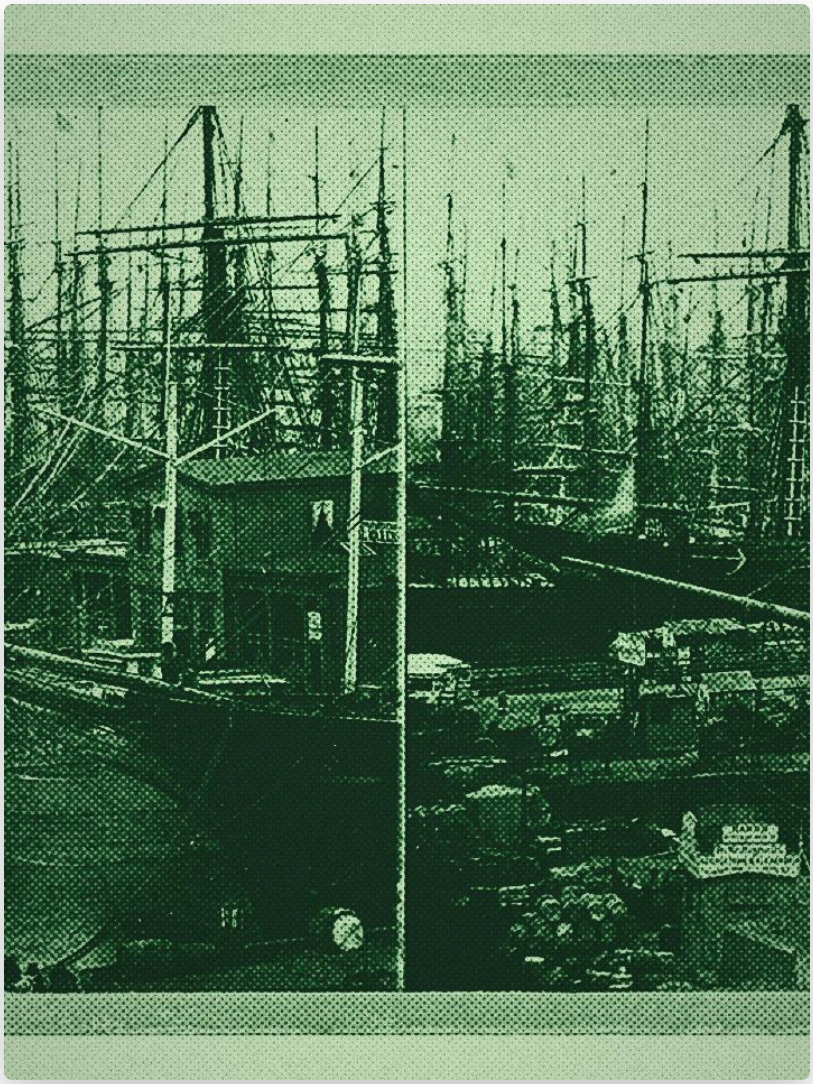
FORM S-1 · REGISTRATION STATEMENT

THESTREET COM

IPO priced 1999-05-10 · $19.00 a share · TSCM



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 23, 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 THESTREET.COM (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7374	06-15150824
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NO.)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

TWO RECTOR STREET NEW YORK, NEW YORK 10006 (212) 271-4004 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) KEVIN W. ENGLISH CHAIRMAN AND CHIEF EXECUTIVE OFFICER THESTREET.COM, INC. TWO RECTOR STREET NEW YORK, NEW YORK 10006 (212) 271-4004 (800) 562-9571 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE) COPIES TO:

DAVID J. GOLDSCHMIDT, ESQ.	ALEXANDER D. LYNCH, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP	ALAN P. BLAUSTEIN, ESQ.
919 THIRD AVENUE	BROBECK, PHLEGER & HARRISON LLP
NEW YORK, NEW YORK 10022	1633 BROADWAY, 47TH FLOOR
(212) 735-3000	NEW YORK, NEW YORK 10019
	(212) 581-1600

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

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, 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 UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
COMMON STOCK, PAR VALUE $.01 PER SHARE (INCLUDING THE ASSOCIATED RIGHTS TO PURCHASE SERIES A JUNIOR PARTICIPATING STOCK) (2).....	$75,000,000	$20,850.00

(1) ESTIMATED SOLELY FOR THE PURPOSE OF CALCULATING THE REGISTRATION FEE PURSUANT TO RULE 457(O) OF THE SECURITIES ACT OF 1933.

(2) THE RIGHTS TO PURCHASE SHARES OF OUR SERIES A JUNIOR PARTICIPATING PREFERRED STOCK INITIALLY ARE ATTACHED TO AND TRADE WITH THE SHARES OF OUR COMMON STOCK BEING REGISTERED HEREBY. VALUE ATTRIBUTED TO SUCH RIGHTS, IF ANY, IS REFLECTED IN THE MARKET PRICE OF OUR COMMON STOCK.

THE REGISTRANT HEREBY AMENDS THIS 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 THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL NOR DOES IT SEEK TO OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION. DATED FEBRUARY 23, 1999.

SHARES

THESTREET.COM, INC.

COMMON STOCK

THIS IS AN INITIAL PUBLIC OFFERING OF SHARES OF COMMON STOCK OF THESTREET.COM, INC. ALL OF THE SHARES OF COMMON STOCK ARE BEING SOLD BY THE THESTREET.COM, INC. ("THESTREET.COM" OR THE "COMPANY"). PRIOR TO THIS OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK. THE COMMON STOCK HAS BEEN APPROVED FOR QUOTATION ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "TSCM".

SEE "RISK FACTORS" BEGINNING ON PAGE 6 TO READ ABOUT CERTAIN FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF THE COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER SHARE	TOTAL
Initial public offering price.....	$	$
Underwriting discounts.....	$	$
Proceeds, before expenses, to TheStreet.com.....	$	$

THE UNDERWRITERS MAY, UNDER CERTAIN CIRCUMSTANCES, PURCHASE UP TO AN ADDITIONAL SHARES FROM THESTREET.COM AT THE INITIAL PUBLIC OFFERING PRICE LESS THE UNDERWRITING DISCOUNT.

THE UNDERWRITERS EXPECT TO DELIVER THE SHARES AGAINST PAYMENT IN NEW YORK, NEW YORK ON , 1999.

GOLDMAN, SACHS & CO.

HAMBRECHT & QUIST THOMAS WEISEL PARTNERS LLC PROSPECTUS DATED , 1999.

[ART WORK TO COME]

Prospectus Summary

You should read the following summary together with the more detailed information about our company and the common stock being sold in this offering and our financial statements and the notes to those statements included elsewhere in this prospectus.

Thestreet.com

TheStreet.com is a leading web-based provider of original, timely, comprehensive and trustworthy financial news, commentary and information aimed at helping readers make informed investment decisions. TheStreet.com combines the most important qualities of traditional print journalism--accuracy, intelligence, fairness and wit--with the web's advantages as a financial news medium--timeliness, interactivity and global distribution. With a staff of more than 50 reporters and editors, together with two dozen outside contributors, we update our site with approximately 40 original stories throughout each business day and with many additional features on weekends. Trained at the nation's leading financial news organizations, our journalists produce quality news coverage and in-depth analysis in a real-time, interactive medium ideally suited to the needs of today's investors. We have developed a community of loyal readers who turn to TheStreet.com for their financial and investing news and information needs. During 1998, our subscriber base grew more than 380% to approximately 32,000 at the end of the year; as of February 17, 1999, we had approximately 37,000 subscribers. We derive our revenues primarily from sales of subscriptions to our web site and from sales of advertising targeted to our desirable reader demographic.

In recent years, individuals have been taking greater control of their investments. The web has facilitated this behavioral shift by providing investors with easy access to information that was once generally available only to investment professionals. According to International Data Corporation, an independent market research firm, the number of online brokerage accounts in the United States is expected to grow from 3.5 million at the end of 1997 to 24 million at the end of 2002, with online brokers expected to manage over $1.5 trillion in assets by the end of 2002. Increasingly, this growing group of self-directed investors is seeking timely, comprehensive and trustworthy financial news and information that can help them make informed investing decisions.

At TheStreet.com, we aim to meet the increasing demands of today's investors by providing a broad range of original financial news and in-depth anaylsis through a real-time, interactive medium. Our objective is to establish TheStreet.com as the leading and most comprehensive financial news and information destination for investors. We aim to further develop a community of loyal readers in order to build our subscription base and attract advertisers. Our strategy includes the following key elements:

o expand our web site as a comprehensive financial news and information destination;

o leverage our content to maximize revenue across a diverse customer base;

o capitalize on reader demographics desirable to advertisers;

o leverage strategic partnerships; and o build brand awareness of TheStreet.com and our writers.

In February 1999, The New York Times Company made an investment for a minority equity stake in TheStreet.com. We are currently discussing opportunities for strategic alliances with The New York Times Company.

Our principal executive offices are located at Two Rector Street, 14th Floor, New York, New York 10006. Our telephone number at that location is (800) 562-9571. Our web site is www.thestreet.com. The information contained on our web site is not incorporated by reference into this prospectus.

Unless otherwise indicated, all information in this prospectus (i) reflects the conversion of all outstanding shares of our convertible preferred stock and accumulated dividends into an aggregate of shares of common stock upon the completion of this offering, assuming that the initial public offering price is $ per share; and (ii) assumes no underwriters' exercise of the over-allotment option. See "Description of Capital Stock" and "Underwriting".

The Offering

The following information assumes that the underwriters do not exercise the option granted by us to purchase additional shares in this offering. The following information excludes shares of common stock issuable upon exercise of options, which vest over certain periods of time, outstanding as of the date of this prospectus. See "Underwriting".

Common stock offered by TheStreet.com..... shares Common stock to be outstanding after the offering..... shares Proposed Nasdaq National Market symbol..... "TSCM" Use of proceeds..... To provide working capital to develop new products and expand internationally, to fund general corporate purposes and to create a public market for our common stock.

Summary Financial Data

The following table summarizes our statement of operations. The share information gives effect to the conversion of our business from a limited liability company into a corporation at the beginning of each period indicated. See our financial statements and the notes to those statements included elsewhere in this prospectus.

	JUNE 18, 1996 (INCEPTION) THROUGH DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
STATEMENT OF OPERATIONS DATA:			
Net revenues	$ --	$ 589	$ 4,623
Gross profit (loss)	(298)	(558)	668
Loss from operations	(1,712)	(5,359)	(16,041)
Net loss	$(1,733)	$ (5,764)	$(16,268)

Pro forma basic and diluted net loss per share.....	$	$
Pro forma weighted average basic and diluted shares outstanding (1).....		

(1) The pro forma weighted average shares outstanding give effect to the conversion of all of our outstanding convertible preferred stock and accumulated dividends into an aggregate of shares of common stock upon the completion of this offering.

The following table is a summary of our balance sheet as of December 31, 1998, (i) on an actual basis and (ii) on an as adjusted basis to reflect the conversion of all outstanding shares of our convertible preferred stock and accumulated dividends into shares of common stock and to give effect to the sale of the shares of common stock offered by this prospectus at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses. See "Use of Proceeds" and "Capitalization".

DECEMBER 31, 1998 ACTUAL AS ADJUSTED (IN THOUSANDS)

BALANCE SHEET DATA:		
Cash and cash equivalents.....	$24,612	$
Working capital.....	22,918	
Total assets.....	27,581	
Total stockholders' equity.....	23,524	

Risk Factors

You should carefully consider the following risks before making an investment decision. The risks described below are not the only ones facing our company. Additional risks may also impair our business operations. If any of the following risks occur, our business, results of operations or financial condition could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment. You should also refer to the other information set forth in this prospectus, including our financial statements and the notes to those statements.

This prospectus contains certain "forward-looking statements" based on our current expectations, assumptions, estimates and projections about TheStreet.com and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, as more fully described in this section and elsewhere in this prospectus. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. Such factors include those set forth in this section and elsewhere in this prospectus.

Risks Related to Our Business

We Have a Limited Operating History

We commenced operations in June 1996 and launched our web site in November 1996. Accordingly, we have only a limited operating history upon which you can evaluate our business and prospects. An investor in our common stock must consider the risks, expenses and difficulties frequently encountered by early stage companies in new and rapidly evolving markets, including web-based financial news and information companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We Have a History of Losses and We Anticipate Losses Will Continue

As of December 31, 1998, we had an accumulated deficit of $12.4 million that represented our cumulative loss from May 7, 1998, which was the date we converted to a C corporation. We have not achieved profitability and expect to continue to incur net losses in 1999 and subsequent fiscal periods. We expect to continue to incur significant operating expenses and, as a result, will need to generate significant revenues to achieve profitability, which may not occur. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future. See "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We Depend on Our Editorial Staff and Outside Contributors

Our future success depends substantially upon the continued efforts of our editorial staff and outside contributors to produce original, timely, comprehensive and trustworthy content. Only a few of our writers are bound by employment agreements. Competition for financial journalists is intense, and we may not be able to retain existing or attract additional highly qualified writers in the future. If we lose the services of a significant number of our editorial staff and outside contributors or are unable to continue to attract additional writers with appropriate qualifications, our business, results of operations and financial condition could be materially adversely affected.

In addition, we believe that certain of our writers, including Mr. James J. Cramer and Mr. Herb Greenberg, have a large and loyal following among our readers. Mr. Cramer has an employment agreement with us that terminates in February 2003. Mr. Greenberg has an employment agreement with us that terminates in March 2001. If we lose the services of prominent members of our editorial staff, including Mr. Greenberg, or popular outside contributors, including Mr. Cramer, a significant number of our subscribers may not renew their subscriptions or the number of our readers may decrease.

A significant reduction in the number of our subscribers or readers could materially adversely affect our business, results of operations and financial condition.

We Face Intense Competition

An increasing number of financial news and information sources compete for consumers' and advertisers' attention and spending. We expect this competition to continue to increase. We compete for advertisers, readers, staff and outside contributors with many types of companies, including:

o online services or web sites focused on business, finance and investing, such as MarketWatch.com, The Wall Street Journal Interactive Edition and The Motley Fool;

o publishers and distributors of traditional media, including print, radio and television, such as The Wall Street Journal, Fortune, Bloomberg Business Radio and CNBC;

o providers of terminal-based financial news and data, such as Bloomberg Business News, Reuters News Service, Dow Jones Markets and Bridge News Service;

o web "portal" companies, such as Yahoo! and America Online; and o online brokerage firms, many of which provide financial and investment news and information, such as Charles Schwab and E*TRADE.

Our ability to compete depends on many factors, including the originality, timeliness, comprehensiveness and trustworthiness of our content and that of our competitors, the ease of use of services developed either by us or our competitors and the effectiveness of our sales and marketing efforts.

Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. This may allow them to devote greater resources than we can to the development and promotion of their services. These competitors may also engage in more extensive research and development, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies (including offering their financial news for free) and make more attractive offers to existing and potential employees, outside contributors, strategic partners and advertisers. Our competitors may develop content that is equal or superior to ours or that achieves greater market acceptance than ours. It is also possible that new competitors may emerge and rapidly acquire significant market share. We may not be able to compete successfully for advertisers, readers, staff or outside contributors, which could materially adversely affect our business, results of operations and financial condition. Increased competition could result in price reductions, reduced margins or loss of market share, any of which could materially adversely affect our business, results of operations and financial condition.

We also compete with other web sites, television, radio and print media for a share of advertisers' total advertising budgets. If advertisers perceive the Internet or our web site to be a limited or an ineffective advertising medium, they may be reluctant to devote a portion of their advertising budget to Internet advertising or to advertising on our web site. See "Business--Competition".

We Need to Establish and Maintain Strategic Relationships with Other Web Sites

We depend on establishing and maintaining subscription distribution relationships with online financial services firms and content syndication relationships with high-traffic web sites for a significant portion of our subscriber base and traffic. There is intense competition for relationships with these firms and placement on these sites, and we may have to pay significant fees to establish additional content syndication relationships or maintain existing relationships in the future. We may be unable to enter into relationships with these firms or sites on commercially reasonable terms or at all. Even if we enter into such relationships, they may not attract significant numbers of readers. Therefore, our site may not receive a significant number of additional subscribers or readers from such relationships.

Many companies that we may approach for a strategic relationship or who already have strategic relationships with us also provide financial news and information from other sources. As a result, these companies may be reluctant to enter into or maintain strategic relationships with us. Our business, results of operations and financial condition could be materially adversely affected if we do not establish additional, and maintain existing, strategic relationships on commercially reasonable terms or if any of our strategic relationships do not result in an increase in the number of subscribers or readers of our web site.

Our Quarterly Financial Results Are Subject to Significant Fluctuations

Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside our control.

We believe that advertising sales in traditional media, such as television and radio, generally are lower in the first and third calendar quarters of each year. Similar seasonal or other patterns may develop in our industry.

We believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance, nor would our operating results for any particular quarter be indicative of future operating results. In some future quarters our operating results may be below the expectations of public market analysts and investors. In such an event, the price of our common stock may fall. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We Depend on Maintaining and Increasing Our Subscriber Base

Our future success is highly dependent on an increase in the number of readers who are willing to subscribe to online financial news and information publications. The number of Internet users willing to pay for online financial news and information may not continue to increase. If the market for subscription-based online financial news and information publications develops more slowly than we expect, our business, results of operations and financial condition could be materially adversely affected. Further, we presently offer a portion of our content for free. In the future we intend to increase the free portion of our content to increase traffic. However, this change may reduce the number of our new or renewing subscribers, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, during the fourth quarter of 1998, we began to participate in a program where our readers can receive annual subscriptions to our site by redeeming frequent flyer miles through a third-party service. While we expect the number of annual subscriptions attributable to this program to increase in the future, additional readers may not subscribe through this program. Further, while we do not expect that these subscibers will renew their subscriptions at a rate consistent with the renewal rate of our general subscriber base, it is possible that the actual renewal rate of these subscribers may be significantly lower than our expectations, which could materially adversely affect our business, results of operations and financial condition.

We Depend on Certain Advertisers and on Our Advertising Sales Department

In 1998, our top advertiser accounted for approximately 40%, and our top five advertisers accounted for approximately 67%, of our total advertising revenues. Our business, results of operations and financial condition could be materially adversely affected by the loss of one or more of our top advertisers. Further, if we do not continue to increase our revenue from financial services advertisers or attract advertisers from non-financial industries, our business, results of operations and financial condition could be materially adversely affected. We believe that we charge advertising rates that are among the highest of financial web sites. However, there can be no assurance that we will be able to command premium rates in the future.

We depend on our internal advertising sales department to maintain and increase our advertising sales. As of February 15, 1999, our advertising sales department consisted of eight employees. The success of our advertising sales department is subject to a number of risks, including the competition we face from other companies in hiring and retaining sales personnel and the length of time it takes new sales personnel to become productive. Our business, results of operations and financial condition could be materially adversely affected if we do not maintain an effective advertising sales department.

We Need to Manage Our Growth

We have experienced rapid growth in our operations. Our rapid growth has placed, and our anticipated future growth will continue to place, a significant strain on our managerial, operational and financial resources. To manage our growth, we must continue to implement and improve our managerial controls and procedures and operational and financial systems. In addition, our future success will depend on our ability to expand, train and manage our workforce, in particular our editorial, advertising sales and business development staff. As of December 31, 1998, we had a total of 100 employees, as compared to 33 employees as of December 31, 1997. We expect that the number of our employees will continue to increase for the foreseeable future. We will need to integrate these employees into our workforce successfully. We cannot assure you that we have made adequate allowances for the costs and risks associated with this expansion, that our systems, procedures or controls will be adequate to support our operations, or that our management will be able to successfully offer and expand our services. If we are unable to manage our growth effectively, our business, results of operations and financial condition could be materially adversely affected.

We Depend on Key Management Personnel

Our future success depends upon the continued service of certain key management personnel. The loss of one or more of our key management personnel could materially adversely affect our business, results of operations and financial condition. In addition, we recently hired our new Chief Financial Officer and a General Counsel. These individuals will have to be integrated into our management team successfully. A few of our employees have entered into non-competition agreements with us. However, other employees may leave us and work for our competitors or start their own competing business.

Increased Traffic May Strain Our Systems

In the past, we have experienced significant spikes in traffic on our web site when there have been important financial news events. In addition, the number of our readers has continued to increase over time and we are seeking to increase our reader base further. Accordingly, our web site must accommodate a high volume of traffic, often at unexpected times. Our web site has in the past, and may in the future, experience slower response times than usual or other problems for a variety of reasons. These occurrences could cause our readers to perceive our web site as not functioning properly and, therefore, cause them to use other methods to obtain their financial news and information. In such a case, our business, results of operations and financial condition could be materially adversely affected.

We Face a Risk of System Failure

Our ability to provide timely information and continuous news updates depends on the efficient and uninterrupted operation of our computer and communications hardware and software systems. Similarly, our ability to track, measure and report the delivery of advertisements on our site depends on the efficient and uninterrupted operation of a third-party system, Dart by DoubleClick. These systems and operations are vulnerable to damage or interruption from human error, natural disasters, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. Although we do not have a formal disaster recovery plan, we are in the process of developing one. Any system failure, including network, software or hardware failure, that causes an interruption in our service or a decrease in responsiveness of our web site could result in reduced traffic, reduced revenue and harm to our reputation, brand and our relations with our advertisers. In February 1999, we entered into a one-year Internet-hosting agreement with Exodus Communications, Inc. to maintain all of our production servers at Exodus' New Jersey data center. Our operations depend on Exodus' ability to protect its and our systems in its data center against damage from fire, power loss, water damage, telecommunications failure, vandalism and similar unexpected adverse events. Although Exodus provides comprehensive facilities management services, including human and technical monitoring of all production servers 24 hours-per-day, seven days-per-week, Exodus does not guarantee that our Internet access will be uninterrupted, error-free or secure. Any disruption in the Internet access to our web site provided by Exodus could materially adversely affect our business, results of operations and financial condition. Our insurance policies may not adequately compensate us for any losses that we may incur because of any failures in our system or interruptions in our delivery of content. Our business, results of operations and financial condition could be materially adversely affected by any event, damage or failure that interrupts or delays our operations.

Risks Associated with Moving Our Subscription Management System In-house

Presently, our subscription management system is hosted by Starwave Corporation on its systems located in Seattle, Washington. However, during 1999 we plan to move this function to our own internal systems. It is possible that because of a variety of logistical and technical reasons we may be unable to complete this move on time or at all. Further, we may face significant technical problems in integrating our subscription management system with our internal systems or maintaining our subscription management system. These problems, should they occur, could adversely affect our ability to process online subscriptions or to convert efficiently our free-trial members to paid subscribers, which could materially adversely affect our business, results of operations and financial condition.

Risks Associated with Our Brand Development and Possible Harm to Our Reputation

We believe that maintaining and growing awareness about the TheStreet.com brand is an important aspect of our efforts to continue to attract subscribers and readers. The importance of brand recognition will increase in the future because of the growing number of web sites providing financial news and information. We cannot assure you that our efforts to build brand awareness will be successful. It is very important that we maintain our reputation as a trustworthy news organization. The occurrence of certain events, including our misreporting a news story or the non-disclosure of stock ownership by one or more of our writers in breach of our compliance policy, could harm our reputation for trustworthiness. These events could result in a significant reduction in the number of our readers, which could materially adversely affect our business, results of operations and financial condition.

Liability for Information Displayed on Our Web Site

We may be subject to claims for defamation, libel, copyright or trademark infringement or based on other theories relating to the information we publish on our web site. These types of claims have been brought, sometimes successfully, against online services as well as other print publications in the past. We could also be subject to claims based upon the content that is accessible from our web site through links to other web sites. Our insurance may not adequately protect us against these claims.

Year 2000 Risks

Many currently installed computer systems and software products are coded to accept only two-digit entries to identify a year in the date code field. Consequently, on January 1, 2000, many of these systems could fail or malfunction because they may not be able to distinguish between 20th century dates and 21st century dates. Accordingly, our customers, potential customers, vendors and strategic partners may need to upgrade their computer systems and software products to comply with applicable "Year 2000" requirements.

Because we and our subscribers and readers are dependent, to a very substantial degree, upon the proper functioning of our and their computer systems, a failure of our or their computer systems to correctly recognize dates beyond December 31, 1999, could materially disrupt our operations or the ability of our subscribers and readers to access our web site, which could materially adversely affect our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Readiness Disclosure".

We Rely on Our Intellectual Property

To protect our rights to our intellectual property, we rely on a combination of trademark and copyright law, trade secret protection, confidentiality agreements and other contractual arrangements with our employees, affiliates, clients, strategic partners and others. The protective steps we have taken may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We have registered certain of our trademarks in the United States and we have pending U.S. applications for other trademarks. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. In addition, although we believe that our proprietary rights do not infringe on the intellectual property rights of others, other parties may assert infringement claims against us or claims that we have violated a patent or infringed a copyright, trademark or other proprietary right belonging to them. These claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources on our part, which could materially adversely affect our business, results of operations and financial condition. We incorporate certain licensed third-party technology in some of our services. In these license agreements, the licensors have generally agreed to defend, indemnify and hold us harmless with respect to any claim by a third party that the licensed software infringes any patent or other proprietary right. We cannot assure you that these provisions will be adequate to protect us from infringement claims. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in introduction of new services. See "Business--Intellectual Property".

Risks of Developing New and Enhanced Services and Features for Our Web Site

We intend to introduce additional and enhanced services in order to retain our current readers and attract new readers. If we introduce a service that is not favorably received, our current readers may choose a competitive service over ours or fail to renew their subscriptions. We may also experience difficulties that could delay or prevent us from introducing new services. Furthermore, the new services we may introduce could contain errors that are discovered after such services are introduced. In such cases, we may need to significantly modify the design or implementation of such services on our web site to correct these errors. Our business, results of operations and financial condition could be materially adversely affected if we experience difficulties in introducing new services or if these new services are not accepted by our readers.

Risks Related to Our Industry

We Depend on the Continued Growth in Use and Efficient Operation of the Web

The web-based information market is new and rapidly evolving. Our business would be materially adversely affected if web usage does not continue to grow or grows slowly. Web usage may be inhibited for a number of reasons, such as:

o inadequate network infrastructure;

o security concerns;

o inconsistent quality of service; and o unavailability of cost-effective, high-speed access to the Internet.

Our readers depend on Internet service providers, online service providers and other web site operators for access to our web site. Many of these services have experienced significant service outages in the past and could experience service outages, delays and other difficulties due to system failures unrelated to our systems. These occurrences could cause our readers to perceive the web in general or our web site in particular as an unreliable medium and, therefore, cause them to use other media to obtain their financial news and information. We also depend on certain information providers to deliver information and data feeds to us on a timely basis. Our web site could experience disruptions or interruptions in service due to the failure or delay in the transmission or receipt of this information, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Associated with Online Advertising

No standards have been widely accepted to measure the effectiveness of web advertising. If standards do not develop, existing advertisers may not continue or increase their levels of web advertising. If standards develop and we are unable to meet such standards, advertisers may not continue advertising on our site. Furthermore, advertisers that have traditionally relied upon other advertising media may be reluctant to advertise on the web. Our business, results of operations and financial condition could be materially adversely affected if the market for web advertising declines or develops more slowly than expected.

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

from being delivered to a web user's computer are available. Widespread adoption of this software could materially adversely affect the commercial viability of web advertising, which could materially adversely affect our advertising revenues.

We compete with other web sites, television, radio and print media for a share of advertisers' total advertising budgets. If advertisers perceive the web in general or our web site in particular to be a limited or an ineffective advertising medium, they may be reluctant to devote a portion of their advertising budget to online advertising or to advertising on our web site.

Government Regulation and Legal Uncertainties Relating to the Web

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

Web Security Concerns Could Hinder Internet Commerce

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

Risks Related to This Offering

Investors Will Incur Immediate Dilution and May Experience Further Dilution

The initial offering price of our common stock will be substantially higher than the pro forma net tangible book value per share of the outstanding common stock immediately after the offering. If you purchase common stock in this offering, you will incur immediate and substantial dilution in the pro forma net tangible book value per share of the common stock from the price you pay for common stock. We also have a large number of outstanding stock options to purchase the common stock with exercise prices significantly below the estimated initial public offering price of the common stock. To the extent such options are exercised, there will be further dilution. See "Dilution".

SHARES ELIGIBLE FOR PUBLIC SALE AFTER THIS OFFERING COULD ADVERSELY AFFECT OUR STOCK PRICE After this offering there will be outstanding shares of our common stock. There will be shares outstanding if the underwriters' over-allotment option is exercised in full. Of these shares, the shares sold in this offering will be freely tradeable except for any shares purchased by our "affiliates" as defined in Rule 144 under the Securities Act. The remaining shares will be "restricted securities," subject to the volume limitations and other conditions of Rule 144 under the Securities Act.

Our directors, executive officers, and substantially all of our current stockholders and optionholders have agreed, subject to certain limited exceptions, for a period of 180 days after the date of this prospectus, that they will not, without the prior written consent of Goldman, Sachs & Co., directly or indirectly, offer to sell, sell or otherwise dispose of any shares of common stock. See "Underwriting". After the first anniversary of this offering, some holders of common stock will have the right to request the registration of their shares under the Securities Act. Upon the effectiveness of such registration, all shares covered by such registration statement will be freely transferable. In addition, following the completion of this offering, we also intend to file a registration statement on Form S-8 under the Securities Act covering 2,527,272 shares of common stock reserved for issuance under the 1998 Stock Incentive Plan. Such registration statement will automatically become effective upon filing. Of the number of shares subject to outstanding options upon completion of the offering, options to purchase shares will have vested as of such date. Accordingly, subject to the exercise of such options, shares registered under such registration statement will be available for sale in the open market immediately after the 180-day lock-up agreements expire. See "Description of Capital Stock--Registration Rights" and "Shares Eligible for Future Sale".

We cannot predict if future sales of our common stock, or the availability of our common stock for sale, will materially adversely affect the market price for our common stock or our ability to raise capital by offering equity securities. See "Shares Eligible for Future Sale" and "Underwriting".

Control by Principal Stockholders, Officers and Directors

Upon completion of this offering, our officers, directors and greater-than-five-percent stockholders (and their affiliates) will, in the aggregate, beneficially own approximately % (% if the underwriters' over-allotment option is exercised in full) of the outstanding common stock. As a result, these persons, acting together, will have the ability to control substantially all matters submitted to our stockholders for approval (including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets) and to control our management and affairs. Accordingly, this concentration of ownership may have the effect of delaying, deferring or preventing a change in control of us, impeding a merger, consolidation, takeover or other business combination involving us or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could materially adversely affect the market price of the common stock. See "Management" and "Principal Stockholders".

Possible Volatility of Our Stock Price

We cannot predict the extent to which investor interest in us will lead to the development of a trading market or how liquid that market might become. The initial public offering price for the shares of our common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The stock market has experienced significant price and volume fluctuations and the market prices of securities of technology companies, particularly Internet-related companies, have been highly volatile. Investors may not be able to resell their shares at or above the initial public offering price. See "Underwriting".

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. The institution of such litigation against us could result in substantial costs and a diversion of our management's attention and resources, which could materially adversely affect our business, results of operations and financial condition.

Broad Discretion as to Use of Proceeds

Our management will have broad discretion in how we use the net proceeds of this offering. Investors will be relying on the judgment of our management regarding the application of the proceeds of this offering. See "Use of Proceeds".

Certain Anti-takeover Provisions

Provisions of our Amended and Restated Certificate of Incorporation, Bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. See "Description of Capital Stock".

No Intention to Pay Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings for funding growth and, therefore, do not expect to pay any dividends in the foreseeable future. See "Dividend Policy".

Use of Proceeds

We estimate that the net proceeds to us from the sale of the shares of common stock offered hereby will be approximately $ million ($ million if the underwriters' over-allotment option is exercised in full), at an assumed initial public offering price of $ per share and, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The principal purposes of this offering are to provide working capital to develop new products and expand internationally, to fund general corporate purposes, to create a public market for our common stock and to facilitate our future access to the public capital markets. In addition, we may use a portion of the net proceeds to acquire or invest in complementary businesses, technologies, services or products. However, we currently have no commitments or agreements with respect to any such transactions.

As of the date of this prospectus, we cannot specify with certainty the particular uses for the net proceeds to be received upon completion of the offering. Accordingly, our management will have broad discretion in the application of the net proceeds.

Pending such uses, the net proceeds will be invested in short-term investment-grade instruments, certificates or deposit or direct or guaranteed obligations of the U.S. government.

Dividend Policy

We have never declared or paid any cash dividends on our common stock and do not anticipate paying any cash dividends on our common stock for the foreseeable future.

Corporate Information

We were formed in Delaware on June 18, 1996 as TheStreet.com, L.L.C. and we converted into TheStreet.com, Inc., a Delaware corporation, on May 7, 1998. References in this prospectus to "the Company", "TheStreet.com", "we", "us" and "our" refer to TheStreet.com, Inc. and our predecessor, TheStreet.com, L.L.C.

WRONG! is a registered trademark of TheStreet.com. TSC, TheStreet.com, TheStreet, the TSC logo and TheStreet.com logo are our trademarks. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder.

Capitalization

The following table sets forth the capitalization of TheStreet.com as of December 31, 1998, (i) on an actual basis, (ii) on a pro forma basis to reflect the conversion of all outstanding shares of our convertible preferred stock and accumulated dividends into shares of common stock and (iii) on a pro forma basis as adjusted to give effect to the sale of the shares of common stock offered hereby, after deducting the underwriting discount and commissions and estimated offering expenses that we will pay assuming an initial public offering price of $ per share. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the notes to those statements included elsewhere in this prospectus.

DECEMBER 31, 1998 PRO PRO FORMA AS ACTUAL FORMA ADJUSTED (IN THOUSANDS, EXCEPT SHARE DATA)

Long-term debt	$ --	$ --	$ --
Stockholders' equity:			
Common Stock, $0.01 par value, 40,000,000 shares authorized; 13,763,838 shares issued and outstanding, actual; pro forma and pro forma as adjusted(1)	138		
Convertible Preferred Stock -			
Series A 9 1/2% Cumulative Preferred Stock, $0.01 par value, 118,441 shares issued and outstanding, actual; none pro forma and pro forma as adjusted	1	--	--
Series B 9 1/2% Cumulative Preferred Stock, $0.01 par value, 345,366 shares issued and outstanding, actual; none pro forma and pro forma as adjusted	3	--	--
Series C Preferred Stock, $0.01 par value, 1,500 shares issued and outstanding, actual; none pro forma and pro forma as adjusted	--	--	--
Additional paid-in capital	35,785		
Accumulated deficit	(12,403)		
Total stockholders' equity	23,524		
Total capitalization	$23,524	$	$

(1) Excludes (i) 1,497,286 shares of common stock issuable upon the exercise of options then outstanding under our 1998 Stock Incentive Plan of which 66,667 are vested as of December 31, 1998 and (ii) an aggregate of 1,029,986 additional shares reserved for issuance. See "Management--1998 Stock Incentive Plan".

Dilution

The pro forma net tangible book value of TheStreet.com as of December 31, 1998 was approximately $, or $ per share of common stock. Pro forma net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the pro forma shares of common stock outstanding as of December 31, 1998 after giving effect to the conversion of all outstanding shares of our convertible preferred stock and accumulated dividends. After giving effect to the issuance and sale of the shares of common stock offered hereby, after deducting underwriting discount and commissions

and estimated offering expenses that we will pay assuming an initial public offering price of $ per share, the pro forma net tangible book value of TheStreet.com as of December 31, 1998 would have been $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

Initial public offering price per share..... $ Pro forma net tangible book value per share at December 31, 1998..... $ Increase in pro forma net tangible book value per share attributable to new investors..... -- Pro forma net tangible book value per share after offering..... Dilution per share to new investors..... $ The following table summarizes, on a pro forma basis, as of December 31, 1998, the differences between the number of shares of common stock purchased from TheStreet.com, the aggregate cash consideration paid and the average price per share paid by existing stockholders and new investors purchasing shares of common stock in this offering:

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

The foregoing discussion and table assumes no exercise of any stock options outstanding at December 31, 1998. As of December 31, 1998, there were 1,497,286 options outstanding to purchase common stock. To the extent that any of these options are exercised, there will be further dilution to the new investors.

Selected Financial Data

The following selected financial data is qualified by reference to, and should be read in conjunction with, our financial statements and the notes to those statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus. The selected statement of operations data presented below for the period from June 18, 1996 (inception) through December 31, 1996 and the years ended December 31,1997 and 1998, and the balance sheet data as of December 31, 1997 and 1998 are derived from our financial statements that have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere in the prospectus. The balance sheet data as of December 31, 1996 has been derived from our audited financial statements not included in this prospectus.

	JUNE 18, 1996 (INCEPTION) THROUGH	YEAR ENDED	YEAR ENDED
	DECEMBER 31, 1996	DECEMBER 31, 1997	DECEMBER 31, 1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		

STATEMENT OF OPERATIONS DATA:				
Net revenues:				
Advertising	$ --	$ 118	$ 2,544	
Subscription	--	321	1,686	
Other	--	150	393	
Total net revenues	--	589	4,623	
Cost of revenues	298	1,147	3,955	
Gross profit	(298)	(558)	668	
Operating expenses:				
Product development	469	402	2,346	
Sales and marketing	397	2,189	9,205	
General and administrative	548	2,210	5,158	
Total operating expenses	1,414	4,801	16,709	
Loss from operations	(1,712)	(5,359)	(16,041)	
Interest expense, net	21	405	227	
Loss before provision for income taxes	(1,733)	(5,764)	(16,268)	
Provision for income taxes(1)	--	--	--	
Net loss	$ (1,733)	$(5,764)	$ (16,268)	
Pro forma basic and diluted net loss per share	$	$	$	
Pro forma weighted average basic and diluted shares outstanding(2)				

DECEMBER 31, 1996 1997 1998 (IN THOUSANDS)

BALANCE SHEET DATA:			
Cash and cash equivalents	$ 18	$ 157	$24,612
Working capital (deficit)	(253)	(1,343)	22,918
Total assets	305	911	27,581
Long-term debt, less current maturities	1,357	6,335	--
Total stockholders' equity (deficit)	(1,433)	(7,157)	23,524

(footnotes on next page) (1) Prior to May 7, 1998, we were a LLC and as a result were treated as a partnership for both Federal and state income tax purposes. Upon conversion to a C corporation, we applied the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Had SFAS 109 been applied for all periods from inception, the deferred tax asset generated, primarily from net operating loss carryforwards, would have been offset by a full valuation allowance.

(2) The pro forma weighted average shares outstanding give effect to the conversion of all of our outstanding convertible preferred stock and accumulated dividends into an aggregate of shares of common stock upon the completion of this offering.

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

The following discussion should be read in conjunction with the financial statements and the notes to those statements which appear elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in "Risk Factors".

Overview

TheStreet.com is a leading web-based provider of original, timely, comprehensive and trustworthy financial news, commentary and information aimed at helping readers make informed investment decisions. TheStreet.com combines the most important qualities of traditional print journalism--accuracy, intelligence, fairness, and wit--with the web's advantages as a financial news medium--timeliness, interactivity and global distribution. With a staff of more than 50 reporters and editors, together with two dozen outside contributors, we update our site with approximately 40 original stories throughout each business day and with many additional features on weekends. During 1998, our subscriber base grew more than 380% to approximately 32,000 at the end of the year; as of February 17, 1999 we had approximately 37,000 subscribers.

We were originally organized in June 1996 as a limited liability company funded by our co-founders, Mr. James J. Cramer and Dr. Martin Peretz. During 1996, we hired our first reporters and began publishing in November of that year. In August 1997, we launched our high-capacity web site hosted by Starwave Corporation. Our coverage of the stock market during its turmoil in October 1997 increased our traffic significantly. In October 1998, we hired Mr. Kevin English as our Chief Executive Officer and President.

We derive our revenues from retail and professional subscriptions, advertising and other sources, including content syndication fees. We offer both monthly and annual subscriptions at current regular prices of $9.95 and $99.95, respectively. From time to time, we offer seasonal and special discounts and promotions. Substantially all our retail subscribers pay by credit card. Monthly subscriptions are automatically renewed and annual subscribers are notified by email three to four weeks prior to the expiration date of their subscriptions. Unless these annual subscribers elect to cancel, they too are renewed automatically, although they have the option to cancel during the 30 days following their renewal date. In each of the months in the fourth quarter of 1998, approximately 90% of our annual

subscribers whose subscriptions came up for renewal, and 97% of our monthly subscribers, renewed their subscriptions. We also enter into subscription distribution agreements with third parties pursuant to which these third parties, such as E*TRADE, purchase subscriptions to our service for certain of their members or subscribers. We recognize the revenue for customers ratably over the period of the subscription. We treat the payment for the unused portion of the subscription as deferred revenue. See "Business--Subscription Sales".

Our subscriber base continued to grow through 1998, from a base of approximately 6,700 at the end of December 1997 to approximately 32,000 at the end of December 1998. In 1998, we established a Professional Markets group to make enterprise-wide sales to financial services companies. Approximately 2,400 of our subscribers at the end of 1998 were the result of corporate sales to financial services firms. During the fourth quarter of 1998, we initiated a marketing program where individuals can receive annual subscriptions to TheStreet.com by redeeming frequent flyer miles. We do not receive any revenues from these subscribers for their initial annual subscriptions. Rather, we pay a third-party service a nominal amount per subscriber to participate in this program. As a result of this program, we received 5,500 new annual subscriptions during the fourth quarter of 1998.

Subscription revenues represent customer subscriptions that provide full access to our financial news, commentary and information. Subscriptions are generally charged to customers' credit cards or are charged directly to companies that subscribe. These subscriptions are generally billed in advance on a monthly, quarterly or annual basis. Deferred revenue relates to subscription fees for which amounts have been collected but for which revenue has not been recognized.

Advertising revenue, derived from the sale of sponsorships and of banner and email advertisements, is recognized ratably over the period advertising is displayed, provided that no significant company obligations remain and collection of the resulting receivable is probable.

We established a Professional Markets group in 1998 to sell our service to institutions on an enterprise-wide basis. During 1998 and 1999, this Professional Markets group entered into agreements with 15 financial institutions, including PaineWebber, BT Alex. Brown, Fidelity and Deutsche Bank, to provide each of them with our content delivered according to their transmission needs. The agreements entered into by our Professional Markets group are typically one year in duration. We recognize revenues derived from these agreements ratably over the term of the agreement.

Our cost of revenues is made up of editorial staff costs, outside contributor fees and content licensing fees. Since these are expected to increase more slowly than our revenues, we believe that our gross margins will increase as our revenues increase.

Our product development expenses are also largely fixed, though there are some variable costs related to increasing the capacity of our web site. The largest element of our sales and marketing expenses represents marketing costs for new subscriber acquisition, which are closely tied to our subscription growth.

We have only a limited operating history upon which you can evaluate our business and prospects. We have not achieved profitability, and expect to continue to incur net losses in 1999 and subsequent fiscal periods. We expect to continue to incur significant operating expenses and, as a result, will need to generate significant revenues to achieve profitability, which may not occur. Even if we do achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis in the future. We believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance, nor would our operating results for any particular quarter be indicative of future operating results.

Results of Operations

Net Revenues

SUBSCRIPTION REVENUES. Net subscription revenues are derived from annual and monthly subscriptions. We calculate net subscription revenues by deducting from gross revenues cancellation chargebacks and any refunds. During 1998, these chargebacks and refunds accounted for approximately 2% of total subscription revenues. During 1997, net subscription revenues were $321,000. Substantially all of these revenues related to monthly subscriptions. Net subscription revenues increased to $1,686,000 in 1998 because of the growth in our subscriber base. In 1998, approximately 46% of our net subscription revenue was derived from annual subscriptions.

ADVERTISING REVENUES. Advertising revenues are derived from sponsorship arrangements and from the delivery of banner and email advertisements. During 1997, our advertising revenues were $118,000, all of which were derived from the delivery of banner advertisements pursuant to monthly advertising agreements. Advertising revenues increased from $118,000 in 1997 to $2,544,000 in 1998 because we began to sell sponsorships and increased our sales of banner and email advertisements. During 1998, 65% of our advertising revenues were derived from sponsorship contracts.

OTHER REVENUES. Other revenues consist primarily of content syndication fees. In 1997, our other revenues consisted entirely of revenues derived from a syndication and hosting partnership with ABCNEWS.com and Starwave (an affiliate of ABCNEWS.com). Pursuant to this arrangement, we agreed to syndicate a portion of our news content to ABCNEWS.com in return for technology and hosting services from Starwave. During 1998, $300,000 of our other revenues were derived from this agreement. We expect that the revenues and associated product development expenses incurred in connection with this arrangement will cease once our internal subscription management system becomes operational. See "Business--Infrastructure, Operations and Technology".

Cost of Revenues

Cost of revenues includes compensation and benefits for editorial staff, fees paid to outside contributors and content licensing fees payable to content providers. Cost of revenues increased from $298,000 in 1996 to $1,147,000 in 1997 and to $3,955,000 in 1998, primarily as a result of the growth of our editorial staff from 10 at the end of 1996 to 21 at the end of 1997 and to 53 at the end of 1998. Our cost of revenues is expected to increase on an absolute dollar basis in 1999 because of the expansion of our editorial staff, increased fees paid to outside contributors and increased licensing fees, but it is expected to decrease as a percentage of revenues.

Product Development Expenses

Product development expenses include compensation and benefits for software developers, expenses for contract programmers and developers, and communications lines, computer equipment and other technology costs. Product development expenses decreased from $469,000 in 1996, to $402,000 in 1997 and then increased to $2,346,000 in 1998 primarily as a result of the development of our original site in 1996 and the construction of our new site during 1998. We increased our technology headcount from one person at the end of 1996 to three at the end of 1997 to 13 at the end of 1998. All product development costs are expensed as incurred. We intend to increase our product development expenditures in 1999 to introduce our own subscription management system and to further enhance the programming on the web site. These expenses may fluctuate as a percentage of revenue over time depending on the projects undertaken.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of advertising and promotion on television, online and in print; advertising commissions; promotional materials; and compensation, benefits and sales commissions to our direct sales force. Sales and marketing expenses increased from $397,000 in 1996 to $2,189,000 in 1997 and to $9,205,000 in 1998 primarily due to the commencement of marketing initiatives in 1997 and to a significant advertising campaign in the first half of 1998. Our sales and marketing expenses are expected to increase on an absolute dollar basis in 1999 because of the expansion of our sales staff and marketing programs, but they are expected to decrease as a percentage of revenues.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation and benefits for general management, finance and administrative personnel, occupancy costs, professional fees, depreciation and other office expenses. General and administrative expenses increased from $548,000 in 1996 to $2,210,000 in 1997 and to $5,158,000 in 1998 primarily as a result of an increase in management and

administrative staff, equipment costs and rent payments to support the growth of the business. We anticipate hiring additional personnel and incurring additional costs related to our being a public company, including introducing investor relations programs, increasing professional service fees and increasing directors and officers liability insurance premiums. Accordingly, our general and administrative expenses are expected to increase on an absolute dollar basis in 1999 but are expected to decrease as a percentage of revenues.

Interest Expense, Net

Interest expense consists primarily of interest on loans to TheStreet.com, L.L.C. from its members and another lender that were converted into equity in May 1998. Interest income consists primarily of interest income from excess cash balances invested in short-term investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. In 1996, net interest expense was $21,000. It increased to $405,000 in 1997 because of the growth in the members' loan balances. In 1998, the interest on these loans was $383,000 from the beginning of the year to May 1998, when the loans and remaining accrued interest were converted into equity of TheStreet.com, Inc. An additional $5,000 of interest expense was recorded in 1998 for a bank loan. There was no interest income in 1996 or 1997. In 1998, interest income was $161,000.

Income Taxes

No benefit for Federal and state income taxes is reported in the financial statements, as we had elected to be taxed as a partnership prior to May 7, 1998, at which time we converted to a C corporation. Therefore, for the periods presented through May 7, 1998, the Federal and state tax effects of the tax losses were recorded by the members of the TheStreet.com, L.L.C. in their respective income tax returns. Subsequent to our conversion to a C corporation, we have accounted for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Had we applied the provisions of SFAS 109 for the period from inception, the deferred tax asset generated, primarily from net operating loss carryforwards, would have been offset by a full valuation allowance.

Quarterly Results of Operations

The following table sets forth, for the periods presented, certain data from our statements of operations. The statement of operations data has been derived from our financial statements, which, in our management's opinion, have been prepared on substantially the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information for the periods presented. This information should be

read in conjunction with the audited financial statements and notes to those statements included elsewhere in this prospectus. The operating results in any quarter are not necessarily indicative of the results that may be expected for any future period.

THREE MONTHS ENDED MARCH 31, 1998 JUNE 30, 1998 SEPTEMBER 30, 1998 DECEMBER 31, 1998 (IN THOUSANDS)

Net revenues:				
Advertising	$ 574	$ 586	$ 575	$ 809
Subscription	259	448	438	541
Other	85	82	105	121
Total net revenues	918	1,116	1,118	1,471
Cost of revenues	646	844	1,077	1,388
Gross profit	272	272	41	83
Operating expenses:				
Product development	137	205	444	1,560
Sales and marketing	2,570	3,849	1,535	1,251
General and administrative	779	1,009	1,313	2,057
Total operating expenses	3,486	5,063	3,292	4,868
Loss from operations	(3,214)	(4,791)	(3,251)	(4,785)
Interest income (expense), net	(257)	(77)	76	31
Net loss	($ 3,471)	($4,868)	($ 3,175)	($4,754)

Product development expenses increased significantly in the fourth quarter as a result of the consulting, hardware and software costs associated with building our new hosting and content management systems and our new web site. Sales and marketing expenses were greater in the first two quarters of 1998 compared to the last two quarters primarily as a result of an aggressive television advertising campaign. Subsequent to this campaign, quarterly advertising costs declined as a percentage of quarterly revenues. General and administrative expenses increased in the fourth quarter primarily as a result of the growth in general management, professional services and infrastructure costs.

Liquidity and Capital Resources

From inception on June 18, 1996 through April 1998, we funded our operations primarily from investments and loans from Mr. Cramer and Dr. Peretz and a loan from a third party. The loans and accrued interest were converted into equity as part of the May 1998 private placement and, since then, we have funded our operations primarily from the sale of equity securities and from cash received from the sale of subscriptions and advertising. In May 1998, we raised approximately $10 million in a

private placement. In December 1998, we raised approximately $25 million in a second private placement. As of December 31, 1998, we had working capital of $22.9 million available to us. See "Certain Transactions--1998 Private Placements".

Cash used in operating activities was $15.8 million in 1998 compared to $4.4 million in 1997 and $1.4 million for the period from June 18, 1996 (inception) to December 31, 1996. Significant uses of cash in operations that led to the net operating loss in 1998 include costs associated with our marketing initiatives, technology development and increased staffing in our editorial and business operations.

Cash provided by financing activities was $40.6 million in 1998 compared to $5.0 million in 1997 and $1.6 million for the period from June 18, 1996 (inception) through December 31, 1996. In 1996 and 1997, the amounts represented loans and investments from the founders. In 1998, they consisted primarily of net proceeds from the private placement of equity securities in May and December 1998.

In September 1998, we entered into a sale and leaseback transaction for substantially all of our fixed assets, including fixtures and fittings, telephone equipment and office equipment. Since that date, we have financed substantially all of our fixed asset purchases through an operating lease. Capital expenditures were $334,000 in 1998, $490,000 in 1997 and $173,000 for the period from June 18, 1996 (inception) through December 31, 1996. We did not have any commitments for capital expenditures at December 31, 1998. As of December 31, 1998, we had commitments under non-cancellable operating leases of $2.3 million for 1999.

We also have a revolving working capital line of credit of $2.0 million from a commercial bank, secured against certain accounts receivable held by us, that carries interest at the bank's prime lending rate. As of December 31, 1998, approximately $3,000 was outstanding under this line of credit.

We believe that the net proceeds from this offering, together with our current cash, will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months following the offering. Thereafter, if cash generated from operations is insufficient to satisfy our liquidity requirements, we may need to raise additional funds through public or private financings, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to us, or at all. Strategic relationships, if necessary to raise additional funds, may require us to provide rights to certain of our content. The failure to raise capital when needed could have a material adverse effect on our business, results of operation and financial condition. If additional funds are raised through the issuance of equity securities, the percentage ownership of our then-current stockholders would be reduced. Furthermore, such equity securities might have rights, preferences or privileges senior to those of the common stock.

Year 2000 Readiness Disclosure

Our State of Readiness

We have defined Year 2000 compliance as follows:

Information technology ("IT") time and date data processes, including, but not limited to, calculating, comparing and sequencing data from, into and between the 20th and 21st centuries contained in our products and services, and our non-IT systems, will function accurately, continuously and without degradation in performance and without requiring intervention or modification in any manner that will or could materially adversely affect the performance of such products or the delivery of such services as applicable at any time hereafter.

We have received warranties and assurances from our significant vendors stating that they are or expect to be Year 2000 compliant in a timely manner. We are currently assessing the materiality of our non-IT systems and will seek assurances of Year 2000 compliance from providers of material non-IT systems. We also have developed some of our own tools and applications on third-party platforms. We rely on the underlying platforms for date processing functions.

The Costs to Address Year 2000 Issues

We have expensed amounts incurred in connection with our Year 2000 compliance efforts since inception through December 31, 1998. Such amounts have not been material. The additional costs to make our systems Year 2000 compliant by mid-1999 will be expensed as incurred, but are not expected to be material.

We are not currently aware of any material operational issues or costs associated with preparing our systems for the Year 2000. Nonetheless, we may experience material unexpected costs caused by undetected errors or defects in the technology used in our systems or because of the failure of a material vendor to be Year 2000 compliant.

Risks Associated with Year 2000 Issues

Notwithstanding our Year 2000 compliance efforts, the failure of a material system or vendor, or the Internet generally, to be Year 2000 compliant could harm the operation of our systems or prevent or delay the delivery of our services being offered through us, or have other unforeseen, material adverse consequences to us.

We are also subject to external Year 2000-related failures or disruptions that might generally affect industry and commerce, such as utility or transportation company Year 2000 compliance failures and related service interruptions. All of these factors could materially adversely affect our business, results of operations and financial condition.

Contingency Plans

We have not yet developed a contingency plan to address situations that may result if we are unable to achieve Year 2000 compliance. The cost of developing and implementing such a plan, if necessary, could be material.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes new standards for the way companies report information about operating segments in annual financial statements. The disclosures prescribed by SFAS 131 are effective for the year ending December 31, 1998. We do not believe we operate in more than one segment.

Business

Overview

TheStreet.com is a leading web-based provider of original, timely, comprehensive and trustworthy financial news, commentary and information aimed at helping readers make informed investment decisions. TheStreet.com combines the most important qualities of traditional print journalism--accuracy, intelligence, fairness and wit--with the web's advantages as a financial news medium--timeliness, interactivity and global distribution. With a staff of more than 50 reporters and editors, together with two dozen outside contributors, we update our site with approximately 40 original stories throughout each business day and with many additional features on weekends. Trained at the nation's leading financial news organizations, our journalists produce quality news coverage and in-depth analysis in a real-time, interactive medium ideally suited to the needs of today's investors. We have developed a community of loyal readers who turn to TheStreet.com for their financial and investing news and information needs. During 1998, our subscriber base grew more than 380% to approximately 32,000 at the end of the year; as of February 17, 1999, we had approximately 37,000 subscribers.

We derive our revenues primarily from the sale of subscriptions to our web site and from advertising sales. To build brand awareness, increase traffic and create a ready source of potential subscribers, we aggressively promote our site and provide a portion of our content for free. We seek to maximize our revenue per reader--both paying subscribers and free users--by selling advertisements on all areas of our site. Our financially oriented readers comprise an upscale demographic that is desirable to advertisers, enabling us to charge advertising rates that we believe to be among the highest of financial web sites. We believe we are well positioned for significant growth in both subscription and advertising sales as the market for online financial news and information continues to expand.

Industry Background

The web has rapidly established itself as an effective means for investors to manage their portfolios, research investments and trade securities. At the same time, individuals have been taking greater control of their investments by directly researching information on investments, tracking their portfolios, purchasing no-load mutual funds and playing a more proactive role in their relationships with financial advisors. The web has facilitated these behavioral shifts by providing investors with easy

access to information that was once generally available only to investment professionals, such as timely market news, intra-day and historical quotes, charts, SEC filings and analysts' earnings estimates. According to International Data Corporation, the number of online brokerage accounts in the United States is expected to grow from 3.5 million at the end of 1997 to 24 million at the end of 2002, with online brokers expected to manage over $1.5 trillion in assets by the end of 2002. Similarly, investors in Europe are beginning to play a more proactive role in managing their finances, according to a November 1998 Forrester Research report.

Increasingly, this growing group of self-directed investors is seeking timely, comprehensive and trustworthy financial news and information that can help them make informed investing decisions. Many existing financial news sources, however, fail to meet this need. Traditional print publications, constrained by publication cycles of days or even months, are limited in their ability to keep pace with financial markets. Television provides a measure of timeliness but generally lacks depth of analysis. In addition, viewers are subject to television's predetermined schedules. On the web, some news and information sources offer little disclosure about their background and any conflicts of interest, potentially rendering their information untrustworthy. Some online news outlets do little more than republish stories that have already appeared in their affiliated print publications and many simply aggregate stories from disparate news and press release wires without supplying the original insight, analysis and point of view that comes from independent reporting. Other financial sites offer stock quotes, charts and other investment tools, but provide limited financial news.

The democratization of Wall Street represents a significant opportunity for a financial news, commentary and information web site that combines the depth of coverage of traditional media with the immediacy and interactivity of the web. We believe that as the audience for investment news grows both in the United States and abroad, we are poised to become the leading source worldwide for original, timely, comprehensive and trustworthy financial news, commentary and information.

Thestreet.com Solution

At TheStreet.com, we aim to meet the increasing demands of today's investors. Our large and experienced news organization provides a broad range of original financial news and in-depth analysis to our readers through a real-time, interactive medium. We complement this news and analysis with compelling commentary by such well-known writers as James J. Cramer, Herb Greenberg, Brenda Buttner and Jim Seymour. We believe this combination of coverage and commentary, together with our community features and investment tools, provides a solution for the shortcomings of existing financial news sources by combining the best attributes of each:

o ORIGINAL. Our stories are written by our staffers, for our web site. They are not merely aggregated from other online sources, nor are they originally prepared for another medium and simply re-purposed for the web.

o TIMELY. Our focused reporters continuously track and investigate the latest financial news. We update our web site dozens of times throughout the business day to keep our readers abreast of developing news stories.

o COMPREHENSIVE. We seek to achieve both depth and breadth of coverage. We aim to provide in-depth analysis that is more valuable to investors than a broadcast sound bite or a wire-service dispatch. We offer a broad range of content, community features and investment tools to meet the needs of a variety of individuals, from active investors to buy-and-hold stock purchasers to first-time Roth IRA contributors.

o TRUSTWORTHY. We aim to uphold the highest ethical and journalistic standards, striving to ensure that our stories are accurate, reliable and fair, and that staff members and outside contributors adhere to our rigorous disclosure and conflict-of-interest policy.

We believe our approach is effective. During 1998, our subscriber base grew more than 380% to approximately 32,000 at the end of the year; as of February 17, 1999, we had approximately 37,000 subscribers.

Strategy

Our objective is to establish TheStreet.com as the leading and most comprehensive financial news and information destination for investors. We aim to further develop a loyal community of readers in order to build our subscription base and attract advertisers. Our strategy includes the following key elements:

Expand Our Web Site as a Comprehensive Financial News and Information Destination

We are building upon our comprehensive offerings so that readers can satisfy all of their financial and investing news and information needs without leaving our web site. For example, we are expanding our coverage of international markets, adding new community features such as message boards and enhancing the sophistication of our investment tools with offerings like real-time stock quotes. Through continued additions like these, we aim to give investors an informative, robust and entertaining user experience.

Leverage Our Content to Maximize Revenue Across a Diverse Customer Base

To leverage our content across and derive greater revenues from a wider audience, we offer various levels of access to our content at different price points. We currently offer free content as well as paid premium content and in the future plan to add more customized offerings for both retail and

professional investors. Free content builds our brand, increases traffic, broadens our base of prospective subscribers and expands opportunities for advertising revenues. Our premium content offering includes a wide variety of breaking news, analysis, commentary and investment tools.

We are developing specialized, higher-priced products for both retail investors and financial professionals. To satisfy retail investors' demand for the customized delivery of content, we plan to add additional services such as increased personalization. We further believe that financial professionals represent a significant market opportunity for subscriptions and advertising revenue. We have built a sales group to target that audience through enterprise-wide sales and plan to develop specialized content for professionals. We believe these additions to our product line will allow us to maximize both our reach and our revenue per user.

Capitalize on Reader Demographics Desirable to Advertisers

Our desirable reader demographic has enabled us to build a growing advertising business. To reach this attractive audience, our advertisers pay rates that we believe are among the highest of financial web sites. Our advertising revenues grew from approximately $118,000 in 1997 to approximately $2.5 million in 1998. By the end of January 1999 we had signed contracts for $3.1 million in advertising revenues for the year, $600,000 more than the total advertising revenues we generated in all of 1998. We expect that as we increase our traffic and expand our offering of news and commentary, community features and investment tools, we will continue to create significant opportunities both for increased financial services-related advertising as well as technology and luxury-goods advertising.

Leverage Strategic Partnerships

We continue to build our subscriber base and brand awareness through both subscription distribution and content syndication relationships. Under subscription distribution relationships with online brokerages and other firms, we expect to sign up thousands of subscribers without incurring typical consumer marketing costs. For example, under our recent subscription distribution agreement with E*TRADE, the online broker will purchase discounted subscriptions in bulk to distribute as a premium service to certain of its customers.

By syndicating our content to other leading sites, we expose our brand name and quality writing to millions of potential subscribers and drive additional traffic to our site. Under content syndication agreements with Yahoo!, America Online, Charles Schwab and other leading companies, we provide selected stories each day, at times on a delayed basis, for co-branded publication with a link to our site. Our content syndication agreements capitalize on the cost efficiencies of online delivery by creating additional value from stories already produced for our own site.

Build Brand Awareness of Thestreet.com and Our Writers

We believe that increased brand awareness helps us attract additional traffic, subscribers, strategic partners, advertisers and talented employees. We engage in a comprehensive marketing and media-relations campaign to raise visibility and cultivate our brand identity. We advertise on television, print and online media and conduct innovative marketing campaigns. We also build the visibility of our individual writers. Our writers and their work have been featured or mentioned in publications such as The Wall Street Journal, The New York Times and Fortune. Contributor James Cramer and senior columnist Herb Greenberg appear regularly on CNBC, and Mr. Greenberg appears twice daily on KRON television, the San Francisco television affiliate of NBC.

Our Editorial Staff and Outside Contributors

We believe that our original, timely, comprehensive and trustworthy content is a competitive advantage. Our editorial staff consists of more than 50 professional reporters and editors who, together with two dozen outside contributors throughout the world, produce approximately 40 original news, analysis and commentary pieces each business day that are aimed at helping readers make informed investment decisions. We also publish additional features and news updates on weekends. Our editorial staff and outside contributors have broken numerous important stories, many of which have been cited by other publications such as The Wall Street Journal and The New York Times.

Before joining TheStreet.com, many members of our editorial staff worked at other leading news organizations, including The Wall Street Journal, The New York Times, CNBC, Dow Jones News Service, SmartMoney, Bloomberg, Reuters and USA Today. Among our site's notable writers:

JAMES J. CRAMER. Mr. Cramer, a money manager, is an outside contributor to TheStreet.com and writes multiple columns each business day. Mr. Cramer also is a founder and director of TheStreet.com. In addition, Mr. Cramer writes for Time magazine and appears regularly on CNBC.

HERB GREENBERG. Mr. Greenberg, formerly of the San Francisco Chronicle, is a staffer and daily commentator. Mr. Greenberg also appears regularly on CNBC and writes a regular column for Fortune magazine. In addition, he provides business coverage twice each morning for KRON television, the San Francisco television affiliate of NBC.

BRENDA BUTTNER. Ms. Buttner, a former anchor of CNBC's The Money Club and winner of the network's first Cable Ace Award, is a regular outside contributor. Ms. Buttner profiles America's top mutual fund managers and comments on the mutual fund industry.

DAVE KANSAS. Mr. Kansas, our editor-in-chief, writes a column about market trends. Mr. Kansas worked at The Wall Street Journal for five years, most recently as a financial markets reporter. He has provided commentary for several television networks, including ABC, CBS, NBC, CNBC and CNN. His writing has appeared in The New Republic, Red Herring, Upside, The Industry Standard, Slate and the New York Observer.

ALEX BERENSON. Mr. Berenson, a senior staff writer, covers media and entertainment companies. Mr. Berenson was recently featured in a "Heroes" column in Brill's Content, a media magazine, for his coverage of Tel-Save Holdings (now Tel-Save.com).

JIM SEYMOUR. Mr. Seymour, a longtime commentator for PC Magazine and the founding editor-in-chief of PC/Computing magazine, writes about America's leading technology stocks as an outside contributor.

GARY B. SMITH. Mr. Smith, an individual investor who manages his own money using technical analysis, is an outside contributor who writes four times each week about technical analysis and at-home trading.

To ensure impartiality and prevent any conflict-of-interest or appearance of conflict, our editorial staff and outside contributors are required to abide by our strict compliance policy. Pursuant to this policy, our editorial staffers are not permitted to own individual stocks (though they may, and most will, own equity in TheStreet.com). In addition, James Cramer, a money manager and outside contributor to, large stockholder of and director of TheStreet.com, has no control over the editorial content of TheStreet.com and, like our other contributors, is required to disclose his current positions in any of the stocks he writes about. Mr. Cramer's employment agreement prohibits him from discussing individual stocks with editorial staffers and limits his contact with the editorial staff to the editor-in-chief or his designee. See "Certain Transactions--Cramer Employment Agreements".

Thestreet.com Web Site

We produce original coverage of Wall Street, money management and financial planning. Topics include the U.S. stock, bond and global financial markets, technology and other individual stocks, mutual funds, options, hedge funds, analysts, IPOs, online brokers, 401(k)s and taxes.

Our content currently falls into two categories: free and premium. The free areas of our site, currently accessible without registration or a subscription, include our regularly updated Markets coverage, most of our educational Basics section and many of our investment tools. Our premium content is available to those who have purchased a monthly, annual or multi-year subscription or who are currently registered for our 30-day free trial. It currently includes approximately 20 stock, technology, mutual fund, personal finance and international news stories and commentaries each business day; certain investment tools; and all free areas of the site. Our premium content subscribers and free-trial members also receive market and news summaries via email twice daily.

The following is a detailed description of the various sections on TheStreet.com web site.

Markets

The Markets section is a free area that features approximately 20 stories throughout each business day, from about 8 a.m. until 8 p.m. Eastern time. These stories aim to keep readers abreast of the latest movements of the major indices, the most active stocks, news from foreign markets, the direction of the bond market, earnings news, merger and acquisitions news and other major market events. Easy-to-read tables within the stories give readers a summary of index performance and earnings news, including corporate earnings surprises.

Commentary

The most popular area on the site, our Commentary section is a premium area that includes columns from staffers and a network of outside contributors who write about topics such as money management, technical analysis, currency issues, industry analysis, macroeconomics, fundamental analysis, financial planning and mutual funds.

Tech Report

The Tech Report is a premium area that covers technology stocks. Our tech reporters, many of whom are located in our West Coast bureau in San Francisco, cover areas such as hardware, software, networking, semiconductors, the Internet and the Year 2000 problem. We also publish a separate technology stock update several times daily detailing the major news in the sector.

Stock News

The Stock News section is a premium area that includes coverage of companies outside of the technology sector, such as retail, media/entertainment, biotechnology, energy, brokerages/Wall Street and online brokers. It also includes our daily coverage of the options market.

Funds/taxes

To assist our many readers who leave part or all of their stock selection to professional money managers, we have a premium area covering daily mutual fund news. Each day we answer an individual reader's fund question, with the Friday question dedicated to bonds. Our tax and 401(k) coverage is also located here.

International

Recognizing that knowledge of international markets is vital to understanding the U.S. markets, we have a dedicated International section, which is a premium area. We have hired one New York-based staffer, one London-based staffer and several correspondents and contributors to provide coverage of foreign markets and some individual stocks. We expect to expand our international coverage in 1999 with the deployment of staffers in key financial markets in Europe and Asia.

Basics

This mostly free section caters to readers who are gaining familiarity with the markets and investing. It features basic guides on stocks, bonds, mutual funds, options, taxes and financial planning.

Community Features

We offer several interactive features that help create a community atmosphere among our readers. We believe that developing a sense of community among our readers increases our brand awareness, increases the frequency and duration of reader visits and fosters loyalty to our site and our writers. Current community features include:

o email between our readers and our staff;

o polls that invite readers to vote on issues related to the latest financial and investing news; and o regular chats featuring our top-name contributors and expert staffers hosted on Yahoo!, America Online, and other services.

In addition, we plan to introduce message boards, an investment game and streaming audio programs.

Investment Tools

Committed to providing our readers with the most robust interactive experience that an online financial publication can offer, we feature a variety of interactive investment tools that enable users to conduct their own financial research. Among the investment tools we offer are:

o detailed stock quotes;

o intraday and historical stock charts;

o mutual fund quotes and scoreboards;

o summary company data;

o SEC filings; and

o a portfolio tracker.

We are currently working to enhance the investment tools offerings on our site, both in terms of volume and quality, to strengthen our position as a comprehensive financial news and information destination. Planned investment tools include real-time stock quotes and news wire feeds.

Subscription Sales

As of February 17, 1999, we had approximately 37,000 subscribers. Readers can choose either an annual subscription regularly priced at $99.95 or a monthly subscription regularly priced at $9.95. From time to time, we offer seasonal and special discounts and promotions. The number of our subscribers has risen each month since August 1997, when we began tracking that data. In each of the months of the fourth quarter of 1998, approximately 90% of our annual subscribers whose subscriptions came up for renewal, and 97% of our monthly subscribers, renewed their subscriptions.

We actively market our subscriptions by offering a 30-day free trial to our readers. Once these readers have signed up for the free trial, we seek to convert them to paid subscribers by allowing them access to all areas of our site. We also send them a series of targeted emails that highlight the benefits of membership. We continue to contact by email those readers whose free trials have expired without conversion.

We plan to launch an in-house subscription management system in 1999. We expect that this system will enhance our ability to convert free-trial members to paid subscribers through the use of customized emails and automated pop-up reminder messages. See "Risk Factors--Risks Associated with Moving Our Subscription Management System In-house".

As part of our efforts to increase our subscriber base, we have entered into subscription distribution agreements with online financial services firms. For example, under our agreement with E*TRADE, which has a term through January 12, 2000, E*TRADE has agreed to purchase bulk subscriptions at a discounted rate that it will offer to certain new E*TRADE brokerage customers and to its existing Power E*TRADE customers (active customers).

We have also increased the number of our subscribers through the efforts of our Professional Markets group, which has entered into agreements with 15 financial institutions to provide content to their financial professionals. See "--Professional Markets".

Advertising Sales

We currently derive, and expect to continue to derive, a substantial portion of our revenues from advertising sales. We have established a desirable reader demographic that has enabled us to build a growing advertising business and charge rates that are, to our knowledge, among the highest of financial web sites. We have been able to attract an increasing number of advertisers, both within and beyond the financial services industry.

Our advertising revenues grew from approximately $118,000 in 1997 to approximately $2.5 million in 1998. In 1998, advertising revenues represented approximately 55% of our total revenue. We believe that our advertising revenues will continue to grow in 1999. By the end of January 1999, we had signed contracts for approximately $3.1 million in advertising revenues for 1999--more than the total advertising revenues we generated in all of 1998. In addition, our top three advertisers in terms of committed revenue in January 1999 also advertised with us in 1998. One advertiser increased its advertising commitment in 1999 from $250,000 to $1 million, and another increased its advertising commitment from $20,000 to $750,000.

Demographics

Our audience presents a desirable reader demographic for advertisers in the financial services, technology and luxury goods industries. According to @plan, an independent research firm affiliated with the Gallup Organization, the percentage of our readers who are men with portfolios over $500,000 is higher than at any other site surveyed in @plan's December 1998 study. Also, according to the same study, we have the highest percentage of readers who own securities. In addition, compared to the average Internet user surveyed by @plan, our readers are five times more likely to trade stocks online and three times more likely to own a top prestige luxury car.

Other Factors Attractive to Advertisers

In addition to our desirable reader demographics, advertisers seek a presence on TheStreet.com for a number of other reasons, including:

o LONG DURATION AND HIGH FREQUENCY OF VISITS. In 1998 our readers spent an average of 24 minutes per visit on our site. We believe this duration compares favorably to the time spent by readers on other financial sites. Further, according to a study conducted in October 1998 by NFO Interactive for TheStreet.com, approximately 77% of our subscribers visit our site at least once every day.

o PAID SUBSCRIBERS. Our subscribers have already demonstrated a willingness to pay for products and services online by virtue of their having subscribed to TheStreet.com. This trait is highly attractive to advertisers seeking to encourage online sales of their products and services.

o OUR MARKETING EFFORTS. Advertisers like the fact that we conduct an extensive marketing and media relations campaign to increase the visibility of our site.

o OUR EDITORIAL CONTENT. Many advertisers like to associate their products and services with our original, timely and trustworthy editorial content.

Our Advertising Sales Department

We have maintained an internal, direct advertising sales department since 1997. As of February 15, 1999, our advertising sales department consisted of eight employees. By using a direct sales force rather than outsourcing advertising sales, we control our advertising relationships and are better able to serve our clients.

Advertising Opportunities at Thestreet.com

We offer a variety of advertising options that may be purchased individually or in packages, such as "run-of-site" banner advertisements that run throughout our web site, for which our current rate card CPM (cost per thousand impressions) ranges from $51 to $57; premium positioning advertising featuring targeted advertisements for which our current rate card CPM ranges from $60 to $68; sponsorships, which run in a fixed area of our web site for a set duration; and advertising on our twice-daily email bulletins delivered to our subscribers and free-trial readers, for which our current rate card CPM ranges from $30 to $52.

Our Advertisers

In 1998, 61 advertisers advertised on our web site. In 1998, our top advertiser accounted for approximately 40%, and our top five advertisers accounted for approximately 67%, of our advertising revenues. Historically, advertisers on TheStreet.com have mainly come from the financial services industry. However, in 1998 we added such well-known non-financial brands as Volvo, Mercedes, and Stolichnaya Vodka to our roster of advertisers. In addition, in 1999 we have added several new advertisers, including Chase Manhattan Bank, Multex.com, Precision Edge Securities and Compaq.

The following is a list of our top ten brokerage and non-brokerage advertisers in 1998:

Top 10 Brokerage Advertisers

American Express Financial Direct
Ameritrade
Datek
DLJdirect
Dreyfus
Fidelity
On-Site Trading
Polar Trading
Quick & Reilly
Web Street Securities

Top 10 Non-brokerage Advertisers

American Stock Exchange
Chicago Board of Options Exchange
horsesmouth
INVESTools
Janus
Kinsella Communications
Mercedes
SAP America
Stockgenie
Volvo

In addition, we believe that investor relations professionals increasingly are recognizing that both the sophisticated individual investor and the professional investor are turning to the web for timely information. As a leading online financial news and information site, we believe we will benefit from this trend. Some companies that have run investor relations advertising on our site include ITT Industries, SAP America and Intimate Brands.

Marketing

We pursue a variety of marketing initiatives designed to build brand awareness, increase traffic to our site and accelerate subscription growth. These initiatives include advertising in every major category of media, establishing strategic distribution relationships with leading companies, maintaining a well-trained team of in-house customer service representatives, developing brand extensions and engaging in an ongoing media-relations campaign.

Advertising Campaign

Advertisements for TheStreet.com appear in a variety of online and offline media, including:

o cable television networks, including CNBC;

o local and network radio, including Westwood One, WFAN and WNEW;

o newspapers, including The Wall Street Journal and The New York Times;

o print magazines, including Fortune and SmartMoney;

o outdoor locations, including phone kiosks, moving and stationary billboards and train platforms;

o in-flight advertising, including flights on United Airlines, Northwest Airlines and US Airways; and o online sites, including SmartMoney.com and Bloomberg.com.

Content Syndication

We have established content syndication agreements with leading companies to increase recognition of our brand and attract new readers to TheStreet.com site. Key partners with whom we have content syndication and promotion agreements include:

o YAHOO! Under our agreement with Yahoo!, which has a term through December 31, 1999, we syndicate approximately five stories daily, some delayed, for co-branded publication on Yahoo! Finance. Each of our stories published on Yahoo! Finance contains direct links to our site and sign-up page. In addition, we host approximately four online chats on Yahoo! Chat each month, featuring our writers or special guests. In 1998, such special guests included John Bogle, senior chairman of the Vanguard

Group; Maria Bartiromo, anchor for CNBC; and Christos Cotsakos, chairman and CEO of E*TRADE Group. These chats have helped us raise the profile of our staff and expose our brand to millions of Yahoo! users.

In February 1999, we signed an agreement with Yahoo! that provides for our stories to be "indexed" on Yahoo! Finance. Under this agreement, every request by a user of Yahoo! Finance for a stock or mutual fund quote will pull up a list of headlines that includes free stories from TheStreet.com that mention the stock or fund. These headlines will be hyperlinked directly to our site so that users can click straight through to TheStreet.com. Also, subscribers of TheStreet.com will be able to customize Yahoo! Finance to include our premium stories on their headline list.

o AMERICA ONLINE. Under our agreement with America Online, which has a term through July 23, 1999, we have a dedicated TheStreet.com area on AOL's Personal Finance channel, where we post stories each day. The area features prominent links to our web site. As part of the agreement, AOL users receive a 20% discount when they purchase a new subscription to TheStreet.com. The agreement also provides for regular live TheStreet.com chat events on AOL, typically two each month.

o INTUIT. Under our agreement with Intuit, which has a term through March 20, 2000, Intuit includes certain of our stories in a package of financial news and information that it provides to certain sites such as Quicken.com, AOL.com, Excite and Webcrawler. Such stories include our logo and a prominent link to a free-trial sign-up page.

o ABCNEWS.COM. Our agreement with ABCNEWS.com, which has a term through May 1, 1999, provides for the co-branded publication of five of our stories each day on the ABCNEWS.com site. Our logo and links to our site appear prominently on the Business section of the ABCNEWS.com page.

o 3COM. Under our agreement with 3Com, which terminates one year from the commercial release of the forthcoming Palm VII hand-held organizer, users of the organizer will be able to access branded financial markets stories by TheStreet.com via a remote wireless connection to the Internet.

o UNITED FEATURE SYNDICATE. Our agreement with United Feature Syndicate, which has a term through February 14, 2000, provides for the syndication of articles from our site to numerous print newspapers. The newspaper articles are credited to TheStreet.com, extending the brand to readers of newspapers around the country.

We distribute content to many other leading web sites, including those of DLJdirect, Charles Schwab and the Chicago Board Options Exchange.

Thestreet.com Internet Sector and E-commerce Indices

In conjunction with the Philadelphia Stock Exchange and the Susquehanna Investment Group, we created TheStreet.com Internet Sector, an index of 20 Internet stocks. Options based on the index began trading in December 1998. Since its launch, TheStreet.com Internet Sector has been mentioned or featured on prominent news outlets including The New York Times, The Wall Street Journal, the Los

Angeles Times and CNBC. Additionally, in conjunction with the American Stock Exchange and Susquehanna Investment Group, in February 1999 we created TheStreet.com E-Commerce Index, an index of 15 electronic commerce stocks.

Media Relations

TheStreet.com engages in an ongoing media-relations campaign. In 1998, TheStreet.com, our writers and our stories were mentioned or featured in more than 400 reports by more than 40 news outlets, including The Wall Street Journal, The New York Times, USA Today, The Financial Times, ABC News, CNN and Newsweek. Two of our daily commentators, James Cramer and Herb Greenberg, make regularly scheduled television appearances, and our West Coast bureau chief, Cory Johnson, appears daily on a radio program that we sponsor. These appearances help increase our brand awareness and build our reputation and that of our writers.

Television Pilot

We have filmed and edited a television pilot featuring Brenda Buttner as host and James Cramer and Herb Greenberg as commentators. We are currently seeking a cable or network television broadcast partner to air the pilot and any subsequent episodes. We believe that the broadcasting of this television show would significantly boost our brand awareness as well as further raise the profile of our writers.

Customer Service

Customer service is a critical element of our marketing strategy. Because TheStreet.com is published online, we can interact with our readers much more easily than traditional print publications or broadcast media companies. In November 1998, for example, we had approximately 15,000 reader contacts, from a base of about 50,000 individuals, including subscribers and readers in their 30-day free trial. As of February 15, 1999, our customer service department had 21 personnel.

Professional Markets

TheStreet.com appeals to a broad range of financial professionals, including analysts, money managers and financial advisors. Our October 1998 subscriber study conducted by NFO Interactive showed that approximately 25% of our subscribers were financial professionals. In 1998 and 1999, our Professional Markets group entered into agreements with 15 financial institutions, including PaineWebber, BT Alex. Brown, Fidelity and Deutsche Bank, to provide them with our content delivered according to their transmission needs. Through such arrangements, we currently reach approximately 2,600 financial professionals.

In addition, we are devoting significant resources to our Professional Markets group, as we believe that subscription sales to this market will be significant and that financial professionals will provide a desirable reader demographic to advertisers.

We plan to develop new products that will be customized to better satisfy the exacting needs of financial professionals. We expect these products will feature information, news, commentary, data and investment tools of particular relevance to financial professionals.

Competition

An increasing number of financial news and information sources compete for consumers' and advertisers' attention and spending. We expect this competition to continue to increase. We compete for advertisers, readers, staff and outside contributors with many types of companies, including:

o online services or web sites focused on business, finance and investing, such as MarketWatch.com, The Wall Street Journal Interactive Edition and The Motley Fool;

o publishers and distributors of traditional media, including print, radio and television, such as The Wall Street Journal, Fortune, Bloomberg Business Radio and CNBC;

o providers of terminal-based financial news and data, such as Bloomberg Business News, Reuters News Service, Dow Jones Markets and Bridge News Service;

o web "portal" companies, such as Yahoo! and America Online; and o online brokerage firms, many of which provide financial and investment news and information, such as Charles Schwab and E*TRADE.

Our ability to compete depends on many factors, including the originality, timeliness, comprehensiveness and trustworthiness of our content and that of competitors, the ease of use of services developed either by us or our competitors and the effectiveness of our sales and marketing efforts.

Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. This may allow them to devote greater resources than we can to the development and promotion of their services. These competitors may also engage in more extensive research and development, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies (including offering their financial news for free) and make more attractive offers to existing and potential employees, outside contributors, strategic partners and advertisers. Our competitors may develop content that is equal or superior to ours or that achieves greater market acceptance than ours. It is also possible that new competitors may emerge and rapidly acquire significant market share. We may not be able to compete successfully for readers, staff and outside contibutors which could have a material adverse effect on our business, results of operations and financial condition. Increased competition could result in price reductions, reduced margins or loss of market share, any of which could materially adversely affect our business, results of operations and financial condition.

We also compete with other web sites, television, radio and print media for a share of advertisers' total advertising budgets. If advertisers perceive the Internet or our web site to be a limited or an ineffective advertising medium, they may be reluctant to devote a portion of their advertising budget to Internet advertising or to advertising on our web site.

Infrastructure, Operations & Technology

TheStreet.com's technological infrastructure is built and maintained for reliability, security and flexibility. This infrastructure is hosted primarily at Exodus Communications' facility in Jersey City, New Jersey, which is equipped with an uninterruptible power supply.

We have made, and expect to continue to make, technological improvements that we expect will reduce costs and increase our advertising sales and subscription base. Our content-management system allows our stories to be prepared for publication in a number of output formats. This feature enables us to distribute our stories to multiple destinations economically. Our subscription management system is currently based on the Starwave Corporation's commerce system-based application. We are currently developing a new subscription management system that is scheduled to launch in 1999. We expect that this new system will be based on technology provided by Art Technology Group and Clear Commerce and will be hosted at Exodus Communications' facility. We expect that this system will allow us to communicate automatically with readers during their free-trial period and to make a wide variety of customized subscription offers available to potential subscribers. See "Risk Factors--Risks Associated with Moving Our Subscription Management System In-house". We are also constructing our systems to capture information on reader behavior that will be stored in a data warehouse. We expect that this will allow us to segment our reader population, enabling us to personalize our services for the individual reader and allowing our advertisers to target better their intended audience. Our operations are dependent on our ability and that of Exodus to protect our systems against damage from fire, earthquakes, power loss, telecommunications failure, break-ins, computer viruses, hacker attacks and other events beyond our control. See "Risk Factors--We Face a Risk of System Failure".

Intellectual Property

To protect our rights to intellectual property, we rely on a combination of trademark, copyright law, trade secret protection, confidentiality agreements and other contractual arrangements with our employees, affiliates, clients, strategic partners and others. The protective steps we have taken may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We have registered certain of our trademarks in the United States and we have pending U.S. applications for other trademarks. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. In addition, although we believe that our proprietary rights do not infringe on the intellectual property rights of others, other parties may assert infringement claims against us or claims that we have violated a patent or infringed a copyright,

trademark or other proprietary right belonging to them. These claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources on our part, which could materially adversely affect our business, results of operations and financial condition. We incorporate certain licensed third-party technology in some of our services. In these license agreements, the licensors have generally agreed to defend, indemnify and hold us harmless with respect to any claim by a third party that the licensed software infringes any patent or other proprietary right. We cannot assure you that these provisions will be adequate to protect us from infringement claims. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in introduction of new services. See "Risk Factors--We Rely On Our Intellectual Property".

Employees

As of February 15, 1999, we had 122 full-time employees, of which 55 worked in editorial, eight in marketing and media relations, eight in advertising, five in professional markets, 14 in technology, four in art, 21 in customer service and seven in finance/administration. We have never had a work stoppage and no personnel are represented under collective bargaining agreements. We consider our relations with our employees to be good.

Facilities

Our principal administrative, sales, marketing, technology and editorial facilities are located in approximately 22,500 square feet of office space in New York, New York. We are seeking larger facilities, into which we expect to move in the second half of 1999. Our West Coast bureau is located in approximately 3,200 square feet of office space in San Francisco, California. Our communications and network infrastructure is hosted at Exodus Communications in Jersey City, New Jersey, except for our commerce database, which is currently hosted by the Starwave Corporation in Seattle, Washington.

Management

Executive Officers and Directors

The following table sets forth information regarding the executive officers, directors and key employees of TheStreet.com:

Name Age Position

Executive Officers and Directors Kevin W. English..... 46 Chairman of the Board of Directors, Chief Executive Officer and President (Class III) Dave Kansas..... 31 Editor-in-Chief and Director (Class II) Paul Kothari..... 45 Vice President and Chief

Financial Officer Michael S. Zuckert..... 40 Vice President and General Counsel Jerry Colonna(1)..... 35 Director (Class I) James J. Cramer(2)..... 44 Director (Class I) Edward F. Glassmeyer(1)..... 57 Director (Class II) Martin Peretz..... 59 Director (Class I) Fred Wilson(2)..... 37 Director (Class III) Michael Golden(3)..... 49 Director Nominee (Class II) Key Employees Brendan Amyot..... 34 Vice President and General Manager--Consumer Markets Simon Clark..... 33 Vice President and General Manager--International Markets John R. Fitzgerald..... 36 Vice President and General Manager--Professional Markets Dawn M. Kikel..... 33 Vice President--Advertising Sales Dan Woods..... 38 Vice President and Chief Technology Officer (1) Member of the Compensation Committee (2) Member of the Audit Committee (3) Mr. Golden has been nominated to serve as a Director of TheStreet.com KEVIN W. ENGLISH has served as Chief Executive Officer and President of TheStreet.com since October 1998. He was appointed Chairman of the Board in December 1998. Before joining TheStreet.com, he served as the Vice President and General Manager of the Nexis Enterprise Group, a division of Lexis-Nexis, from February 1998 to October 1998. From September 1997 to February 1998, Mr. English served on a special assignment, reporting to the Chairman of Reed Elsevier, the parent company of Lexis-Nexis. Mr. English served as Vice President of Sales and Marketing of Lexis-Nexis from May 1995 to September 1997 and as a Senior Director from 1994 to May 1995.

DAVE KANSAS has served as Editor-in-Chief of TheStreet.com since April 1997 and has served as a Director of TheStreet.com since May 1998. He served as its Executive Editor from September 1996 to April 1997. From October 1992 to September 1996, Mr. Kansas held a variety of positions at The Wall Street Journal, most recently as a Financial Markets Reporter.

PAUL KOTHARI has served as Vice President and Chief Financial Officer of TheStreet.com since February 1999. From February 1998 to February 1999, Mr. Kothari was the Chief Financial Officer at International Telecommunication Data Systems, Inc., a wireless billing and customer care service company. From August 1993 to January 1998, Mr. Kothari was the Vice President of Finance at Bellcore, a telecommunications company.

MICHAEL S. ZUCKERT has served as Vice President and General Counsel of TheStreet.com since February 1999. From to January 1999, Mr. Zuckert held a variety of positions within the legal department of Morgan Stanley Dean Witter & Co., most recently as a Principal.

JERRY COLONNA has served as a Director of TheStreet.com since May 1998. In 1996, Mr. Colonna co-founded Flatiron Partners, an Internet-focused, early-stage venture capital firm, and has served as a Managing Partner since its inception. In February 1995, Mr. Colonna joined CMG@Ventures, an Internet-focused venture capital firm, as a founding Partner. Prior to joining CMG@Ventures, Mr. Colonna worked for nearly 10 years at CMP Publications, a technology publishing firm. Mr. Colonna also serves as a Director of GeoCities, Inc.

JAMES J. CRAMER is a co-founder and outside contributor of TheStreet.com. Mr. Cramer has served as a Director of TheStreet.com since May 1998, and served as Co-Chairman from June 1996 to December 1998. Mr. Cramer founded and has served as a President and Director of Cramer, Berkowitz & Co., a hedge fund, since its inception in 1987.

EDWARD F. GLASSMEYER has served as a Director of TheStreet.com since December 1998. Mr. Glassmeyer co-founded Oak Investment Partners, a venture capital firm with $1.6 billion of committed capital, in November 1978. Mr. Glassmeyer serves as a Director of Mobius Management Systems, Inc., a software infrastructure provider for Internet-based bill presentment and payment and is a Director of several privately held Oak portfolio companies in the information technology sector.

MARTIN PERETZ is a co-founder of TheStreet.com. Dr. Peretz has served as a Director of TheStreet.com since May 1998. He served as Co-Chairman of TheStreet.com from June 1996 to December 1998. Since 1974, Dr. Peretz has served as the Editor-in-Chief and Chairman of The New Republic. He has been a member of the faculty of Harvard University since 1966. Dr. Peretz also serves as a director of 11 mutual funds managed by the Dreyfus-Mellon Bank Group, of LeukoSite, a publicly traded biotechnology company, and of The Electronic Newstand, Inc., a web site specializing in the sale of magazine subscriptions.

FRED WILSON has served as a Director of TheStreet.com since May 1998. In 1996, Mr. Wilson co-founded Flatiron Partners, an Internet-focused, early-stage venture capital firm, and has served as a Managing Partner since its inception. Prior to Flatiron Partners, Mr. Wilson worked at Euclid Partners, an early stage venture capital firm, for 10 years where he served as General Partner from 1991 to 1996.

MICHAEL GOLDEN was nominated in February 1999 to serve as a Director of TheStreet.com. Mr. Golden has worked for The New York Times Company since 1984. Since October 1997, he has served as its Vice Chairman and Senior Vice President. From January 1996 to October 1997, he was the New York Times' Vice President for Operations Development. From October 1994 to January 1996, Mr. Golden was the Executive Vice President and Publisher of Tennis Magazine, a New York Times publication. From September 1991 to October 1994, he was the Executive Vice President and General Manager of the New York Times' Women's Publishing Division.

BRENDAN AMYOT has served as Vice President and General Manager--Consumer Markets of TheStreet.com since January 1999. Mr. Amyot served in several positions at TheStreet.com from August 1996 to January 1999. From January 1995 to August 1996, Mr. Amyot was the Associate Consumer Marketing Director at Entertainment Weekly. From March 1993 to December 1994, Mr. Amyot was the Circulation Director at Vibe.

SIMON CLARK has served as Vice President and General Manager--International Markets since February 1999. From December 1997 to February 1999, he served as Chief Financial Officer and Vice President of Operations of TheStreet.com, and from June 1997 to November 1997 he served as Director of Finance. From January 1992 to June 1997, Mr. Clark held several positions at Reuters, most recently Director of Corporate Web Sites.

JOHN R. FITZGERALD has served as Vice President and General Manager--Professional Markets of TheStreet.com since January 1999. From December 1996 to December 1998, he served as President of Standard & Poor's Consumer Markets Division. From December 1994 to December 1996, he was the Managing Director--Americas for MMS International, a unit of Standard & Poor's. From November 1992 to December 1994, he was the Vice President of Business Development for JJ Kenny Evaluation, a unit of Standard & Poor's.

DAWN M. KIKEL has served as Vice President--Advertising Sales of TheStreet.com since October 1997. From June 1996 to September 1997, Ms. Kikel worked for Institutional Investor Inc. as Publisher of Infrastructure Finance, a global magazine focusing on investment in large infrastructure projects, and as Industry Director for money management from January 1993 to May 1996.

DAN WOODS has served as Vice President and Chief Technology Officer of TheStreet.com since May 1998. From June 1995 to April 1998, Mr. Woods served as Director of Editorial Technology for Time New Media's Pathfinder web site. From 1992 to May 1995, he worked as a Database Editor at the News & Observer, a newspaper in Raleigh, North Carolina.

Classified Board of Directors

Our Board of Directors is divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the Board of Directors will be elected each year. These provisions, together with the provision of our Amended and Restated Certificate of Incorporation allow the Board of Directors to fill vacancies of or increase the size of the Board of Directors, and may deter a stockholder from removing incumbent directors and filling such vacancies with its own nominees in order to gain control of the Board.

Our Board has resolved that Mr. Colonna, Mr. Cramer and Dr. Peretz will serve as Class I Directors whose terms expire at the 2000 annual meeting of stockholders. Mr. Glassmeyer and Mr. Kansas will serve as Class II Directors whose terms expire at the 2001 annual meeting of stockholders. Mr. English and Mr. Wilson will serve as Class III Directors whose terms expire at the 2002 annual meeting of stockholders.

Board Committees

We have established an Audit Committee and a Compensation Committee. The Audit Committee reviews our internal accounting procedures and considers and reports to the Board of Directors with respect to other auditing and accounting matters, including the selection of our independent auditors, the scope of annual audits, fees to be paid to our independent auditors and the performance of our independent auditors. The Audit Committee currently consists of Mr. Cramer and Mr. Wilson. The Compensation Committee reviews and recommends to the Board of Directors the salaries, benefits and

stock option grants of all employees, consultants, directors and other individuals compensated by us. The Compensation Committee also administers our stock option and other employee benefits plans. The Compensation Committee currently consists of Mr. Glassmeyer and Mr. Colonna.

Director Compensation

Directors do not currently receive any compensation for serving on the Board of Directors, although they are reimbursed for reasonable travel expenses incurred in connection with attending Board of Directors and committee meetings.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee makes all compensation decisions. Prior to the formation of the Compensation Committee in June 1998, our Board of Directors made decisions relating to compensation of the Company's executive officers. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors or Compensation Committee. Our Compensation Committee currently consists of Mr. Colonna and Mr. Glassmeyer, neither of whom has ever been an officer or employee of TheStreet.com. Mr. Cramer served as a member of the Compensation Committee from June 1998 to February 1999, when Mr. Glassmeyer was appointed to the Compensation Committee. During his tenure on the Compensation Committee, Mr. Cramer, an outside contributor to TheStreet.com, participated in all decisions relating to compensation of our executive officers, but was excluded from discussions by the Board of Directors regarding his own compensation. See "Certain Transactions".

Employment Agreements

In October 1998, we entered into an employment agreement with Mr. Kevin English, our Chairman of the Board, Chief Executive Officer and President. This agreement provides for an annual base salary of $350,000. Mr. English is also eligible to receive a bonus of up to $100,000 for each fiscal year during which he is employed upon the achievement of quarterly and annual objectives, plus any additional bonus compensation awarded in the sole discretion of the Compensation Committee. Pursuant to the agreement, we granted Mr. English, a stock option to purchase 400,000 shares of common stock at an exercise price of $0.15 per share. The stock option becomes exercisable at a rate of 25% annually, commencing in October 1999. The terms of the stock option agreement also provide that Mr. English is entitled to receive additional stock options in the event we do an equity financing. In December 1998, we completed an equity financing and Mr. English received a stock option to purchase 121,316 shares of common stock at an exercise price of $0.15 per share. The option becomes exercisable 25% annually commencing in December 1999.

As of January 1999, Mr. English also receives the use of a one-bedroom corporate apartment, a monthly parking spot, term life insurance in the amount of $500,000 and disability insurance paying not less than $180,000 per year. If Mr. English is terminated for reasons other than a disability, for cause or due to a liquidation, dissolution or shutdown of our business, or if he should resign for good reason, he will be entitled to receive his remaining earned but unpaid salary, any bonus earned through the most recently ended fiscal quarter and an amount equal to his then current annual base salary. We maintain a key person life insurance policy for Mr. English. Mr. English's employment agreement terminates in December 2003.

In September 1996, we entered into an employment agreement with Dave Kansas, our Editor-in-Chief and a director. Mr. Kansas' employment agreement provides for an annual base salary of $130,000, subject to annual review by the Compensation Committee. Under the agreement, Mr. Kansas is eligible to receive an annual bonus of up to 30% of his annual base salary. However, the Compensation Committee has discretion to grant Mr. Kansas a bonus in excess of such amount and, in 1998, Mr. Kansas received $78,769 as a bonus. The employment agreement terminates on August in 1999.

In May 1998, we entered into an employment agreement with Simon Clark, our Vice President and General Manager--International Markets. Mr. Clark's employment agreement provides for an annual base salary of $150,000. The Compensation Committee will review Mr. Clark's salary annually. The employment agreement terminates on August 30, 1999.

In May 1998, we entered into an employment agreement with Brendan Amyot, our Vice President and General Manager--Consumer Markets. Mr. Amyot's employment agreement provides for an annual base salary of $130,000. The Compensation Committee will review Mr. Amyot's salary annually. The employment agreement terminates on August 30, 1999.

Executive Compensation

The following table sets forth the compensation earned for all services rendered to us in all capacities during 1998 by our Chief Executive Officer and our four most highly compensated executive officers, other than our Chief Executive Officer, who earned more than $100,000 in 1998 and who were serving as executive officers at the end of 1998 (collectively, the "Named Executive Officers"). As of January 1999, Mr. Clark and Mr. Amyot ceased to be executive officers.

Summary Compensation Table

				LONG-TERM COMPENSATION AWARDS
		ANNUAL COMPENSATION(1)		
	FISCAL			SECURITIES UNDERLYING

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OPTIONS (#)
Kevin W. English, Chairman of the Board, Chief Executive Officer and President(2).....	1998	$71,791	$25,000	521,316
Dave Kansas, Editor-in-Chief and Director.....	1998	130,000	78,769	105,758
Simon Clark, Chief Financial Officer and Vice President--Operations.....	1998	150,000	25,944	30,303
Brendan Amyot, Vice President -- Business Development and Marketing.....	1998	130,000	26,064	30,303

(1) The column for "Other Annual Compensation" has been omitted because there is no compensation required to be reported in that column. The aggregate amount of perquisites and other personal benefits provided to each Named Executive Officer is less than 10% of the total annual salary and bonus of that officer.

(2) Mr. English joined TheStreet.com in October 1998. See "--Employment Agreements".

Option Grants in Fiscal Year

The following table sets forth information regarding stock options granted to our Named Executive Officers during 1998. We have never granted any stock appreciation rights.

	INDIVIDUAL GRANTS(1)				POTENTIAL REALIZABLE VALUE AT ASSUMED RATES OF STOCK APPRECIATION FOR TERM(3)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(%)(2)	EXERCISE PRICE PER SHARE	EXPIRATION DATE	ANNUAL 5%	10%
Kevin W. English.....	400,000(4)	24.0%	$0.15	10/18/08	$37,733	$ 95,625
	121,316(4)	7.3	0.15	12/20/08	11,444	29,002
Dave Kansas.....	75,758(5)	4.6	0.03	5/06/03	628	1,388
	30,000	1.8	0.03	6/30/03	249	549
Simon Clark.....	30,303(6)	1.8	0.03	5/06/03	251	555
Brendan Amyot.....	30,303(7)	1.8	0.03	5/06/03	251	555

(1) All options were granted under the Amended and Restated 1998 Stock Incentive Plan. The options shown in this table, except as otherwise indicated below, become exercisable at a rate of 25% annually over four years from the date of grant. See "--1998 Stock Incentive Plan".

(2) In 1998, we granted options to employees to purchase an aggregate of 1,663,953 shares of common stock.

(3) Potential realizable value is based on the assumption that our common stock appreciates at the annual rate shown, compounded annually, from the date of grant until the expiration of the five or ten-year term as applicable. These numbers are calculated based on Securities and Exchange Commission requirements and do not reflect our projection or estimate of future stock price growth. Potential realizable values are computed by multiplying the number of shares of common stock subject to a given option by the exercise price, as determined by our Board of Directors, assuming that the aggregate stock value derived from that calculation compounds at the annual 5% or 10% rate shown in the table for the entire five or ten-year term of the option and subtracting from that result the aggregate option exercise price.

(4) The option granted to Mr. English vests fully if any of the following occurs: (i) there is a change of control as defined in his employment agreement, (ii) we fail to renew Mr. English's employment agreement, or (iii) Mr. English's employment agreement is terminated for good reason, which includes a reduction in his responsibilities or compensation, relocation of Mr. English or a merger or asset sale in which the acquiring entity does not assume our obligations under Mr. English's employment agreement. If Mr. English is terminated for good reason before October 1999, 50% of the shares underlying the option vest fully. If he is terminated before October 2000, 75% vest, and if he is terminated before October 2001, 100% vest. In addition, Mr. English may exercise this option by cash, or through cashless exercise subject to the approval of our management and Board of Directors.

(5) Pursuant to the LLC Agreement of TheStreet.com, L.L.C. (the "LLC"), Dave Kansas, Simon Clark, Brendan Amyot, and two other employees were entitled to receive Class C-1 Units in the LLC. The LLC Agreement provided that in the event of the merger of the LLC with and into TheStreet.com, Inc., each employee's entitlement to the Class C-1 Units would terminate and be replaced by an option to purchase shares of common stock of TheStreet.com based upon the conversion ratio set forth in the merger agreement. The LLC merged with and into TheStreet.com in May 1998. In connection with the merger, Mr. Kansas was granted an option to purchase 75,758 shares of common stock in exchange for the 1,250 Class C-1 Units that he (Footnotes continued on next page) (Footnotes continued from previous page) was entitled to receive under the LLC Agreement. The option fully vested on October 1, 1998, on which date Mr. Kansas exercised the option. The 75,758 shares of common stock issued to Mr. Kansas upon the option exercise were contributed to us pursuant to a Share Contribution Agreement, dated May 7, 1998, between us and Peretz Partners, L.L.C. (the "Share Contribution Agreement"). The terms of the Share Contribution Agreement require Peretz Partners to contribute to us an aggregate of 196,970 shares of common stock in connection with options granted to Brendan Amyot, Dave Kansas, Simon Clark and two other employees. See "Certain Transactions--Share Contribution Agreement".

(6) In connection with the merger of the LLC into TheStreet.com, Inc., Mr. Clark was granted an option to purchase 30,303 shares of common stock in exchange for the 500 Class C-1 Units that he was entitled to receive under the LLC Agreement. The option vested fully on June 1, 1998, on which date Mr. Clark exercised the option. The 30,303 shares of common stock issued to Mr. Clark were contributed to us pursuant to the Share Contribution Agreement.

(7) In connection with the merger of the LLC into TheStreet.com, Inc., Mr. Amyot was granted an option to purchase 30,303 shares of common stock in exchange for the 500 Class C-1 Units that he was entitled to receive under the LLC Agreement. This option vests fully on April 1, 1999. The 30,303 shares of common stock to be issued to Mr. Amyot when he exercises this option will be contributed to us pursuant to the Share Contribution Agreement.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-end Option Values

The following table sets forth information concerning the exercise of stock options during the fiscal year ended December 31, 1998 by each of the Named Executive Officers and the fiscal year-end value of unexercised options.

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998		VALUE OF UNEXERCISED IN THE-MONEY OPTIONS AT DECEMBER 31,1998(1)
NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE UNEXERCISABLE
Kevin W. English.....	--	--	--	521,316	-- $ 1,485,750
Dave Kansas.....	75,758	--(2)	--	30,000	-- $ 89,100
Simon Clark.....	30,303	--(2)	--	--	-- --
Brendan Amyot.....	--	--	--	30,303	-- $ 90,000

(1) There was no public market for the common stock on December 31, 1998. The fair market value of the common stock as of December 31, 1998 was $3.00 per share.

(2) At the time of exercise, the fair market value was equal to the exercise price.

Stock Incentive Plan

The Amended and Restated TheStreet.com, Inc. 1998 Stock Incentive Plan (the "1998 Stock Incentive Plan"), which became effective on May 6, 1998, provides for the granting of incentive stock options, non-qualified stock options, restricted stock and tax offset payments. The 1998 Stock Incentive Plan is

administered by our Compensation Committee. The total number of shares of our common stock that may be issued under the 1998 Stock Incentive Plan to our employees, directors and consultants (or of any entity in which we own at least a 20% beneficial interest) is 2,527,272. The terms and conditions of options and restricted stock will be set forth by the Compensation Committee in each individual award agreement. The Compensation Committee may designate an award as a "performance award" by making its grant or vesting subject to the achievement of performance goals established by the Compensation Committee. The Compensation Committee may also pay an awardee a tax offset payment as compensation for some or all of the taxes that the awardee owes with respect to an award. In the event of a change of control, if so determined by the Compensation Committee at the time of grant or by amendment (with the holder's consent) of such grant, all outstanding options will vest and become fully exercisable and the restrictions applicable to any outstanding restricted stock awards shall lapse and such shares shall be deemed fully vested. Under the 1998 Stock Incentive Plan, a change of control occurs when there is (i) an acquisition in which a majority of our common stock is acquired by an entity or person owning less than 5% of our total common stock outstanding prior to the acquisition; (ii) an election of members of the Board of Directors in which a majority of the Board members after the election were not members of the Board on the date of option grant; (iii) a merger or consolidation with another corporation where our stockholders immediately prior to such merger or consolidation no longer comprise a majority of the voting shares of the surviving corporation; or (iv) a sale of all or substantially all of our assets. As of December 31, 1998, 1,497,286 options were outstanding, of which 66,667 were vested.

Certain Transactions

Llc Financing

From our inception as a limited liability company in June 1996, until May 1998, we were financed through contributions from our founders and through loans bearing interest at the prime interest rate plus 1%. In return for their contributions, our founders received certain amounts of our Class A, B, C and D membership units of the limited liability company and a lender received Class E units.

In May 1998, our Board of Directors approved our reorganization from a limited liability company into a C corporation. As part of this reorganization, each Class C membership unit was converted into 181.81818 shares of our common stock. In addition, our Class A and Class B membership units were converted into shares of our Series A 9 1/2% Cumulative Preferred Stock and Series C Preferred Stock at a ratio of one preferred share per $100 of both Class A and Class B membership units. Our Class D and Class E membership units were converted into shares of our Series A 9 1/2% Cumulative Preferred Stock at a ratio of one preferred share per $100 of Class D and Class E membership units.

1998 Private Placements

In December 1998, we raised gross proceeds of $25 million by completing a private placement of 243,891 shares of our Series B Preferred Stock and 4,072,778 shares of our common stock to certain investors. In connection with this transaction we amended and restated the Registration Rights Agreement and the Stockholders' Agreement in each case to include, among other things, the new purchasers. The Amended and Restated Stockholders' Agreement will terminate upon completion of this offering.

In May 1998, we raised gross proceeds of approximately $10 million by completing a private placement of 101,475 shares of our Series B 9 1/2% Cumulative Preferred Stock ("Series B Preferred Stock") and 3,418,333 shares of our common stock to a group of certain investors. In connection with this transaction, we granted the purchasers of these shares registration rights. See "Description of Capital Stock -- Registration Rights". At such time we also entered into a Stockholders' Agreement with such stockholders which by its terms will terminate upon the completion of this offering.

Assuming an initial public offering price of $ per share of common stock, all of the outstanding shares of the convertible preferred stock, including accumulated dividends, will convert into an aggregate of shares of common stock upon the completion of this offering.

The New York Times Investment

In February 1999, we sold 37,728 shares of our Series B Preferred Stock and 1,320,901 shares of our common stock to the New York Times Company for an aggregate consideration of $15 million in cash and services. Additionally, as part of this transaction Mr. Michael Golden, the vice chairman and senior vice president of The New York Times Company has been nominated by us to be a director of TheStreet.com. In connection with this sale, we are currently discussing opportunities for strategic alliances with The New York Times Company. However, we cannot assure you that we will be able to enter into any such alliance on commercially reasonable terms or at all.

Cramer Employment Agreements

In May 1998, we entered into a one-year employment agreement with James Cramer, an outside contributor. Pursuant to the terms of the agreement, we granted Mr. Cramer a stock option to purchase 66,667 shares of common stock at an exercise price of $0.033 per share. The option vested fully in May 1998. In February 1999, we entered into a new employment agreement with Mr. Cramer, superseding the earlier agreement. Mr. Cramer's new employment agreement provides for an annual salary of $250,000, which increases annually by 10%. Under the new agreement, we granted Mr. Cramer an option to purchase 333,333 shares of common stock at an exercise price of $3.00 per share. The option becomes exercisable at a rate of 25% annually commencing in February 2000. The employment agreement terminates in February 2003. We maintain a "key person" life insurance policy for Mr. Cramer.

Registration Rights Agreement

Pursuant to the Amended and Restated Registration Rights Agreement we have granted our existing stockholders certain registration rights. See "Description of Capital Stock--Registration Rights".

Share Contribution Agreement

On May 7, 1998, we entered into a Share Contribution Agreement with Peretz Partners, L.L.C. pursuant to which it agreed to contribute to us up to an aggregate of 196,970 shares of common stock. We are required to issue the same number of shares to Brendan Amyot, Dave Kansas and Simon Clark and two other employees upon the exercise of options granted to them under our 1998 Stock Incentive Plan.

Office Lease

On August 14, 1996, we signed a lease with the State Teachers Retirement System of Ohio ("OTR") to rent space at Two Rector Street, New York, New York 10006. Cramer Berkowitz & Co., a company controlled by Mr. James Cramer, guaranteed our obligations under the lease. On September 25, 1997, OTR transferred these premises, including its interest in the lease, to Rector Trinity Associates, L.L.C. (the "Landlord"). The Landlord has agreed to release Cramer Berkowitz & Co. from this guarantee upon receiving a Letter of Credit from TheStreet.com.

Principal Stockholders

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 23, 1999 and as adjusted to reflect the sale of the shares of common stock offered hereby by: (1) each person who we know owns beneficially more than 5% of our common stock, (2) each of our directors, including our Chief Executive Officer, (3) our four most highly compensated executive officers, other than our Chief Executive Officer, who were serving as executive officers at the end of 1998 and (4) all of our executive officers and directors as a group. The following information, however, does not reflect the conversion of all outstanding shares of our preferred stock and accumulated dividends into an aggregate of shares of common stock upon the completion of this offering assuming that the initial public offering price is $ per share.

	SHARES OF COMMON STOCK BENEFICIALLY OWNED BEFORE THE OFFERING(1)		SHARES OF COMMON STOCK BENEFICIALLY OWNED AFTER THE OFFERING(1)
NAME OF BENEFICIAL OWNER	NUMBER	PERCENTAGE(2)	NUMBER	PERCENTAGE(2)
Kevin W. English.....	--		--	
Dave Kansas.....	151,515		151,515	

Simon Clark	90,909	90,909
Brendan Amyot	181,818	181,818
James J. Cramer	2,695,728(3)	2,695,728(3)
Cramer Partners, L.L.C	2,518,636	2,518,636
Martin Peretz	2,627,032(4)	2,627,032(4)
Peretz Partners, L.L.C	2,386,595	2,386,595
Fred Wilson	405,910(5)	405,910(5)
Jerry Colonna	405,910(5)	405,910(5)
Edward F. Glassmeyer	1,221,834(6)	1,221,834(6)
Oak Investment Partners VIII, L.P. and Oak VIII Affiliates Fund, L.P.	1,221,834	1,221,834
Chase Venture Capital Associates, L.P.	1,189,400	1,189,400
Softbank Technology Ventures IV L.P. and Softbank Technology Advisors Fund L.P.	1,194,809	1,194,809
Constellation Venture Capital L.P. and Constellation Venture Offshore, L.P.	951,761	951,761
Spinnaker Clipper Fund, L.P., Spinnaker Founders Fund, L.P. and Spinnaker Offshore Founders Fund, L.P.	814,556	814,556
The New York Times Company	1,320,901(7)	1,320,901(7)
All executive officers and directors as a group (9 persons)	7,374,746	7,374,746

(1) Percentage ownership is based on shares outstanding as of February 22, 1999. Shares of common stock subject to options currently exercisable or exercisable within 60 days of February 22, 1999 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

(2) Assumes the underwriters' over-allotment option is not exercised.

(3) Includes 2,518,636 shares owned by Cramer Partners, L.L.C.

(4) Includes 2,325,989 shares owned by Peretz Partners, L.L.C. and 283,892 shares owned by other family members and entities.

(5) Includes 310,900 shares owned by Flatiron Fund, L.L.C., 86,213 shares owned by The Flatiron Fund 1998/99, L.L.C. and 8,797 shares owned by Flatiron Associates, L.L.C. of which Mr. Colonna and Mr. Wilson are general partners.

(6) Includes 1,198,619 shares owned by Oak Investment Partners VIII, L.P. and 23,215 shares owned by Oak VIII Affiliates Fund, L.P. Mr. Glassmeyer is a managing member of Oak Associates VIII, L.L.C., which is the general partner of Oak Investment Partners VIII, L.P. and of Oak VIII Affiliates, L.L.C., which is the general partner of Oak VIII Affiliates Fund, L.P.

(7) Mr. Golden has been nominated to the Board of Directors of TheStreet.com. He serves as Vice Chairman and Senior Vice President of the New York Times Company.

Description of Capital Stock

Common Stock

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine. Each stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our Amended and Restated Certificate of Incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election. The common stock is not entitled to preemptive rights and is not subject to conversion or redemption. Upon the occurrence of a liquidation, dissolution or winding-up of TheStreet.com, the holders of shares of common stock would be entitled to share ratably in the distribution of all of the TheStreet.com's assets remaining available for distribution after satisfaction of all its liabilities and the payment of the liquidation preference of any outstanding preferred stock. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

The Board of Directors has the authority, within the limitations and restrictions stated in our Amended and Restated Certificate of Incorporation, to provide by resolution for the issuance of shares of preferred stock, in one or more classes or series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series. The issuance of preferred stock could have the effect of decreasing the market price of the common stock and could adversely affect the voting and other rights of the holders of common stock.

Options

As of December 31, 1998, (i) options to purchase a total of 1,497,286 shares of common stock were outstanding, of which 66,667 options had vested on such date; and (ii) up to 1,029,986 additional shares of common stock may be subject to options granted in the future. All of the options contain standard anti-dilution provisions. See "Management--Executive Compensation".

Registration Rights

On December 21, 1998, we entered into an Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with our existing stockholders pursuant to which we granted them certain registration rights in respect of 7,489,444 shares of common stock held by them. Such

stockholders are hereinafter referred to as the "existing stockholders". A copy of the Registration Rights Agreement has been attached to the Registration Statement of which this prospectus forms a part. Pursuant to the Registration Rights Agreement, at any time, on or after the first anniversary of this offering, certain existing stockholders who hold in the aggregate at least shares of common stock may request us to register under the Securities Act all or any portion of the common stock purchased by the existing stockholders in the May and December 1998 private placements (hereinafter referred to as the "Restricted Stock"). However, the securities to be registered must have a reasonably anticipated aggregate public offering price of at least $500,000.

In addition, the holder of any Restricted Stock may request that we file a registration statement on Form S-3, covering all stock as requested by any holder of Restricted Stock who requests that we register their holdings. We are not obligated to effect a registration statement on Form S-3 more than once in any 180-day period or unless the proceeds of this registration shall reasonably be expected to exceed $500,000.

These registration rights are subject to our right to delay the filing of a registration statement in certain circumstances for up to 90 days.

In addition, the holders of Restricted Stock will have certain "piggyback" registration rights. If we propose to register any common stock under the Securities Act (other than pursuant to this offering or in connection with the registration of securities issued (i) under an employee benefits plan or (ii) in consideration for an acquisition), each holder of Restricted Stock may require us to include all or a portion of their Restricted Stock in such registration; provided however, that the managing underwriter, if any, of any such offering has certain rights to limit the number of Restricted Stock proposed to be included in such registration.

We would bear all registration expenses incurred in connection with these registrations. Each participating seller of Restricted Stock would bear their proportionate share of all underwriting discounts and selling commissions.

ANTI-TAKEOVER EFFECTS OF CERTAIN PROVISIONS OF DELAWARE LAW AND THE COMPANY'S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND BYLAWS
Certain provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which provisions are summarized in the following paragraphs, may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider it its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Classified Board of Directors

Our Board of Directors is divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the Board of Directors will be elected each year. These provisions, when coupled with the provision of our Amended and Restated Certificate of Incorporation authorizing the Board of Directors to fill vacant directorships or increase the size of the Board of

Directors, may deter a stockholder from removing incumbent directors and simultaneously gaining control of the Board of Directors by filling the vacancies created by such removal with its own nominees.

Cumulative Voting

Our Amended and Restated Certificate of Incorporation expressly denies stockholders the right to cumulate votes in the election of directors.

Stockholder Action; Special Meeting of Stockholders

Our Amended and Restated Certificate of Incorporation eliminates the ability of stockholders to act by written consent. It further provides that special meetings of our stockholders may be called only by the Chairman of the Board of Directors or a majority of the Board of Directors.

Advance Notice Requirements for Stockholder Proposals and Directors Nominations

Our Amended and Restated Bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the date on which notice of the date of the annual meeting was mailed to stockholders or made public, whichever first occurs. In the case of a special meeting of stockholders called for the purpose of electing directors, notice by the stockholder in order to be timely must be received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. Our Amended and Restated Bylaws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

Authorized But Unissued Shares

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions

and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our Amended and Restated Certificate of Incorporation imposes supermajority vote requirements in connection with certain business combination transactions and the amendment of certain provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, including those provisions relating to the classified board of directors, action by written consent and special meetings by stockholders.

Rights Agreement

Under Delaware law, every corporation may create and issue rights entitling the holders of such rights to purchase from the corporation shares of its capital stock of any class or classes, subject to any provisions in its certificate of incorporation. The price and terms of such shares must be stated in the certificate of incorporation or in a resolution adopted by the board of directors for the creation or issuance of such rights.

We have entered into a stockholder rights agreement. As with most stockholder rights agreements, the terms of our rights agreement are complex and not easily summarized, particularly as they relate to the acquisition of our common stock and to exercisability. This summary may not contain all of the information that is important to you. Accordingly, you should carefully read our rights agreement, which is incorporated by reference into this prospectus, in its entirety.

Our rights agreement provides that each share of our prospective common stock outstanding will have the right to purchase one one-hundredth of a preferred share attached to it. The purchase price per one one-hundredth of a preferred share under the stockholder rights agreement is four times the average closing price of our common stock for the first five days of trading after the consummation of this offering. Each share of our common stock will have one right attached.

Initially, the rights under our rights agreement are attached to outstanding certificates representing our common stock and no separate certificates representing the rights will be distributed. The rights will separate from our common stock and be represented by separate certificates approximately 10 days after someone acquires or commences a tender offer for 15% of our outstanding common stock.

After the rights separate from our common stock, certificates representing the rights will be mailed to record holders of the common stock. Once distributed, the rights certificates alone will represent the rights.

All shares of our common stock issued prior to the date the rights separate from the common stock will be issued with the rights attached. The rights are not exercisable until the date the rights separate from the common stock. The rights will expire on February 16, 2009, unless earlier redeemed or exchanged by us.

If an acquiror obtains or has the rights to obtain 15% or more of our common stock, then each right will entitle the holder to purchase a number of shares of our common stock equal to two times the purchase price of each right.

Each right will entitle the holder to purchase a number of shares of common stock of the acquiror having a then current market value of twice the purchase price if an acquiror obtains 15% or more of our common stock and any of the following occurs:

o we merge into another entity o an acquiring entity merges into us o we sell more than 50% of our assets or earning power Under our rights agreement, any rights that are or were owned by an acquiror of more than 15% of our outstanding common stock will be null and void.

Our rights agreement contains exchange provisions which provides that after an acquiror obtains 15% or more, but less than 50% of our respective outstanding common stock, our board of directors may, at its option, exchange all or part of the then outstanding and exercisable rights for common shares. In such an event, the exchange ratio is two common shares per right, adjusted to reflect any stock split, stock dividend or similar transaction.

Our board of directors may, at its option, redeem all of the outstanding rights under our rights agreement prior to the earlier of (1) the time that an acquiror obtains 15% or more of our outstanding common stock or (2) the final expiration date of the rights agreement. The redemption price under our rights agreement is $0.01 per right, subject to adjustment. The right to exercise the rights will terminate upon the action of our board ordering the redemption of the rights and the only right of the holders of the rights will be to receive the redemption price.

Holders of rights will have no rights as our stockholders including the right to vote or receive dividends, simply by virtue of holding the rights.

Our rights agreement provides that the provisions of the rights agreement may be amended by the board of directors prior to the date any person acquires 15% of our respective common stock without the approval of the holders of the rights. However, after the date any person acquires 15% of our common stock, the rights agreement may not be amended in any manner which would adversely effect the interests of the holders of the rights, excluding the interests of any acquiror. In addition, our rights agreement provides that no amendment may be made to adjust the time period governing redemption at a time when the rights are not redeemable.

Our rights agreement contains rights that have anti-takeover effects. The rights may cause substantial dilution to a person or group that attempts to acquire us without conditioning the offer on a substantial number of rights being acquired. Accordingly, the existence of the rights may deter acquirors from

making takeover proposals or tender offers. However, the rights are not intended to prevent a takeover, but rather are designed to enhance the ability of our board to negotiate with an acquiror on behalf of all the stockholders. In addition, the rights should not interfere with a proxy contest.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is American Stock Transfer Corporation. Its address is 40 Wall Street, New York, New York 10005, and its telephone number at this location is (212) 936-5100.

Listing

Our common stock will be listed on the Nasdaq National Market under the trading symbol "TSCM".

Shares Eligible for Future Sale

Sales of substantial amounts of our common stock in the public market could adversely affect prevailing market prices of our common stock. Furthermore, since no shares will be available for sale shortly after this offering because of certain contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after these restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding an aggregate of shares of our common stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act (the "Affiliates"). The remaining shares of common stock held by existing stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 promulgated under the Securities Act, which rules are summarized below.

As a result of the contractual restrictions described below and the provisions of Rule 144, the restricted securities will be available for sale in the public market subject to the volume limitations and other conditions of Rule 144. The shares could be available for resale immediately upon the expiration of the 180-day lock-up period.

Lock-up Agreements

All of our officers, directors and substantially all of our stockholders have signed Lock-Up Agreements under which they agreed not to transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, for a period of 180 days after the date of this prospectus. Transfers or dispositions can be made sooner with the prior written consent of Goldman, Sachs & Co.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

o 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or o the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(K)

Under Rule 144(k), a person who is not deemed to have been one of our Affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an Affiliate, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering.

Stock Options

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering 2,527,272 shares of common stock reserved for issuance under the 1998 Stock Incentive Plan. The registration statement will become effective automatically upon filing. As of December 31, 1998, options to purchase 1,497,286 shares of common stock were issued and outstanding. Upon the expiration of the Lock-Up Agreements described above, at least 66,667 shares of common stock will be subject to vested options (based on options outstanding as of December 31, 1998).

Accordingly, shares registered under the registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our Affiliates, be available for sale in the open market immediately after the 180-day lock-up agreements expire. See "Description of Capital Stock--Registration Rights".

Registration Rights

Upon completion of this offering, the holders of shares of our common stock, or their transferees, are entitled to request that we register their shares under the Securities Act. See "Description of Capital Stock--Registration Rights." After these shares are registered, they will become freely tradable without restriction under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

Legal Matters

The validity of the shares of common stock offered hereby will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Brobeck, Phleger & Harrison LLP, New York, New York.

Experts

The financial statements of TheStreet.com, Inc. as of December 31, 1997 and 1998 and for the period from June 18, 1996 (inception) through December 31, 1996 and for the years ended December 31, 1997 and 1998 included in this prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in auditing and accounting.

Change in Accountants

In July, 1998, we decided to replace Anchin, Block & Anchin LLP with Arthur Andersen LLP as our independent public accountants to audit financial statements for the period from June 18, 1996 (inception) through December 31, 1996 and for the years ended December 31, 1997 and December 31, 1998. The decision to change independent public accountants from Anchin, Block & Anchin LLP to Arthur Andersen LLP was approved by our Board of Directors.

We believe, and have been advised by Anchin, Block & Anchin LLP that it concurs in such belief, that, for the period from June 18, 1996 (inception) through December 31, 1997, we and Anchin, Block & Anchin LLP did not have any disagreement on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Anchin, Block & Anchin LLP would have caused it to make reference in connection with its report on our financial statements to the subject matter of the disagreement.

The report of Anchin, Block & Anchin LLP on our financial statements for the period from June 18, 1996 (inception) through December 31, 1997 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles. During that period there were no "reportable events" within the meaning of Item 304(a)(1)(v) of Regulation S-K promulgated under the Securities Act.

Additional Information

We filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules filed therewith. For further information with respect to TheStreet.com and the common stock offered hereby, reference is made to the Registration Statement and the exhibits and schedule filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document to which reference is made are not necessarily complete, and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. A copy of the Registration Statement and the exhibits and schedule filed therewith may be inspected without charge at the public reference facilities maintained by the Commission in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, 13th Floor, New York, New York 10048, and copies of all or any part of the Registration Statement may be obtained from such offices upon the payment of the fees prescribed by the Commission. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains a World Wide web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the site is http://www.sec.gov.

Thestreet.com, Inc.

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Statements..... F-7 The financial statements included herein have been adjusted to give effect to (i) the increase in the authorized number of all classes of stock to 41,000,000 consisting of 1,000,000 shares of preferred stock, par value $0.01 per share and 40,000,000 shares of common stock, par value $0.01 per share and (ii) to reflect the one-for-three reverse common stock split. We expect to be in a position to render the following report upon the effectiveness of such events assuming that from February 9, 1999 to the effective date of such events, no other events will have occurred that would effect the financial statements or notes thereto.

Arthur Andersen Llp

New York, New York February 9, 1999

Report of Independent Public Accountants

To TheStreet.com, Inc.:

We have audited the accompanying balance sheets of TheStreet.com, Inc. (a Delaware corporation), as of December 31, 1997 and 1998, and the related statements of operations, stockholders' equity (deficit) and cash flows for the period from June 18, 1996 (inception) to December 31, 1996 and the two years ended December 31, 1998. 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 TheStreet.com, Inc. as of December 31, 1997 and 1998, and the results of its operations and its cash flows for the period from June 18, 1996 (inception) to December 31, 1996 and the two years ended December 31, 1998, in conformity with generally accepted accounting principles.

Thestreet.com, Inc.

Balance Sheets

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	DECEMBER 31, 1997	DECEMBER 31, 1998	DECEMBER 31, 1998
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 156,692	$ 24,611,958	
Accounts receivable, net of allowance for doubtful accounts of $0 and $40,000 as of December 31, 1997 and 1998, respectively	130,699	811,419	
Other receivables and unbilled revenue	--	663,137	
Prepaid expenses and other current assets	27,455	687,639	
Total current assets	314,846	26,774,153	
Property and equipment, net of accumulated depreciation and amortization of $162,632 and $78,110 as of December 31, 1997 and 1998, respectively	495,697	599,937	
Other assets	100,251	207,329	
Total assets	$ 910,794	$ 27,581,419	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Line of credit	$ --	$ 3,333	
Accounts payable	691,800	1,927,065	
Accrued expenses	789,887	1,250,577	
Deferred revenue	176,125	675,513	
Total current liabilities	1,657,812	3,856,488	
Deferred rent	74,825	200,636	
Long-term debt	6,335,000	--	
Total liabilities	8,067,637	4,057,124	
STOCKHOLDERS' EQUITY (DEFICIT):			
Common Stock; $0.01 par value; 40,000,000 shares authorized, 6,060,606 and 13,763,838 shares issued and outstanding at December 31, 1997 and 1998, respectively	60,606	137,638	
Convertible Preferred Stock--			
Series A; $0.01 par value; 9 1/2% cumulative; 1,500 and 118,441 shares issued and outstanding in 1997 and 1998, respectively	15	1,184	
Series B; $0.01 par value; 9 1/2% cumulative; 0 and 345,366 shares issued and outstanding in 1997 and 1998, respectively	--	3,454	
Series C; $0.01 par value; 1,500 shares issued and outstanding in 1997 and 1998	15	15	
Additional paid-in capital	280,364	35,784,643	
Accumulated deficit	(7,497,843)	(12,402,639)	
Total stockholders' equity (deficit)	(7,156,843)	23,524,295	
Total liabilities and stockholders' equity (deficit)	$ 910,794	$ 27,581,419	$

The accompanying notes are an integral part of these balance sheets.

Thestreet.com, Inc.

Statements of Operations

	FOR THE PERIOD FROM JUNE 18, 1996 (INCEPTION) TO	FOR THE YEARS ENDED DECEMBER 31

	DECEMBER 31		
	1996	1997	1998
Net revenues:			
Advertising revenues	$ --	$ 117,652	$ 2,544,409
Subscription revenues	--	320,682	1,685,446
Other revenues	--	150,400	393,511
Total net revenues	--	588,734	4,623,366
Cost of revenues	297,830	1,146,383	3,955,270
Gross profit (loss)	(297,830)	(557,649)	668,096
Operating expenses:			
Product development expenses	468,909	402,379	2,346,354
Sales and marketing expenses	397,508	2,188,968	9,204,711
General and administrative expenses	547,522	2,209,707	5,158,158
Total Operating expenses	1,413,939	4,801,054	16,709,223
Loss from operations	(1,711,769)	(5,358,703)	(16,041,127)
Interest expense, net	21,623	405,748	227,324
Loss before provision for income taxes	(1,733,392)	(5,764,451)	(16,268,451)
Provision for income taxes	--	--	--
Net loss	$(1,733,392)	$(5,764,451)	$(16,268,451)
Net loss per share--basic and diluted	$ (0.29)	$ (0.95)	$ (2.07)
Weighted average basic and diluted shares outstanding	6,060,606	6,060,606	8,575,128
Pro forma per share data (unaudited):			
Pro forma net loss per share--basic and diluted	$	$	$
Pro forma weighted average basic and diluted shares outstanding			

The accompanying notes are an integral part of these statements.

Thestreet.com, Inc.

STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) FOR THE PERIOD FROM JUNE 18, 1996 (INCEPTION) TO DECEMBER 31, 1996 AND THE YEARS ENDED DECEMBER 31, 1997 AND 1998

			CONVERTIBLE PREFERRED STOCK					
	COMMON STOCK		SERIES A		SERIES B		SERIES C	
	SHARES	PAR VALUE	SHARES	PAR VALUE	SHARES	PAR VALUE	SHARES	PAR VALUE

Balance at June 18, 1996 (inception).....	--	$ --	--	$ --	--	$ --	-- $--
Issuance of Common Stock.....	6,060,606	60,606	1,500	15	--	--	1,500 15
Net loss.....	--	--	--	--	--	--	-- --
Balance at December 31, 1996.....	6,060,606	60,606	1,500	15	--	--	1,500 15
Issuance of warrants.....	--	--	--	--	--	--	-- --
Net loss.....	--	--	--	--	--	--	-- --
Balance at December 31, 1997.....	6,060,606	60,606	1,500	15	--	--	1,500 15
Issuance of common stock.....	181,818	1,818	--	--	--	--	-- --
Capital contribution.....	--	--	--	--	--	--	-- --
Termination of LLC.....	--	--	--	--	--	--	-- --
Conversion of debt to equity.....	--	--	116,941	1,169	--	--	-- --
Net proceeds from private placement in May 1998.....	3,418,333	34,183	--	--	101,475	1,015	-- --
Net proceeds from private placement in December 1998.....	4,072,778	40,728	--	--	243,891	2,439	-- --
Exercise of options.....	30,303	303	--	--	--	--	-- --
Preferred Stock dividends.....	--	--	--	--	--	--	-- --
Net loss.....	--	--	--	--	--	--	-- --
Balance at December 31, 1998.....	13,763,838	$ 137,638	118,441	$ 1,184	345,366	$ 3,454	1,500 $15

	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
Balance at June 18, 1996 (inception).....	$ --	$ --	$ --
Issuance of Common Stock.....	239,364	--	300,000
Net loss.....	--	(1,733,392)	(1,733,392)
Balance at December 31, 1996.....	239,364	(1,733,392)	(1,433,392)
Issuance of warrants.....	41,000	--	41,000
Net loss.....	--	(5,764,451)	(5,764,451)
Balance at December 31, 1997.....	280,364	(7,497,843)	(7,156,843)
Issuance of common stock.....	3,637	--	5,455
Capital contribution.....	375,000	--	375,000
Termination of LLC.....	(12,815,014)	12,815,014	--
Conversion of debt to equity.....	11,692,786	--	11,693,955
Net proceeds from private placement in May 1998.....	10,039,072	--	10,074,270
Net proceeds from private placement in December 1998.....	24,756,833	--	24,800,000
Exercise of options.....	606	--	909
Preferred Stock dividends.....	1,451,359	(1,451,359)	--
Net loss.....	--	(16,268,451)	(16,268,451)
Balance at December 31, 1998.....	$35,784,643	$(12,402,639)	$23,524,295

The accompanying notes are an integral part of these statements.

Thestreet.com, Inc.

Statements of Cash Flows

	FOR THE PERIOD FROM JUNE 18, 1996 (INCEPTION) TO DECEMBER 31	FOR THE YEARS ENDED DECEMBER 31	
	1996	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(1,733,392)	$(5,764,451)	$(16,268,451)
Adjustments to reconcile net loss to net cash used in operating activities:			
Allowance for doubtful accounts	--	--	40,000
Depreciation and amortization	15,158	158,884	244,505
Noncash expense for warrants	--	41,000	--
Increase in accounts receivable	--	(130,699)	(720,720)
Increase in other receivables and unbilled revenue	--	--	(663,137)
(Increase) decrease in prepaid expenses and other current assets	(85,509)	58,054	(660,184)
Increase in other assets	(21,635)	(63,659)	(122,035)
Increase in accounts payable and accrued expenses	378,924	1,102,763	1,695,955
Increase in deferred revenue	--	176,125	499,388
Increase in deferred rent	24,087	50,738	125,810
Net cash used in operating activities	(1,422,367)	(4,371,245)	(15,828,869)

CASH FLOWS FROM INVESTING ACTIVITIES: Capital expenditures..... (172,901) (490,429) (333,787) Organization costs..... (21,366) -- -- Net cash used in investing activities..... (194,267) (490,429) (333,787) CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from issuance of common stock..... 300,000 -- 6,364 Net borrowings under line of credit..... -- -- 3,333 Proceeds from notes payable..... 1,335,000 5,500,000 5,733,955 Repayment of notes payable..... -- (500,000) -- Net proceeds from private placements..... -- -- 34,874,270 Net cash provided by financing activities..... 1,635,000 5,000,000 40,617,922 Net increase in cash..... 18,366 138,326 24,455,266 Cash and cash equivalents, beginning of period..... -- 18,366 156,692 Cash and cash equivalents, end of period..... $ 18,366 $ 156,692 $ 24,611,958 Supplemental Disclosures of Cash Flow Information: Cash paid during the period for: Income taxes..... -- -- -- Interest..... -- -- $ 3,098 Supplemental Disclosure of Noncash Investing

Activities: During 1998, the holder of a note payable by the Company contributed $375,000 of principal to the Company as an equity contribution..... During 1998, the holders of certain notes payable by the Company converted $11,693,955 of outstanding principal and interest, into 116,941 of Series A 9 1/2% Cumulative Convertible Preferred Stock..... During 1998, the Company entered into a sale-leaseback transaction for certain of its computers and furniture and fixtures. The transaction resulted in a deferred loss of $197,429 which will be recognized in proportion to the rent expense under the operating lease.....

The accompanying notes are an integral part of these statements.

Thestreet.com, Inc.

Notes to Financial Statements

(1) ORGANIZATION, NATURE OF BUSINESS AND SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

TheStreet.com, Inc. (the "Company") is a leading web-based provider of original, timely, comprehensive and trustworthy financial news, commentary and information aimed at helping readers make informed investment decisions. The Company combines the most important qualities of traditional print journalism--accuracy, intelligence, fairness and wit--with the web's advantages as a financial news medium--timeliness, interactivity and global distribution.

The Company was formed on June 18, 1996 in the state of Delaware as a limited liability company ("LLC"). On May 7, 1998, the Company's Board of Directors approved the reorganization of the LLC into a C corporation. Accordingly, holders of Class C membership units were converted into 181.81818 shares of Common Stock for each unit. In addition, Class A and Class B membership units were converted to Series A 9 1/2% Cumulative Preferred Stock and Series C Preferred Stock at a ratio of one preferred share for each $100 of Class A and Class B membership units, respectively. Class D and Class E membership units were converted to Series A 9 1/2% Cumulative Preferred Stock at a ratio of one preferred share per $100 of Class D and Class E membership units. All share and per share data has been retroactively adjusted to reflect the reorganization and the one-for-three reverse stock split (see Note 11).

The Pro Forma December 31, 1998 information reflected in the accompanying balance sheet reflects the conversion of all Convertible Preferred Stock plus accrued dividends into Common Stock upon completion of the proposed initial public offering (see Note 11).

The Company is proposing an initial public offering of up to shares of Common Stock. See "Risk Factors" in the accompanying prospectus.

Use of Estimates

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

Revenue Recognition

The Company generates its revenues primarily from subscriptions and advertising.

Subscription revenues represent customer subscriptions that provide subscribers access to financial news, commentary and information. Subscriptions are generally charged to customers' credit cards or are charged directly to companies that subscribe to the service. These are generally billed in advance on a monthly, quarterly or annual basis. Revenue from subscriptions is recognized ratably over the subscription period. Deferred revenue relates to subscription fees for which amounts have been collected but for which revenue has not been recognized.

Advertising revenue, derived from the sale of sponsorship and banner and email advertisements and on the Company's web site, is recognized ratably in the period the advertising is displayed, provided that no significant Company obligations remain and collection of the resulting receivable is probable. Company obligations typically include guarantees of a minimum number of "impressions" or

(1) ORGANIZATION, NATURE OF BUSINESS AND SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED) times that an advertisement is viewed by users of the Company's web site. Such amounts are recognized as revenue in the month earned.

Other revenues consist primarily of content syndication fees. In 1997, other revenues entirely consisted of revenues derived from a syndication and hosting partnership with ABCNEWS.com and Starwave (an affiliate of ABCNEWS.com). Pursuant to this arrangement, the Company agreed to syndicate a portion of its news content to ABCNEWS.com in return for technology and hosting services from Starwave. During 1998, $300,000 of other revenues were derived from this agreement.

Cash and Cash Equivalents

The Company considers all short-term marketable equity securities with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets (3 years for computer equipment and 5-7 years for furniture and fixtures).

Accounting for Long-lived Assets

The Company accounts for long-lived assets under the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS No. 121"). SFAS No. 121 establishes financial accounting and reporting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used, and for long-lived assets and certain identifiable tangibles to be disposed of. Management has performed a review of all long-lived assets and has determined that no impairment of the respective carrying values has occurred as of December 31, 1998.

Income Taxes

The Company was organized on June 18, 1996 as a limited liability company for Federal and state income tax purposes. Accordingly, the Company was treated as a partnership and the net losses of the Company were included in the individual tax returns of the members. On May 7, 1998, the Company converted from an LLC to a C corporation. At the time of the conversion, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS No. 109"). Under SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in the period that the tax change occurs.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts and other receivables, and accounts payable approximate fair value due to the short-term maturity of these instruments. The carrying amounts of outstanding borrowings approximate fair value.

Thestreet.com, Inc.

Notes to Financial Statements--(continued)

(1) ORGANIZATION, NATURE OF BUSINESS AND SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED)

Business Concentrations and Credit Risk

Financial instruments which subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company maintains cash with various financial institutions. The Company performs periodic evaluations of the relative credit standing of these institutions. The Company's clients are primarily concentrated in the United States. The Company performs ongoing credit evaluations, generally does not require collateral, and establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. To date, such losses have been within management's expectations.

Net Loss Per Common Share

Historical--

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings Per Share", and SEC Staff Accounting Bulletin No. 98 ("SAB No. 98"). Under the provisions of SFAS No. 128 and SAB No. 98, basic net loss per common share ("Basic EPS") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the weighted average number of common shares and dilutive common share equivalents then outstanding.

Pro forma--

Pro forma net loss per share is calculated assuming conversion of all Convertible Preferred Stock which converts automatically upon the completion of the initial public offering (see Note 11).

Stock-based Compensation

The Company has adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), and elected to continue the accounting set forth in Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). The Company has provided the necessary pro forma disclosures as if the fair value method had been applied (Note 7).

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". This statement establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. This statement is effective for financial statements for periods beginning after December 15, 1997 and need not be applied to interim periods in the initial year of application. Comparative information for earlier years presented is to be restated. The Company does not believe it operates in more than one segment.

Thestreet.com, Inc.

Notes to Financial Statements--(continued)

(2) Net Loss Per Share

As discussed in Note 1, historical net loss per share is calculated in accordance with SFAS No. 128. The following table reconciles the numerator and denominator for the calculation:

	DECEMBER 31, 1996	DECEMBER 31, 1997	DECEMBER 31, 1998
Numerator:			
Net loss	$ (1,733,392)	$ (5,764,451)	$(16,268,451)
Preferred Stock dividends	--	--	(1,451,359)
Net loss available to common shareholders	$ (1,733,392)	$ (5,764,451)	$(17,719,810)
Denominator:			
Weighted average basic and diluted shares outstanding	6,060,606	6,060,606	8,575,128
Net loss per share--basic and diluted	$ (0.29)	$ (0.95)	$ (2.07)

Pro forma net loss per share is calculated assuming conversion of the Convertible Preferred Stock and accumulated dividends into Common Stock in connection with the proposed initial public offering as follows:

	DECEMBER 31, 1996	DECEMBER 31, 1997	DECEMBER 31, 1998

Numerator--Pro forma: Net loss available to common shareholders..... $ (1,733,392) $ (5,764,451) $(17,719,810) Preferred Stock dividends..... -- -- 1,451,359 Pro forma net loss..... $ (1,733,392) $ (5,764,451) $(16,268,451) Denominator--Pro forma: Weighted average basic and diluted shares outstanding..... 6,060,606 6,060,606 8,575,128 Assumed conversion of-- Convertible Preferred Stock..... Preferred Stock dividends..... Pro forma basic and diluted weighted average shares outstanding..... Pro forma net loss per share--basic and diluted.....

Outstanding options of 0, 0 and 1,497,286 for the periods ended December 31, 1996, 1997 and 1998, respectively, have been excluded from the above calculations as they would be antidilutive.

(3) Property and Equipment

Property and equipment consist of the following:

	DECEMBER 31, 1997	DECEMBER 31, 1998
Computer equipment.....	$373,089	$548,501
Furniture and fixtures.....	285,240	129,546
	658,329	678,047
Less accumulated depreciation and amortization.....	(162,632)	(78,110)
Property and equipment, net.....	$495,697	$599,937

Depreciation and amortization expense aggregated $13,022, $154,611 and $229,547, respectively, for the period ending December 31, 1996, and the years ending 1997 and 1998.

(4) Accrued Expenses

Accrued expenses consist of the following:

	DECEMBER 31, 1997	DECEMBER 31, 1998
Accrued bonuses.....	$136,157	$ 565,794
Accrued other.....	226,359	162,719
Accrued consulting fees.....	--	322,064
Accrued financing costs.....	--	200,000
Accrued interest.....	427,371	--
	$789,887	$1,250,577

(5) Long-term Debt and Line of Credit

In September 1998, the Company entered into a line of credit agreement with a bank and had available borrowings under the agreement of up to the lesser of $2,000,000 or 80% of eligible accounts receivable, as defined. The borrowings ($3,333 at December 31, 1998) bear interest at the bank's prime lending rate (8.5% at December 31, 1998). Interest is payable monthly and the agreement matures in September 1999. The agreement includes certain financial covenants. As of December 31, 1997, the Company had long-term debt as follows:

Note payable--members, due June 1, 1999, interest at prime plus 1% and payable beginning January 1, 1998	$ 4,835,000
Note payable--other, due June 1, 1999, interest at prime plus 1% and payable beginning January 1, 1998	1,500,000
	$ 6,335,000

During 1998, additional funds were advanced to the Company under Note payable--members and interest continued to accrue on all notes payable.

In April 1998, the holder of the Note payable--other forgave $375,000 of principal in consideration of certain membership units under the limited liability company. The units were given to the holder by two members from existing membership interests of the Company. There were no new membership interests issued by the Company as a result of this transaction.

In May 1998, the Note payable--members of $10,443,342, including accrued interest, and the Note payable--other of $1,250,613, including accrued interest, were converted into Class D and Class E

(5) Long-term Debt and Line of Credit--(continued)

membership interests. Subsequent thereto, the membership interests were converted into 116,941 shares of Series A 9 1/2% cumulative preferred stock.

(6) Income Taxes

On May 7, 1998, the Company converted from an LLC to a C corporation for Federal and state income tax purposes. For the period from May 7, 1998 to December 31, 1998, the Company incurred approximately $10.9 million of net operating loss carryforwards available to offset future taxable income through 2013.

In accordance with SFAS No. 109, the Company recognized a deferred tax asset of $4.3 million primarily resulting from the above mentioned net operating loss carryforward. A full valuation allowance has been recorded related to the deferred tax asset as a result of management's uncertainty as to the realization of such asset. Accordingly, no provision has been recorded. There are no other significant temporary differences.

Had the Company applied the provisions of SFAS 109 for the period from inception through May 7, 1998 the Company would have recorded a deferred tax asset, primarily from net operating loss carryforwards and a corresponding full valuation allowance.

(7) Stockholders' Equity (Deficit)

The total number of shares of all classes of stock whichwhich the Corporation is authorized to issue is 41,000,000, consisting of 1,000,000 shares of preferred stock, par value of $0.01 per share and 40,000,000 shares of common stock, par value of $0.01 (see Note 11).

1998 Private Placements

In May 1998, the Company raised approximately $10 million of gross proceeds by completing a private placement of 101,475 shares of Series B 9 1/2% Cumulative Preferred Stock and 3,418,333 shares of Common Stock to a group of investors. In connection with the transaction, the Company granted the purchasers of such stock certain registration rights.

At such time, the Company also entered into a Stockholders' Agreement with such stockholders which, by its terms, will terminate upon the consummation of the initial public offering. Subject to certain conditions, the shares of each series of the Convertible Preferred Stock and dividends carry the following rights and will automatically convert into Common Stock as follows:

The Series A and B 9 1/2% Cumulative Preferred Stock accumulate dividends annually at $9.50 per share. These shares are senior to Common Stock and Series C Convertible Preferred Stock and are pari passu to one another. The shares have no voting rights and a liquidation preference of $100 per share plus accumulated dividends. The shares plus any accrued and unpaid dividends mandatorily convert to Common Stock upon a qualified initial public offering ("IPO") at the liquidation preference payment divided by the IPO price.

The Series C Convertible Preferred Stock is senior only to the Common Stock. These shares have no voting rights and a liquidation preference of $100 per share. The shares mandatorily convert to common stock upon an IPO at the liquidation preference payment divided by the IPO price.

In December 1998, the Company raised approximately $25 million of gross proceeds by completing a private placement of 243,891 shares of Series B 9 1/2% Cumulative Preferred Stock and 4,072,778 shares of Common Stock to a group consisting of certain existing stockholders and other investors. As

(7) Stockholders' Equity (Deficit)--(continued)

of December 31, 1998, approximately $525,000 of the proceeds had not yet been received and is reflected in other receivables in the accompanying balance sheet. In connection with this transaction the Company amended and restated the Registration Rights Agreement and the Stockholders' Agreement in each case to include, among other things, the new purchasers.

Registration Rights

In December 1998, the Company entered into an Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with existing stockholders pursuant to which the Company granted certain registration rights in respect of certain shares of Common Stock held by the existing stockholders. Such stockholders are hereinafter referred to as the "existing stockholders". Pursuant to the Registration Rights Agreement, at any time, on or after the first anniversary of the IPO, certain existing stockholders of Common Stock may request the Company to register all or any portion of the Common Stock purchased by the existing stockholders in the Private Placements (hereinafter referred to as the "Restricted Stock"). However, the securities to be registered must have a reasonably anticipated aggregate public offering price of at least $500,000.

In addition, the holders of Restricted Stock will have certain "piggyback" registration rights. If the Company proposes to register and common stock under the Securities Act of 1933 each holder of Restricted Stock may require the Company to include all or a portion of their Restricted Stock in such registration, provided however, that the managing underwriter, if any, of such offering has certain rights to limit the number of Restricted Stock proposed to be included in such registration.

Stock Options

Under the terms of the Company's 1998 Stock Option and Incentive Plan (the "Stock Option Plan"), 2,527,272 shares of common stock of the Company have been reserved for incentive stock options, nonqualified stock options (incentive and nonqualified stock options are collectively referred to as "Options"), restricted stock, or any combination thereof. Awards may be granted to such directors, employees and consultants of the Company as the Compensation Committee of the Board of Directors shall in its discretion select. Only employees of the Company are eligible to receive grants of incentive stock options.

Had compensation for the Stock Option Plan been determined consistent with the provisions of SFAS No. 123, the effect on the Company's net loss and basic and diluted net loss per share would have been changed to the following pro forma amounts:

YEAR ENDED DECEMBER 31, 1998

Net loss, as reported	$(16,268,451)
Net loss, pro forma	$(16,270,457)
Basic and diluted loss per share, as reported	$ (2.07)
Basic and diluted loss per share, pro forma	$ (2.07)

(7) Stockholders' Equity (Deficit)--(continued)

A summary of the activity of the Stock Option Plan for the year ended December 31, 1998 is as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, January 1, 1998	--	$ --
Options granted	1,663,953	0.12
Options exercised	(30,303)	0.03
Options cancelled	(136,364)	0.03
Options outstanding, December 31, 1998	1,497,286	0.12

During 1998, the Company entered into an agreement with one of its stockholders whereby the stockholder agreed to provide the shares of Common Stock due the optionholder upon the optionholder's exercise. During 1998, the stockholder delivered 136,364 shares upon exercise of the options which are reflected as cancellations in the above table. As of December 31, 1998, there are 60,606 options outstanding included in the above table for which the stockholder is responsible. These options will be vested in 1999.

There were no options granted prior to January 1, 1998. As of December 31, 1998, 66,667 of the above options were exercisable.

The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

December 31, 1998

Expected option lives	4 years
Risk-free interest rates	6.0%
Expected volatility	0%
Dividend yield	0%

Because the determination of fair value of all options granted after such time as the Company becomes a public entity will include an expected volatility in addition to factors described in the above table, the results may not be representative of future periods.

The following table summarizes information about options outstanding at December 31, 1998:

	OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICE	NUMBER OF SHARES OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE
$0.03-0.033	388,788	4.7 years	$ 0.03
0.15	1,106,832	5.8 years	0.15
3.00	1,666	5.0 years	3.00
	1,497,286		

In December 1998, the Company, pursuant to the private placement which occured in December 1998, granted 121,316 options to an officer of the Company at an exercise price of $0.15 per share. On the date of grant, after giving effect to the private placement, the fair market value of Common Stock was deemed to be $3.00 per share. As a result the Company will recognize compensation expense for

the difference between fair market value on the date of grant and the exercise price of these options over the vesting period of the options. The effect of this on the results of operations for the year ended December 31, 1998 has been deemed immaterial.

(8) Commitments and Contingencies

Operating Leases

The Company is committed under operating leases, principally for office space and equipment. Certain leases are subject to rent reviews and require payment of expenses under escalation clauses. Rent expense and equipment rental were $40,820, $160,257 and $700,073, respectively, for the three years ended December 31, 1998. Future minimum base rents under terms of noncancelable operating leases are as follows for the years ending December 31:

1999	$2,278,997
2000	492,145
2001	464,866

2002	474,796
2003	429,036
Thereafter	1,642,356

Litigation

The Company, from time to time, becomes involved in various routine legal proceedings in the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings and unasserted claims in the aggregate will not have a material adverse effect on its results of operations, financial position or liquidity.

Content and Distribution Agreements

The Company has various content and distribution agreements with vendors. The agreements require the Company to provide certain content and subscriptions to the vendors in exchange for various services. The agreements expire at various dates through 2000.

Employment Agreements

The Company has employment agreements with certain of its officers. The agreements provide for payments of approximately $623,000, $350,000 and $262,000 during December 31, 1999, 2000 and 2001, respectively, and expire at various dates through September 30, 2001.

(9) Employee Benefit Plan

Effective January 1, 1997, the Company adopted a noncontributory savings plan with a salary reduction arrangement in accordance with Section 401(k) of the Internal Revenue Code. The 401(k) plan covers all eligible employees and is funded solely by employee contributions.

(10) Major Customers

Revenue from one customer accounted for approximately $1,007,250 (22%) of total revenue for the year ending December 31, 1998 and had $102,333 of accounts receivable outstanding at December 31, 1998.

No customer accounted for more than 10% of revenues in 1997 and 1996.

(11) Subsequent Events (Unaudited)

Initial Public Offering

The Company is contemplating an initial public offering of its securities, the shares of common stock and offering price per share to be determined.

Stock Split

All share amounts have been retroactively adjusted to reflect the one-for-three reverse common stock split which was approved by the Company's Board of Directors on February 16, 1999. In connection therewith, the authorized number of common stock was revised to be 40,000,000. Both of these items are subject to stockholder approval.

Rights Agreement

In February 1999, the Company's Board of Directors adopted a Rights Agreement whereby certain rights to purchase preferred stock will be issued with each share of common stock issued after May 7, 1998.

Equity Investments

In February 1999, the Company sold 37,728 shares of Series B 9 1/2% Cumulative Preferred Stock and 1,320,901 shares of Common Stock to the New York Times in exchange for $15 million in cash and services.

In February 1999 the Company sold 83,333 shares of Common Stock for $1 million.

Underwriting

TheStreet.com and the underwriters named below (the "Underwriters") have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table.

Goldman, Sachs & Co., Hambrecht & Quist LLC and Thomas Weisel Partners LLC are the representatives of the Underwriters.

Underwriters Number of Shares Goldman, Sachs & Co..... Hambrecht & Quist LLC..... Thomas Weisel Partners LLC..... Total.....

If the Underwriters sell more than the total number set forth in the table above, the Underwriters have an option to buy up to an additional shares from TheStreet.com to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the Underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the Underwriters by TheStreet.com. Such amounts are shown assuming both no exercise and full exercise of the Underwriters' option to purchase additional shares.

Paid by TheStreet.com No Exercise Full Exercise

```
Per Share.....      $              $
Total.............  $              $
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Shares sold by the Underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the Underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the Underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial offering price, the representatives may change the offering price and the other selling terms.

TheStreet.com, and its directors, officers and substantially all of their stockholders have agreed with the Underwriters not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among the TheStreet.com and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be TheStreet.com's historical performance, estimates of the business potential and earnings prospects of the TheStreet.com, an assessment of the TheStreet.com's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The common stock will be quoted on the Nasdaq National Market under the symbol "TSCM."

In connection with the offering, the Underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of shares than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

The Underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the other underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the Underwriters may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. These transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

A research analyst from Hambrecht & Quist is a contributor to TheStreet.com web site but does not receive any compensation.

The Underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

At the request of TheStreet.com, the Underwriters have reserved up to shares of common stock for sale, at the initial public offering price, to employees, directors, friends, and persons having business relationships with TheStreet.com through a directed share program. The number of shares of common stock available for sale to the general public in the public offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares of common stock not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares of common stock offered hereby.

TheStreet.com estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

TheStreet.com has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including , 1999 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Shares

Thestreet.com, Inc.

Common Stock

Thestreet.com, Inc.

Goldman, Sachs & Co.

Hambrecht & Quist

Thomas Weisel Partners Llc

Representatives of the Underwriters

Part Ii

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this Registration Statement, all of which will be paid by the Company. All amounts are estimates, other than the SEC registration fee, the NASD fee, and the Nasdaq listing fee.

SEC Registration fee	$20,850.00
NASD fee	$ 8,000.00
Nasdaq listing fee	*
Accounting fees and expenses	*
Legal fees and expenses	*
Director and officer insurance expenses	*
Printing and engraving	*
Transfer Agent fees and expenses	*
Blue sky fees and expenses	*
Miscellaneous expenses	
Total	$

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102 of the Delaware General Corporation Law ("DGCL"), as amended, allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL provides, among other things, that the Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the Company) by reason of the fact that the person is or was a director, officer, agent or employee of the Company or is or was serving at the Company's request as a director, officer, agent, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' ties, judgment, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in defense of any action, suit or proceeding, or (b) if such person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the Company as well, but only to the extent of defense expenses (including attorneys' fees but excluding amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification

shall be made in the event of any adjudication of negligence or misconduct in the performance of his duties to the Company, unless the court believes that in light of all the circumstances indemnification should apply.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

Our Amended and Restated Certificate of Incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability:

-- for any breach of the director's duty of loyalty to TheStreet.com or its stockholders;

-- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

-- under the section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or -- for any transaction from which the director derived an improper personal benefit.

These provisions are permitted under Delaware law.

Our Amended and Restated Bylaws provide that:

-- we must indemnify our directors and officers to the fullest extent permitted by Delaware law;

-- we may indemnify our other employees and agents to the same extent that we indemnified our officers and directors, unless otherwise determined by our Board of Directors; and -- we must advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the fullest extent permitted by Delaware Law.

The indemnification provisions contained in the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are not exclusive of any other rights to which a person may be entitled by law, agreement, vote of stockholders or disinterested directors or otherwise. In addition, the Company maintains insurance on behalf of its directors and executive officers insuring them against any liability asserted against them in their capacities as directors or officers or arising out of such status.

Item 15. Recent Sales of Unregistered Securities.

Since its inception, we issued and sold the following securities to certain corporate and institutional investors and high net worth individuals, including certain of our directors and officers, in transactions exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereunder:

From our inception as a limited liability company in June 1996, until May 1998, we were financed through contributions from our founders and through loans at the prime interest rate plus 1%. In return for their contributions, our founders received certain amounts of our Class A, B, C and D membership units of the limited liability company and a lender received Class E units.

In May 1998, our Board of Directors approved our reorganization from a limited liability company into a C Corporation. As part of this reorganization, each Class C membership unit was converted into 181.81818 shares of our common stock. In addition, our Class A and Class B membership units were converted into shares of our Series A 9 1/2% Cumulative Preferred Stock and Series C Preferred Stock at a ratio of one preferred share per $100 of both Class A and Class B membership units. Our Class D and Class E membership units were converted into shares of our Series A 9 1/2% Cumulative Preferred Stock at a ratio of one preferred share per $100 of Class D and Class E membership units.

In May 1998, we sold 101,475 shares of our Series B 9 1/2% Cumulative Preferred Stock ("Series B Preferred Stock") and 3,418,333 shares of our common stock for an aggregate price of approximately $10,000,000.

In December 1998, we sold 243,891 shares of our Series B Preferred Stock and 4,072,778 shares of our common stock for an aggregate price of approximately $25,000,000.

In February 1999, we sold 83,333 shares of our common stock for an aggregate price of $1,000,000.

In February 1999, we also sold 37,728 shares of our Series B Preferred Stock and 1,320,901 shares of our common stock to The New York Times Company for an aggregate consideration of $15,000,000 in cash and services.

From time to time, we have granted stock options to employees. The following table sets forth information regarding the grants during the past three fiscal years:

	NUMBER OF SHARES GRANTED	WEIGHTED AVERAGE EXERCISE PRICE
June 18, 1996 (inception) through December 31, 1996.....	--	--
January 1, 1997 through December 31, 1997.....	--	--
January 1, 1998 through December 31, 1998.....	1,663,953	$ 0.12

No underwriters were involved in connection with the sales of securities referred to in this Item 15.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit Description of Exhibit

1.1	--	Underwriting Agreement*
3.1	--	Amended and Restated Certificate of Incorporation of TheStreet.com*
3.2	--	By-laws of TheStreet.com, as amended*
4.1	--	Amended and Restated Registration Rights Agreement dated as of December 21, 1998 among TheStreet.com and stockholders named therein*
4.2	--	TheStreet.com's Rights Plan dated , 1999*
4.	--	Specimen Certificate for TheStreet.com's common stock*

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   5.1    --    Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
  10.1    --    License Agreement, dated February 17, 1999, between Yahoo! Inc. and TheStreet.com, Inc.*
  10.2    --    The Amended and Restated 1998 Stock Incentive Plan of the TheStreet.com*
  10.3    --    Interactive Services Agreement, dated April 16, 1998, between America Online, Inc. and
TheStreet.com,
                L.L.C.*
  10.4    --    Content License and Marketing Agreement, dated as of January 12, 1999, between E*TRADE
Group, Inc.
                and TheStreet.com, Inc.*
  10.5    --    Employment Agreement, dated, October 6, 1998, between Kevin English and TheStreet.com,
Inc.*
  10.6    --    Employment Agreement, dated February 22, 1999, between James Cramer and TheStreet.com,
Inc.*
  16.1    --    Letter, dated February   , 1999 from Anchin, Block and Anchin LLP*
  23.1    --    Consent of Arthur Andersen LLP
  23.2    --    Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
  24.1    --    Power of Attorney (contained on the signature pages of this Registration Statement)
  99.1    --    Consent of Michael Golden
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* To be filed by amendment.

(b) Financial Statement Schedules.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been informed 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 by the registrant 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 pubic policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, 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.

(2) For the purpose of determining any liability under the Securities Act of 1933, 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 bonafide offering thereof.

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 FEBRUARY 23, 1999.

TheStreet.com, Inc.

By: /s/ Kevin English Name: Kevin English Title: Chairman of the Board of Directors, Chief Executive Officer and President Each person whose signature appears below hereby constitutes and appoints Kevin English and Paul Kothari, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all (i) amendments (including post-effective amendments) and additions to this Registration Statement and (ii) Registration Statements, and any and all amendments thereto (including post-effective amendments), relating to the offering contemplated pursuant to Rule 462(b) under 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, and hereby grants to such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his 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 DATE INDICATED BELOW.

Signature Title Date

/s/ Kevin English Chairman of the Board of Directors, Chief February 23, 1999 - ---------- ---------- Executive Officer and President Kevin English /s/ Paul Kothari Chief Financial Officer February 23, 1999 Paul Kothari /s/ Dave Kansas Editor-in-Chief and Director February 23, 1999 Dave Kansas /s/ James J. Cramer Director February 23, 1999 James J. Cramer /s/ Martin Peretz Director February 23, 1999 Martin Peretz /s/ Fred Wilson Director February 23, 1999 Fred Wilson /s/ Jerry Colonna Director February 23, 1999 Jerry Colonna /s/ Edward F. Glassmeyer Director February 23,

1999 Edward F. Glassmeyer SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS For the Period from June 18, 1996 (Inception) to December 31, 1996 and the Years Ended December 31, 1997 and 1998

	BALANCE AT BEGINNING OF PERIOD	PROVISIONS CHARGED TO EXPENSE	WRITE-OFFS	BALANCE AT END OF PERIOD
December 31, 1996	$ 0	$ 0	$ 0	$ 0
December 31, 1997	$ 0	$ 0	$ 0	$ 0
December 31, 1998	$ 0	$ 40,000	$ 0	$ 40,000

Report of Independent Public Accountants

To TheStreet.com, Inc.:

We have audited in accordance with generally accepted auditing standards, the financial statements of TheStreet.com, Inc. included in this registration statement and have issued our report thereon dated February 9, 1999. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index above is the responsibility of the Company's management and is presented for purpose of complying with the Securities and Exchange Commissions rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

New York, New York February 9, 1999

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