566,670 1,295,360 1,331,909 Depreciation and amortization..... 41,651 100,859 892,600 140,024 476,717 Total operating expenses..... 703,557 2,223,300 5,481,005 2,335,731 3,174,862 Loss from operations..... (703,557) (2,065,523) (5,704,157) (2,344,562) (2,993,783) Interest and other income, (expense) net..... (880) 61,497 267,139 67,564 78,090 Loss from continuing operations..... (704,437) (2,004,026) (5,437,018) (2,276,998) (2,915,693) Discontinued operations: Income (loss) from discontinued operations..... 64,799 (42,255) (2,142,934) (549,470) -- Loss on disposal of discontinued operations..... -- -- (240,585) -- -- Total income (loss) from discontinued operations..... 64,799 (42,255) (2,383,519) (549,470) -- Net loss..... $ (639,638) $(2,046,281) $(7,820,537) $ (2,826,468) $ (2,915,693) Basic and diluted net loss per share from continuing operations.. $ (0.16) $ (0.45) $ (1.21) $ (0.51) $ (0.65) Basic and diluted net income (loss) per share from discontinued operations..... 0.02 (0.01) (0.53) (0.12) -- Basic and diluted net loss per share..... $ (0.14) $ (0.46) $ (1.74) $ (0.63) $ (0.65) Weighted average shares of common stock outstanding used in computing basic and diluted net loss per share..... 4,500,000 4,500,000 4,500,000 4,500,000 4,504,570 Pro forma basic and diluted net loss per share from continuing operations..... Pro forma basic and diluted net loss per share from discontinued operations..... Pro forma basic and diluted net loss per share..... Shares used in computing pro forma basic and diluted net loss per share.....

The accompanying notes are an integral part of these financial statements.

Earthweb Inc.

Statements of Cash Flows

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	

Cash flows from operating activities: Net loss..... $(639,638) $(2,046,281) $(7,820,537) $ (2,826,468) $ (2,915,693) Adjustments to reconcile net loss to net cash used in operating activities: Depreciation and amortization..... 41,651 100,859 892,600 140,024 476,717 Charge related to issuance of stock options..... -- -- 5,948 -- 17,775 Barter transaction.... -- (257,398) -- -- -- Reduction of members' receivable..... -- 114,389 -- -- -- Deferred rent expense..... 26,400 64,395 (8,559) -- -- Allowance for doubtful accounts..... -- -- 10,505 2,005 6,650 Reserve for discontinued operations..... -- -- 443,527 -- -- Changes in operating assets and liabilities: Accounts receivable.. -- (101,179) (285,287) (295,584) (204,683) Prepaid expenses and other current assets..... (3,350) (72,571) (159,321) (24,728) 77,772 Other assets..... (144,867) 12,330 (23,521) (144,080) 10,677 Accounts payable and accrued expenses.... 115,211 531,815 364,877 260,630 (27,138) Deferred revenue..... -- -- 89,389 24,695 (18,393) Other liabilities.... -- -- -- -- 16,791 Discontinued operations..... (59,323) 206,409 (235,526) (5,540) 99,705 Net cash used in operating activities..... (663,916) (1,447,232) (6,725,905) (2,869,046) (2,459,820) Cash flows from investing activities: Purchase of fixed assets..... (341,648) (598,543) (954,432) (571,556) (251,447) Acquisitions..... -- -- (811,876) -- (536,869) Restricted cash..... -- -- (512,000) -- 150,000 Net cash used in investing activities..... (341,648) (598,543) (2,278,308) (571,556) (638,316) Cash flows from financing activities: Proceeds from bridge financing..... -- 500,000 500,000 500,000 -- Proceeds from issuance of preferred stock, net..... -- 4,381,096 9,499,998 9,499,998 -- Proceeds from issuance of common stock..... -- -- -- -- 3,085,067 Contribution from members..... 1,891,511 58,100 -- -- -- Net cash provided by financing activities..... 1,891,511 4,939,196 9,999,998 9,999,998 3,085,067 Net increase (decrease) in cash for the period..... 885,947 2,893,421 995,785 6,559,396 (13,069) Cash and cash equivalents, beginning of period..... -- 885,947 3,779,368 3,779,368 4,775,153 Cash and cash equivalents, end of period..... $ 885,947 $ 3,779,368 $ 4,775,153 $ 10,338,764 $ 4,762,084 Supplemental disclosure of Non-Cash Investing and Financing Activities:

During 1996, the Company received $257,398 of equipment, in lieu of cash, in a transaction in which the Company recorded advertising revenue of the same amount.

During 1996, certain executives of the Company paid expenses on behalf of the Company, in the amount of $114,389, in exchange for the reduction of their members' receivable amounts The accompanying notes are an integral part of these financial statements.

Earthweb Inc.

Statements of Stockholders' Equity

	CONVERTIBLE PREFERRED STOCK SERIES A AND B		COMMON STOCK		ADDITIONAL			
	MEMBERS' CONTRIBUTIONS	SHARES	AMOUNT	SHARES	AMOUNT	PAID IN CAPITAL	UNEARNED COMPENSATION	RECEIVABLE FROM MEMBER	ACCUMULATED DEFICIT
BALANCE AT JANUARY 1, 1995 Members' subscriptions.. $2,064,000 Receivable from member..... $(172,489) Net loss..... $ (639,638) BALANCE AT DECEMBER 31, 1995..... 2,064,000 -- -- -- -- -- -- (172,489) (639,638) Payment of member receivable..... 58,100 Reduction of member receivable..... 114,389 Net loss for the period January 1, 1996 to October 25, 1996..... (1,554,028) Effect of reorganization (Note 1)..... (2,064,000) 4,500,000 $45,000 $ (174,666) 2,193,666 Issuance of Series A convertible preferred stock..... 604,288 $ 6,043 4,375,053 Conversion of promissory note for Series A convertible preferred stock..... 48,823 488 499,512 Net loss for the period October 26, 1996 to December 31, 1996..... (492,253) BALANCE AT DECEMBER 31, 1996..... -- 653,111 6,531 4,500,000 45,000 4,699,899 -- -- (492,253) Issuance of Series B convertible preferred stock..... 568,182 5,682 9,494,316 Conversion of promissory note for Series B convertible preferred stock..... 29,904 299 499,701 Issuance of non- qualified stock options..... 5,948 Net loss..... (7,820,537) BALANCE AT DECEMBER 31, 1997..... -- 1,251,197 12,512 4,500,000 45,000 14,699,864 -- -- (8,312,790) Issuance of common stock (unaudited).... 667,639 6,676 3,712,074 Exercise of options (unaudited).... 3,817 38 3,779 Issuance of non- qualified stock options (unaudited).... 17,775 Issuance of stock options below deemed fair value for accounting purposes (unaudited).... 18,200 $(18,200) Net loss (unaudited).... (2,915,693) BALANCE AT JUNE 30, 1998 (UNAUDITED)..... -- 1,251,197 $12,512 5,171,456 $51,714 $18,451,692 $(18,200) -- $(11,228,483) TOTAL BALANCE AT JANUARY 1, 1995 Members' subscriptions.. $2,064,000 Receivable from member..... (172,489) Net loss..... (639,638) BALANCE AT DECEMBER 31, 1995..... 1,251,873 Payment of member receivable..... 58,100 Reduction of member receivable..... 114,389 Net loss for the period January 1, 1996 to October 25, 1996..... (1,554,028) Effect of reorganization (Note 1)..... -- Issuance of Series A convertible preferred stock..... 4,381,096 Conversion of promissory note for Series A convertible preferred stock..... 500,000 Net loss for the period October 26, 1996 to December 31, 1996..... (492,253) BALANCE AT DECEMBER 31, 1996..... 4,259,177 Issuance of Series B convertible preferred stock..... 9,499,998 Conversion of promissory note for Series B convertible preferred stock..... 500,000 Issuance of non- qualified stock options..... 5,948 Net loss..... (7,820,537) BALANCE AT DECEMBER 31, 1997..... 6,444,586 Issuance of common stock (unaudited).... 3,718,750 Exercise of options (unaudited).... 3,817 Issuance of non- qualified stock options (unaudited).... 17,775 Issuance									

of stock options below deemed fair value for accounting purposes (unaudited).... -- Net loss (unaudited).... (2,915,693) BALANCE AT JUNE 30, 1998 (UNAUDITED)..... $7,269,235 The accompanying notes are an integral part of these financial statements.

Earthweb Inc.

Notes to Financial Statements

1. the Company

Organization

EarthWeb Inc. (the "Company") was incorporated in the State of New York on April 25, 1996 and subsequently reincorporated in the State of Delaware on June 17, 1997.

On October 25, 1996, all of the assets and liabilities of EarthWeb LLC were transferred, in a tax free conversion, to EarthWeb Inc., in exchange for the issuance of 4,500,000 shares of common stock of the Company. This transaction was accounted for as a reorganization of entities under common control, in a manner similar to a pooling of interest.

EarthWeb LLC was originally incorporated in the State of New York on October 29, 1994 under the name IdentiNet, Inc.

Business

The Company is a leading provider of Internet-based online services to the information technology ("IT") community worldwide.

During 1997, the Company announced its intention to restructure its business operations and dispose of its software products and professional services divisions. As of December 31, 1997, these divisions were in the process of being fully disposed and operations for the years ended December 31, 1995, 1996 and 1997 have been recorded as discontinued operations.

The Company has sustained net losses and negative cash flows from operations since its inception. The Company's ability to meet its obligations in the ordinary course of business is dependent upon its ability to establish profitable operations or raise additional financing through public or private equity financings, collaborative or other arrangements with corporate sources, or other sources of financing to fund operations. During 1998, the Company has received additional financing of approximately $3,719,000. Management believes that its current funds will be sufficient to enable the Company to meet its planned expenditures through at least December 31, 1998. If anticipated operating results are not achieved, management has the intent and believes it has the ability to delay or reduce expenditures so as not to require additional financial resources, if such resources were not available on terms acceptable to the Company. Should the need arise, the Company has received a commitment from a

preferred stockholder to finance working capital deficiencies, if any, through August 1999. In addition, should the need arise, the Company may request additional financing from a preferred stockholder to provide up to $11 million of additional equity financing, at previously negotiated terms. However, the preferred stockholder is under no obligation to provide such additional funding.

2. Significant Accounting Policies and Procedures

Revenue Recognition

The Company generates several types of revenue including the following:

Advertising

Advertising revenues are derived from the sale of advertising space on the Company's various online services. Advertising revenues are recognized over the period in which the advertisements are displayed, provided that no significant Company obligations remain and collection of the receivable is reasonably as- sured. Company obligations typically include guarantees of a minimum number of "impressions" (times that an advertisement is viewed by users of the Company's online services over a specified period of time). To the extent that minimum guaranteed impressions are not met, the Company defers recognition of the cor- responding revenues until the guaranteed impressions are achieved. For the years ended December 31, 1996 and 1997, advertising revenues represented approximately 100% and 86% of revenues from continuing operations, respectively.

Revenues from barter transactions are recorded at the lower of the estimated fair value of the advertisements, goods or services received or the estimated fair value of the advertisements given. Barter is recognized when both the Company's advertisements and the reciprocal advertisements are run or goods and services are received. For the years ended December 31, 1996 and 1997, barter transactions represented 55% and 16% of total revenues from continuing operations, respectively.

Earthweb Inc.

Notes to Financial Statements--(continued)

2. Significant Accounting Policies and Procedures--(continued)

Online Product Sales

The Company has various agreements with product manufacturers where publications and software are sold on the Company's Web sites. The Company records the gross revenue earned and the related royalty due to the vendor as cost of revenues when the products are sent electronically to the customers. For the year ended December 31, 1997, revenues from the sale of products online approximated $64,000 and the related cost of sales was approximately $46,000.

Cash and Cash Equivalents The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash that collateralizes certain letters of credit is recorded as restricted cash on the balance sheet (see Note 7).

Concentration of Credit Risk Substantially all of the Company's excess cash has been invested in highly liquid investments. The Company performs ongoing credit evaluations of its customers' financial conditions and generally does not require collateral on accounts receivable. The Company maintains allowances for credit losses and such losses have been within management's expectations. The Company's services are provided to customers in several industries worldwide.

Accounts receivable are stated net of allowances for doubtful accounts of approximately $0 and $11,000 as of December 31, 1996 and 1997, respectively. At December 31, 1996, four customers accounted for 60% of the accounts receivable balance. At December 31, 1997, two customers accounted for 52% of the accounts receivable balance. For the year ended December 31, 1996, two customers accounted for 68% of revenues from continuing operations and for the year ended December 31, 1997, one customer accounted for 12% of revenues from continuing operations.

Financial Instruments The recorded amounts of financial instruments approximate their fair values.

Fixed Assets

Depreciation of equipment, furniture and fixtures and computer software is provided for by the straight-line method over estimated useful life ranging from three to five years. Amortization of leasehold improvements is provided for over the lesser of the term of the related lease or the estimated useful life of the improvement. The cost of additions and betterments is capitalized and repairs and maintenance costs are charged to operations in the periods incurred.

Capitalized Software Development Costs The Company has capitalized certain incurred software development costs in connection with its online services. The costs associated with research and development of such technology were expensed as incurred. Software development costs incurred subsequent to establishing technological feasibility have been capitalized. Technological feasibility is established upon the completion of a detailed program design (in the absence of any high risk issues or uncertainties). Capitalized software costs are being amortized over a period of two years. Maintenance costs incurred in connection with the software are being expensed as incurred. Capitalized software development costs, net, as of December 31, 1996 and 1997 were approximately $31,000 and $0, respectively.

Intangible Assets

Intangible assets resulting from acquisitions of Web site assets are being amortized using the straight-line method over three years.

Income Taxes

The Company recognizes deferred taxes by the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial-statement and tax bases of assets and liabilities at enacted statutory tax rates in

effect for the years in which the differences are expected to reverse.

Earthweb Inc.

Notes to Financial Statements--(continued)

2. Significant Accounting Policies and Procedures--(continued)

The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. The primary sources of temporary differences are depreciation and amortization of intangible assets.

Risks and Uncertainties The Company has a limited operating history and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. These risks include the failure to develop and extend the Company's online service brands, the rejection of the Company's services by Web consumers, vendors and/or advertisers, the inability of the Company to maintain and increase the levels of traffic on its online services, as well as other risks and uncertainties. In the event that the Company does not successfully implement its business plan, certain assets may not be recoverable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company's significant estimates include the useful lives of fixed assets and intangibles and the accounts receivable allowance for doubtful accounts.

Long-Lived Assets

The carrying value of assets is reviewed on a regular basis for the existence of facts or circumstances, both internally and externally, that suggest impairment. To date no such impairment has been indicated except for as disclosed in Note 3. Should there be a further impairment in the future, the Company will determine the impairment based on a comparison of recorded amounts to the expected future cash flows from the impaired assets. The cash flow estimates will contain management's best estimates, using appropriate and customary assumptions and projections at the time.

Net Loss Per Share

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128"). SFAS No. 128 replaced primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to fully diluted earnings per share. Basic earnings per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common and common stock equivalent shares outstanding during the period. Common equivalent shares are excluded from the computation if their effect is antidilutive. The pro forma net loss per share is computed by dividing the net loss by the sum of the weighted average number of shares of common stock and including the shares issued as a result of the assumed conversion of all outstanding shares of Convertible Preferred Stock. Net loss per share amounts for all periods have been restated to conform to SFAS No. 128 requirements.

Unaudited Interim Financial Statements The financial statements as of June 30, 1998 and for the six months ended June 30, 1997 and 1998 are unaudited but have been prepared in accordance with generally accepted accounting principles for interim financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations of any interim period are not necessarily indicative of the results of operations for the full year.

Recent Accounting Pronouncements In June 1997, FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"), which establishes standards for reporting and display of comprehensive income and its components in

the financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. SFAS No. 130 offers alternatives for presentation of disclosures required by the standard. The adoption of SFAS No. 130 will have no impact on the Company's results of operations, financial position or cash flows.

In June 1997, FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"), which establishes standards for reporting information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers.

SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 131 is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In February 1998, FASB issued SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits" ("SFAS No. 132"), which revises employers' disclosures about pension and other postretirement benefit plans. SFAS No. 132 does not change the measurement or recognition of those plans. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 132 is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 is effective for financial statements for years beginning after December 15, 1998. SOP 98-1 provides guidance over accounting for computer software developed or obtained for internal use including the requirement to capitalize specified costs and amortization of such costs. The Company does not expect the adoption of this standard to have a material effect on the Company's capitalization policy.

In March 1998, AIPCA issued Statement of Position 98-4, "Deferral of the Effective Date of a Provision of SOP 97-2" ("SOP 98-4"). SOP 98-4 defers for one year the application of certain provisions of Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"). Different informal and unauthoritative interpretations of certain provisions of SOP 97-2 have arisen and, as a result, the AICPA is deliberating amendments to SOP 97-2, so they can issue interpretations regarding the applicability and the method of application of those provisions. Because of the uncertainties related to the outcome of these amendments, the impact on the future financial results of the Company is not currently determinable.

In April 1998, the AICPA issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"). SOP 98-5, which is effective for fiscal years beginning after December 15, 1998, provides guidance on the financial reporting of start-up costs and organization costs. It requires costs of start up activities and organization costs to be expensed as incurred. As the Company has expensed these costs historically, the adoption of this standard is not expected to have a significant impact on the Company's results of operations, financial position or cash flows.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities" ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. As the Company does not currently engage or plan to engage in derivative or hedging activities there will be no impact to the Company's results of operations, financial position or cash flows upon the adoption of this standard.

3. Acquisition

In August 1997, the Company acquired certain assets related to the Java Applet Rating Service ("JARS") Web site. The total cost of the acquisition was $1,261,876 including legal and other professional costs. As of December 31, 1997 there is a payable of $450,000 related to this acquisition that is collateralized by a standby letter of credit agreement with a financial institution (see Note 7). The final payment is payable in August 1998. The Company has also entered into a four year consulting agreement with the seller of JARS where the Company is obligated to pay a consulting fee of $180,000 per year.

Earthweb Inc.

Notes to Financial Statements--(continued)

3. Acquisition--(continued)

The cost of the JARS acquisition was allocated to certain assets based upon their estimated fair values as follows:

Intangible assets	$1,011,876
Capitalized software	230,000
Fixed assets	20,000
	$1,261,876

On December 31, 1997, the Company recorded a charge of approximately $337,000 related to an impairment of the intangible assets acquired in the JARS acquisition to reflect the fair value of the remaining asset.

4. Discontinued Operations

In November 1997, the Company formalized its plan to discontinue its professional services and software products divisions. Accordingly, operating results have been reclassified and reported in discontinued operations.

Operating results and assets and liabilities of the discontinued operations are as follows:

	PROFESSIONAL SERVICES	PROFESSIONAL SERVICES	SOFTWARE PRODUCTS	TOTAL	PROFESSIONAL SERVICES	SOFTWARE PRODUCTS	TOTAL
	1995	1996	1996	1996	1997	1997	1997
Revenues	$578,998	$1,059,329	$ 133,049	$1,192,378	$2,303,813	$ 476,170	$ 2,779,983
Expenses (including loss from disposal)	514,199	919,812	314,821	1,234,633	1,361,046	3,802,456	5,163,502
Net income (loss)	$ 64,799	$ 139,517	$(181,772)	$ (42,255)	$ 942,767	$(3,326,286)	$(2,383,519)

At December 31:

Accounts Receivable.....	$ 330,370	$ --	$ 330,370	$ 253,052	$ 150,000	$ 403,052
Deferred costs.....	327,261	--	327,261	--	--	--
Fixed assets, net.....	106,000	50,000	156,000	--	--	--
Assets.....	763,631	50,000	813,631	253,052	150,000	403,052
Accrued expenses.....	--	--	--	103,585	339,942	443,527
Deferred revenue.....	663,171	--	663,171	--	--	--
Net assets.....	$ 100,460	$ 50,000	$ 150,460	$ 149,467	$ (189,942)	$ (40,475)

5. Fixed Assets

Property and equipment consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998 (UNAUDITED)
Computer equipment and software.....	$581,638	$1,753,627	$1,799,869
Furniture and fixtures.....	232,478	321,818	325,803
Leasehold improvements.....	144,619	291,311	484,396
	958,735	2,366,756	2,610,068
Less, accumulated depreciation and amortization.....	139,474	715,928	1,056,939
	$819,261	$1,650,828	$1,553,129

5. Fixed Assets--(continued)

Depreciation and amortization for the years ended December 31, 1995, 1996 and 1997 totaled approximately $42,000, $101,000 and $529,000, respectively.

6. Commitments and Contingencies

Leases:

The Company leases office space in New York, under non-cancelable operating leases expiring at various dates through January 2008. In addition, the Company is a lessee, under several capital lease agreements with third parties, for certain equipment. Future minimum lease payments under non-cancelable operating and capital leases as of December 31, 1997 are as follows:

	OPERATING LEASES	CAPITAL LEASES
1998	$ 744,000	$ 15,161
1999	1,018,000	12,541
2000	961,000	4,700
2001	859,000	--
2002 and Thereafter	4,839,000	--
Total	$ 8,421,000	32,402
Less: Amounts attributable to interest		3,737
Present value of net minimum lease payments		28,665
Less: Current portion		11,625
Long-term portion		$ 17,040

Rent expense was approximately $79,000, $183,000 and $278,000, for the years ended December 31, 1995, 1996 and 1997, respectively. The cost of equipment under capital lease included in property and equipment was approximately $35,000 and $44,000 at December 31, 1996 and 1997, respectively.

7. Financing

As of December 31, 1997, the Company has the following standby letters of credit:

$287,000 -- to collateralize its principal facility lease agreement. Such standby letter of credit is collateralized by restricted cash. $450,000 -- to collateralize the future payments related to the JARS acquisition. Such standby letter of credit is collateralized by restricted cash, accounts receivable and certain intangible assets.

On June 2, 1997, the Company entered into a convertible promissory note agreement whereby the Company received a $500,000 loan, payable upon demand. The promissory note was converted into 29,904 shares of the Company's newly issued Series B Convertible Preferred Stock on June 24, 1997.

During August 1996, the Company entered into a convertible promissory note agreement whereby the Company received a $500,000 loan, payable upon demand. The promissory note was converted into 48,823 shares of the Company's newly issued Series A Convertible Preferred Stock on October 25, 1996.

8. Capital Stock

At December 31, 1997, the authorized capital stock of the Company consists of 21,750,000 shares of Common Stock, 2,750,000 shares of Convertible Preferred Stock consisting of 1,000,000 shares of Series A, 600,000 shares of Series B

8. Capital Stock--(continued)

and 1,150,000 shares of Series C. The authorized capital stock and the related par values were adjusted as part of the Company's incorporation in the state of Delaware on June 17, 1997 (see Note 1). During 1997, the Company's Board of Directors approved a three-for-one Common Stock split. Shareholders of record in November 1997 received two additional shares for each share held. All references to the number of shares of common stock have been retroactively restated in the financial statements to reflect the effect of the three-for-one split.

Preferred Stock

On October 25, 1996, the Company issued 653,111 shares of Series A Convertible Preferred Stock ("Series A") through a private placement, in consideration of net proceeds to the Company of $4,881,096, inclusive of the conversion of a $500,000 promissory note.

In June 1997, the Company issued 598,086 shares of Series B Convertible Preferred Stock ("Series B") through a private placement, in consideration of net proceeds of $9,999,998, inclusive of the conversion of a $500,000 promissory note.

The holders of the Convertible Preferred Stock are entitled to receive cumulative dividends at specified rates, as defined. Such dividends are payable only when declared by the Board of Directors or upon a liquidation event, as defined, other than a mandatory conversion. In the event of any liquidation, the holders of preferred stock have a liquidation preference over holders of common stock. Such preference is equal to the cost basis of the respective class of preferred stock, plus any cumulative unpaid dividends. At December 31, 1996 and 1997 cumulative dividends in arrears amounted to approximately $78,000 and $779,000, respectively.

All classes of preferred stock are convertible to common stock at prices and at times subject to the provisions set forth in the Company's restated Certificate of Incorporation. In the event of a public offering of the Company's shares with net proceeds to the Company of at least $15 million and an offering price per share determined by the applicable rates as defined in the Company's re- stated Certificate of Incorporation, the preferred stock will be automatically converted into common stock at the conversion rates, as defined. Preferred stockholders are entitled to voting rights equal to the number of shares of common stock into which the preferred stock is convertible.

Stock Option Plan

During October 1996, the Company adopted the 1996 Stock Option Plan (the "Plan") under which incentive stock options or non-qualified stock options to purchase common stock may be granted to eligible employees. A summary of the status of the Company's plan, as amended, as of December 31,

1997, and changes during the year is presented below:

WEIGHTED AVERAGE OPTION EXERCISE SHARES PRICE

Options outstanding at December 31, 1996		
Opening balance	--	
Granted	131,181	$1.00
Granted	223,698	2.00
Exercised	--	--
Forfeited	(26,895)	1.00
Options outstanding at December 31, 1997	327,984	1.68
Granted (unaudited)	376,239	2.00
Granted (unaudited)	19,160	5.57
Granted (unaudited)	13,000	7.00
Exercised (unaudited)	(3,817)	1.00
Forfeited (unaudited)	(84,864)	1.52
Options outstanding at June 30, 1998 (unaudited)	647,702	2.11
Options exercisable at December 31, 1997	--	
Options exercisable at June 30, 1998 (unaudited)	15,499	
Weighted average fair value of options granted during 1997	$ 0.49	

8. Capital Stock--(continued)

The following table summarizes information about stock options outstanding at December 31, 1997:

OPTIONS OUTSTANDING WEIGHTED AVERAGE WEIGHTED REMAINING AVERAGE RANGE OF SHARES CONTRACTUAL EXERCISE EXERCISE PRICES OUTSTANDING LIFE PRICE

$1.00	104,286	6.2 years	$1.00
$2.00	223,698	6.8 years	$2.00

Options generally vest over a period of four years, however, 15% of all unvested options automatically vest at the date of an initial public offering of the Company's stock in which the Company receives net proceeds of at least $10 million. At December 31, 1997, the Company had reserved 995,166 shares of common stock for the exercise of options.

The option plan also provides for the issuance of stock appreciation rights and restricted stock awards under which shares of common stock may be issued to eligible employees. No such awards have been made.

Stock-Based Compensation:

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock-Issued to Employees" and related interpretations in accounting for its stock option issuances. The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation".

Had compensation cost for the Company's stock options issued at the fair value of the Company's stock been determined based on the fair value of the stock options at the grant date for awards in 1997 consistent with the provisions of SFAS No. 123, the Company's net loss would have been adjusted to the pro forma amounts indicated below.

December 31, 1997

Net loss--as reported	$(7,820,537)
Net loss--pro forma	$(7,860,720)
Basic net loss per share--as reported	$ (1.74)
Basic net loss per share--pro forma	$ (1.75)

The fair value of each option grant is estimated on the date of the grant using the "Black-Scholes option-pricing model" with the following weighted average assumptions used for grants for the year ended December 31, 1997; zero dividend yield; no volatility; a weighted average risk-free interest rate of 6.90%; and expected lives of 5 years.

At June 30, 1998, the Company recorded unearned compensation of $18,200 (unaudited) for options issued below the fair value of the Company's stock. This amount will be charged to compensation expense over a four year period (the vesting period of the options).

9. Income Taxes

The components of the net deferred tax asset as of December 31, 1996 and 1997 consists of the following:

1996 1997

Operating loss carryforward	$ 221,513	$ 3,325,050
Depreciation of fixed assets and amortization of intangibles	(37,464)	254,250
Net deferred tax asset	184,049	3,579,300
Less, Valuation allowance	(184,049)	(3,579,300)

Deferred tax asset..... $ -- $ -- The difference between the Company's U.S. federal statutory rate of 35%, as well as its state and local rate, net of a federal benefit of 7%, when compared to its effective rate of 0% is principally comprised of its valuation allowance.

As of December 31, 1997, the Company has a net operating loss carryforward for Federal income tax purposes of approximately $7,389,000. The carryforward will expire in 2012 if not used. The net deferred tax asset has been fully reserved due to the uncertainty of the Company's ability to realize this asset in the future.

10. Employee Savings Plan

The Company has a savings plan (the "Savings Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, participating employees may defer a portion of their pretax earnings, up to the Internal Revenue Service annual contribution limit. For the year ended December 31, 1997, the Company did not contribute to the Savings Plan.

11. Subsequent Events (Unaudited)

Acquisitions

During the six months ended June 30, 1998, the Company has made three acquisitions of certain assets of Web sites. In February 1998, the Company acquired the companion Web sites htmlgoodies.com and javagoodies.com. In April 1998, the Company acquired intranetjournal.com. In May 1998, the Company acquired javascripts.com. The aggregate cost of these Web site acquisitions totaled approximately $376,000, a portion of which is payable over a period of 11 to 36 months, as defined in the acquisition agreements.

In July 1998, the Company acquired substantially all of the assets and properties of the Web site, datamation.com. In conjunction with the acquisition, the Company also licensed certain rights from the seller. The total cost of the acquisition and license was $600,000, subject to certain purchase price adjustments, as defined in the acquisition agreement.

Common Stock Issuance In June 1998, the Company issued 667,639 shares of Common Stock to EarthWeb LLC through a private placement, in consideration of net proceeds of $3,718,750. As of June 30, 1998, $637,500 of these funds were not transferred to the Company and is reflected on the balance sheet as a stockholder receivable. This receivable was subsequently paid in July 1998.

Initial Public Offering As of July 31 1998, the Company's Board of Directors authorized the Company to file a registration statement with the Securities and Exchange Commission for the purpose of the initial public offering of the Company's common stock. Upon the completion of the offering, if requirements set forth in the Certificate of Incorporation are met, 653,111 shares of the Company's Series A Preferred Stock and 598,086 shares of Series B Preferred Stock will be converted into 3,753,591 shares of Common Stock, and all such outstanding shares of Preferred Stock will be cancelled and retired. Upon the conversion of the Preferred Stock, all rights to accrued and unpaid dividends are waived.

Part Ii Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses to be borne by the registrant, other than underwriting discount, in connection with the issuance and distribution of the Common Stock hereunder:

Item Amount

SEC registration fee..... $10,177.50 NASD filing fee..... 3,950.00 Nasdaq National Market Listing Fees..... Accounting fees and expenses..... Legal fees and expenses..... Printing costs..... Blue sky fees and expenses..... Miscellaneous..... Total..... $ * Estimated.

Item 14. Indemnification of Directors and Officers.

Section 145 ("Section 145") of the General Corporation Law of the State of Delaware (the "DGCL") provides that directors and officers of Delaware corporations may, under certain circumstances, be indemnified against expenses (including attorneys' fees) and other liabilities actually and reasonably incurred by them as a result of any suit brought against them in their capacity as a director or officer, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. Section 145 also provides that directors and officers may also be indemnified against expenses (including attorneys' fees) incurred by them in connection with a derivative suit if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made without court approval if such person was adjudged liable to the corporation.

The Company has implemented such indemnification provisions in its Certificate of Incorporation which provides that officers and directors shall be entitled to be indemnified by the Company to the fullest extent permitted by law against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred in connection with any action, suit or proceeding by reason of the fact that he or she is or was an officer or director of the Company.

The above discussion of the Company's Certificate of Incorporation and Sections 102(b)(7) and 145 of the DGCL is not intended to be exhaustive and is qualified in its entirety by such Certificate of Incorporation and statutes.

The Company has agreed to indemnify the Underwriters and their controlling persons, and the Underwriters have agreed to indemnify the Company and its controlling persons, including directors and executive officers of the Company, against certain liabilities, including liabilities under the

Securities Act. Reference is made to the Underwriting Agreement filed as part of the Exhibits hereto.

For information regard the Company's undertaking to submit to adjudication the issue of indemnification for violation of the securities laws, see Item 17 hereof.

Item 15. Recent Sales of Unregistered Securities.

On October 25, 1996, the Company issued (i) 1,500,000 shares of its Common Stock to EarthWeb LLC in exchange for substantially all the assets and liabilities of EarthWeb LLC and (ii) 653,111 shares of its Series A Preferred Stock to Warburg, Pincus Venture Fund IV, L.P. ("Warburg") for an aggregate purchase price of $6.7 million. On June 23, 1997, the Company issued 598,086 shares of its Series B Preferred Stock to Warburg for an aggregate purchase price of $10.0 million. In June 1998, the Company issued 667,639 shares of its Common Stock to EarthWeb LLC for an aggregate purchase price of $3.7 million . Exemption from registration for the transactions described above was claimed pursuant to Section 4(2) of the Securities Act of 1933, as amended, regarding transactions by the issuer not involving a public offering.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit No. Description

1	Form of Underwriting Agreement*
3.1	Certificate of Incorporation, as amended
3.2	By-laws
4.1	Amended and Restated Shareholders Agreement dated as of June 24, 1997 among the Registrant, EarthWeb LLC, GNP, Warburg, Jack D. Hidary, Murray Hidary and Nova Spivack
4.2	Specimen Common Stock Certificate of Registrant*
4.3	Registration Rights Agreement dated as of October 25, 1996 by and between the Registrant, Warburg, EarthWeb LLC and GNP
5	Form of Opinion of Morrison & Foerster LLP*
9	Form of Voting Trust Agreement*
10.1	1996 Amended and Restated Stock Plan, as amended.
10.2	Employment Agreement dated July 1, 1995 between GNP (formerly EarthWeb Ltd.) and Jack D. Hidary
10.3	Employment Agreement dated July 1, 1995 between GNP (formerly EarthWeb Ltd.) and Murray Hidary
10.4	Employment Agreement dated November 1, 1996 between the Registrant and Irene Math
10.5	Employment Agreement dated November 3, 1997 between the Registrant and William Gollan
10.6	Consulting Agreement dated as of August 1, 1998 between the Registrant and Nova Spivack.*
10.7	Intercompany Services Agreement dated October 25, 1996 among the Registrant, EarthWeb LLC, GNP (formerly EarthWeb Ltd.), Jack D. Hidary, Murray Hidary and Nova Spivack
10.8	Lease Agreement dated April 28, 1995 between 3 Park Avenue Co. and MJN Enterprises, Inc., as amended*
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Morrison & Foerster LLP (set forth in Exhibit 5)*
	Powers of Attorney (set forth on the signature page to this

24	Registration Statement)
27	Financial Data Schedule

* To be filed by amendment.

Item 17. Undertakings.

The Registrant hereby undertakes the following:

(1) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(2) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(3) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(4) The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Signatures

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW YORK, STATE OF NEW YORK, ON AUGUST 5, 1998.

EarthWeb Inc.

/s/ Jack D. Hidary By: _____ JACK D. HIDARY, President and Chief Executive Officer

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, THAT EACH PERSON WHOSE SIGNATURE APPEARS BELOW CONSTITUTES AND APPOINTS AND HEREBY AUTHORIZES JACK D. HIDARY AND IRENE MATH, SEVERALLY, SUCH PERSON'S TRUE AND LAWFUL ATTORNEYS-IN-FACT, WITH FULL POWER OF SUBSTITUTION OR RESUBSTITUTION, FOR SUCH PERSON AND IN SUCH PERSON'S NAME, PLACE AND STEAD, IN ANY AND ALL CAPACITIES, TO SIGN ON SUCH PERSON'S BEHALF, INDIVIDUALLY AND IN EACH CAPACITY STATED BELOW, ANY AND ALL AMENDMENTS, INCLUDING POST-EFFECTIVE AMENDMENTS TO THIS REGISTRATION STATEMENT AND TO SIGN ANY AND ALL ADDITIONAL REGISTRATION STATEMENTS RELATING TO THE SAME OFFERING OF SECURITIES AS THIS REGISTRATION STATEMENT THAT ARE FILED PURSUANT TO RULE 462(B) OF THE SECURITIES ACT OF 1933, AND TO FILE THE SAME, WITH ALL EXHIBITS THERETO, AND OTHER DOCUMENTS IN CONNECTION THEREWITH, WITH THE SECURITIES AND EXCHANGE COMMISSION, GRANTING UNTO SAID ATTORNEYS-IN-FACT, FULL POWER AND AUTHORITY TO DO AND PERFORM EACH AND EVERY ACT AND THING REQUISITE OR NECESSARY TO BE DONE IN AND ABOUT THE PREMISES, AS FULLY TO ALL INTENTS AND PURPOSES AS SUCH PERSON MIGHT OR COULD DO IN PERSON, HEREBY RATIFYING AND CONFIRMING ALL THAT SAID ATTORNEYS-IN-FACT, OR THEIR SUBSTITUTE OR SUBSTITUTES, MAY LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES STATED BELOW.

Name and Signatures Title Date

/s/ Jack D. Hidary President, Chief Executive August 5, 1998 _____ Officer and Director JACK D. HIDARY

/s/ Murray Hidary _____ MURRAY HIDARY	Executive Vice President, Secretary, Treasurer and Director	August 5, 1998

/s/ Nova Spivack Director August 5, 1998 NOVA SPIVACK /s/ Henry Kressel Director August 5, 1998 HENRY KRESSEL /s/ Cary Davis Director August 5, 1998 CARY DAVIS

/s/ Irene Math _____ IRENE MATH	Vice President, Finance (Principal Financial and Accounting Officer)	August 5, 1998

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