Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1999

OR

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

For the transition period from _________ to ____________
Commission file number 0-25779

THESTREET.COM, INC.

(Exact name of registrant as specified in charter)

Delaware	06-1515824
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
14 Wall Street, 14th Floor New York, New York (Address of principal executive offices)	10005 (Zip code)

Registrant's telephone number, including area code: (212) 321-5000

Securities registered pursuant to Section 12(b) of the Act:

None.

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class	Name of Each Exchange on Which the Securities are Registered
Common Stock, par value $0.01 per share	Nasdaq National Market

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on February 18, 2000 was approximately $184.1 million. On such date, the last sale price of the Registrant's common stock was $14.9375 per share. Solely for purposes of this calculation, shares beneficially owned by directors and officers of the Registrant and persons owning 5% or more of the Registrant's common stock have been excluded, in that such persons may be deemed to be affiliates of the Registrant. Such exclusion should not be deemed a determination or admission by the Registrant that such individuals or entities are, in fact, affiliates of the Registrant.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Title of Each Class	Number of Shares Outstanding at February 18, 2000
Common Stock, $0.01 par value	25,292,581

THESTREET.COM, INC.
1999 ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. 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 100 professional reporters and editors, together with more than 30 outside contributors, we update our site with between 60 and 70 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.

Since our formation, we have derived 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 have aggressively promoted our site and provided a portion of our content for free. We have sought to maximize our revenue per reader--both paying subscribers and free users--by selling advertisements on all areas of our site. Currently, our financially oriented readers provide 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.

In January 2000, we announced that in the second quarter of 2000 we plan to convert our main web site, which currently contains both free content and content available only to paying subscribers, to a completely free site accompanied by a network of free and subscription sites. We believe that although this new strategy is likely to cause our subscription revenues to decrease, over time it will increase our site traffic, resulting in an increase in our advertising revenues and our overall revenues.

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 Jupiter Communications, online assets under management will grow to more than $3 trillion by 2003. Similarly, investors in Europe are beginning to play a more proactive role in managing their finances, according to a March 2000 Jupiter Communications 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 commentary and analysis.

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 well positioned to become a 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 well-known writers, including James J. Cramer, Herb Greenberg, Adam Lashinsky, Gary B. Smith, Brenda Buttner, Jim Seymour and Ben Holmes. 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:

- 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.

- 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.

- 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.

- 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.

Although our approach has allowed us to increase our subscriber base more than 225% from 32,000 at the end of 1998 to approximately 104,000 (not including free-trial members) as of December 31, 1999, we believe that the majority of Internet users are unwilling to pay for content online. The Internet provides a myriad of sources for information, including financial news, and most of these sources provide their information at no charge. In order to effectively compete with these sources, and to attract the audience that will enable us to build relationships with a larger number of advertisers, we believe we too must offer a web site with all free information.

Therefore, in January 2000, we announced that in the second quarter of 2000 we plan to convert our main web site, which currently contains both free content and content available only to paying subscribers, to a completely free site accompanied by a network of free and subscription sites.

NEW STRATEGY

Our objective is to become the leading business and financial news and information destination for investors. Under our new strategy, which we expect to implement in the second quarter of 2000, we aim to further develop a mass audience for our site by offering our content for free on our current primary web site, www.TheStreet.com in order to increase our advertising revenues. Our new strategy includes the following key elements:

RELAUNCH OUR WEB SITE (www.TheStreet.com) AS THE MOST INSIGHTFUL, USEFUL AND TRUSTWORTHY BUSINESS AND FINANCIAL NEWS PORTAL ON THE WEB

We are building upon our comprehensive offerings and going free so that readers can satisfy all of their business and financial news and information needs without leaving our site. In 1999, we added to our group of columnists, launched "TheStreet.com," our weekly television show on the FOX News Channel, expanded our coverage of global financial markets, launched our joint newsroom with The New York Times, acquired ipoPros.com, expanded our personal financial and mutual fund coverage, increased the frequency of in-depth special reports, added new community features such as message boards and significantly upgraded our investment tools with offerings like real-time stock quotes and a sophisticated portfolio tracker.

Recently, we launched www.TheStreet.co.uk, our sister site in the United Kingdom, expanded our news coverage both before the markets open and after they close, added after-hours trading data, and further enhanced our community features with ticker-based message boards and a sports scoreboard linked to FOXSports.com.

Through the initiatives described above, we aim to transform our financial market-centered web site into a general business and financial news and analysis portal that contains everything a user needs to stay informed and connected in the new, "Internet-speed" business world.

LEVERAGE OUR CONTENT AND OTHER OFFERINGS TO MAXIMIZE REVENUE ACROSS A DIVERSE CUSTOMER BASE

Although we plan to offer our content for free on our primary web site to attract a larger, more mainstream audience, we believe that serious investors and financial professionals still represent a significant market opportunity for subscriptions and advertising revenue. To leverage our content and other offerings in order to take advantage of these audiences, TheStreet.com plans to continue to offer a subscription-based product, which will take the form of a more specialized, higher-priced content that will include research, commentary and information and opinions on financial markets, companies and economics.

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 and e-commerce revenues grew from approximately $2.5 million in 1998 to approximately $7.9 million in 1999. 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 opportunities both for increased financial services-related advertising as well as technology and luxury-goods advertising. However, as our mainstream traffic increases, we expect to experience dilution of our reader demographic on our free site, which would likely result in a decrease in our ability to command premium advertising rates. See "Risk Factors-We Face a Possible Decline in Our User Demographic As We Attract a Larger Mainstream Audience."

LEVERAGE STRATEGIC PARTNERSHIPS

During 1999, we continued 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 have signed up thousands of subscribers without incurring typical consumer marketing costs. For example, under subscription distribution agreements with E*TRADE and DLJdirect, Inc., each online broker purchases discounted subscriptions in bulk to distribute as a premium service to certain of its customers.

By syndicating our content to other leading sites, we continue to expose our brand name and quality writing to millions of potential users and drive additional traffic to our site. In 1999, we renewed our content syndication agreements with Yahoo!, America Online, MSN Money Central, Salon.com and other leading companies, under which we provide selected stories each day, at times on a delayed basis, for co-branded publication with a link to our site. These content syndication relationships capitalize on the cost efficiencies of online delivery by creating additional value from stories already produced for our own site.

We have also leveraged our partner relationships by creating co-branded areas on our web site or a partner's site, which drive traffic to our site and increase brand awareness among key audiences. For example, under our agreement with E*TRADE, Power E*TRADE customers (active customers) are given free access to a co-branded web site which contains all of the content found on our main 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, Fortune, The Economist and Wired. Many of our writers have had work published in the New York Observer. A column written for our site by our editor-at-large, Cory Johnson, is carried by The Industry Standard, a weekly news magazine covering the Internet industry.

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 100 professional reporters and editors who, together with more than 30 outside contributors throughout the world, produce between 60 and 70 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.

During 1999, we were named as a finalist for the General Excellence in New Media category of the 1999 National Magazine Awards. The purpose of this category is "to honor an interactive publication that most effectively serves its intended audience and reflects an outstanding level of interactivity, journalistic integrity and service." We were also a winner of the 1999 Front Page Award in Internet Breaking Business News, given each year by the Newswomen's Club of New York. Our 1998 story package "Looking Out for the Shareholder" was a 1999 winner of the Excellence in Financial Journalism Award sponsored by the New York State Society of Certified Public Accountants.

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 are:

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 our television show, "TheStreet.com," which is shown weekly on the FOX News Channel.

HERB GREENBERG. Mr. Greenberg, formerly of the San Francisco Chronicle, is a staffer and daily commentator. Mr. Greenberg also appears regularly on TheStreet.com television show and writes a regular column for Fortune magazine.

BRENDA BUTTNER. Ms. Buttner, a former anchor of CNBC's "The Money Club," which won the network's first Cable Ace Award, is a senior columnist. Ms. Buttner profiles America's top mutual fund managers and comments on the mutual fund industry. She also serves as the host of TheStreet.com television show. Before serving as a CNBC anchor, she was the network's Washington correspondent, covering the White House and Capitol Hill.

DAVE KANSAS. Mr. Kansas, our editor-in-chief and executive vice president/chief strategic officer, writes a column about market trends. Mr. Kansas worked at The Wall Street Journal for five years, most recently as a financial markets reporter. Mr. Kansas also appears regularly on TheStreet.com television show and 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.

ADAM LASHINSKY. Mr. Lashinsky, our Silicon Valley commentator, came to us from the San Jose Mercury News, where he was that paper's high-tech stocks columnist. Prior to that, he covered a variety of beats as a reporter for Crain's Chicago Business, where he ultimately was an assistant managing editor. In addition, he writes The Wired Investor, a column on tech stocks in Fortune magazine, and contributes regularly to Marketplace, a nationally broadcast radio business-news magazine.

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 five times each week about technical analysis and at-home trading. He also appears regularly on TheStreet.com television show.

BEN HOLMES. Mr. Holmes, the founder of ipoPros.com, a research boutique specializing in the analysis of equity syndicate offerings, writes several times a week for our main site about upcoming initial public offerings, secondary offerings and lockup expirations. Prior to starting ipoPros.com, which was acquired by TheStreet.com in

December 1999, he was a hedge fund manager with Worldwide Capital and a broker for Merrill Lynch.

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. According to this policy, our editorial staffers are not permitted to individually own individual stocks (though they may, and most do, own equity in TheStreet.com). Our outside contributors, including James Cramer, a money manager and large shareholder in and director of TheStreet.com, are required to disclose their current positions in any of the stocks they write about. Mr. Cramer has no control over the editorial content of TheStreet.com and his employment agreement prohibits him from discussing individual stocks with editorial staffers, limiting his contact with the editorial staff to the editor-in-chief or his designee.

THESTREET.COM WEB SITE

We produce original coverage of business, 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, personal finance, 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 to all users without registration or a subscription, include our regularly updated Markets coverage, personal finance content, general business stories produced by our joint newsroom with The New York Times on the Web, 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 and currently includes stock, technology, mutual fund, personal finance and international news stories and commentaries each business day; some 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 each business day and on weekends.

The following is a detailed description of TheStreet.com web site, beginning with the free sections, then the premium sections, and ending with a description of the community features, which are a mix of free and premium.

MARKETS

The Markets section, which features continuously updated market news stories from about 4 a.m. until 12 a.m. Eastern time each business day, is free and covers the following:

- 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. In 1999, we expanded our coverage of foreign markets. Most recently, we increased the frequency of our European and Asian markets reports and expanded our "Before the Bell" and after-hours coverage of the U.S. markets.

HEADLINES FROM TSC/NYTIMES.com

The free headlines section includes insightful yet brief stories on the major business and financial news events of the day, with a focus on breaking business news, personal finance and stock market coverage. These stories, which complement the news and commentary produced by our own editorial staff, are produced by our joint newsroom with The New York Times on the Web and published simultaneously on both our site and The New York Times web site. See "Business -TheStreet.com/NY Times Joint Newsroom."

PERSONAL FINANCE

To assist our many readers who leave part or all of their stock selection to professional money managers, we have a free area providing daily personal finance news and features. 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.

BASICS

This 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 personal financial planning.

COMMENTARY

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, mutual funds, initial public offerings, technology and international investing. In 1999, we added approximately 13 new columnists to the site, including IPO specialist Ben Holmes, technology columnist Adam Lashinsky, insider-trading expert Bob Gabele, technical analyst John Roque, international expert David Kurapka, as well as expanded offerings by other columnists.

TECH STOCKS

The Tech Stocks section 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, telecommunications and the Internet. We also publish a separate technology stock update several times daily detailing the major news in the sector. In 1999, we increased our coverage of technology conferences and the business-to-business internet 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, banking and financial services, brokerages/Wall Street and online brokers. It also includes our daily coverage of the options market.

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. In 1999 and the first quarter of 2000, we have expanded our international coverage, deploying staffers in New York, San Francisco, London, Frankfurt, Tokyo and Hong Kong, and adding outside contributors to provide continuous coverage of global markets and certain key individual stocks. Most recently, the depth and breadth of our international coverage has benefited from the launch in February 2000 of TheStreet.co.uk, our U.K. sister site, based in London, England.

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:

- both topic and ticker-based message boards, which allow readers to share their opinions about current issues and stocks;

- email between our readers and our staff;

- polls that invite readers to vote on issues related to the latest financial and investing news;

- regular chats featuring our top-name contributors and expert staffers hosted on Yahoo!, America Online, and other services; and

- streaming audio programs, including audio feeds from our television program.

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:

- detailed stock quotes, both delayed and, currently for subscribers only, real time;

- intraday and historical stock charts with adjustable parameters;

- mutual fund quotes and scoreboards;

- summary company profiles;

- analysts' buy/sell ratings;

- news wire service feeds;

- SEC filings;

- insider buying information;

- analyst rankings; and

- a powerful, sophisticated 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.

INTERNATIONAL EXPANSION

In 1999, we began an international expansion in an effort to build a global brand and to continue to bring to our readers the best and most comprehensive financial news and analysis on the web. The first step in this expansion was the formation in September 1999 of a counterpart to TheStreet.com in the United Kingdom, known as "TheStreet.co.uk." Our partners in this venture, Chase Capital Partners, Barclays Private Equity, ETF Group, and 3i, invested a total of $16.9 million for a minority stake in the company. The site was successfully launched in February 2000 and features business and economic news, investment commentary and in-depth personal finance pages.

In addition, in December 1999, we entered into an agreement with Ha'aretz Group, an Israeli newspaper publisher, to invest $2.25 million in exchange for a minority stake in Business Net Online, Ltd., a new venture that aims to launch an online business publication in 2000 to be known as Israel Business Online. Also, under that agreement, TheStreet.com will publish selected news and headlines on Israeli technology companies listed on U.S. exchanges from the Israel Business Online site and that site will publish selected news and headlines from TheStreet.com.

THESTREET.COM/NY TIMES JOINT NEWSROOM

In November 1999, we launched a joint newsroom with The New York Times on the Web, which reports on breaking business news, personal finance and the financial markets. Stories generated by the joint newsroom, which by December 31, 1999 had seven reporters on staff, are published simultaneously on both TheStreet.com site and The New York Times on the Web. Additionally, the two sites share one another's news headlines, with stories from TheStreet.com available from The New York Times site and The New York Times business stories accessible from TheStreet.com.

SUBSCRIPTION SALES

As of December 31, 1999, we had over 104,000 subscribers (not including free-trial members). 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. During the last six months of 1999, approximately 82% of our annual subscribers whose subscriptions came up for renewal, and 96% of our monthly subscribers, renewed their subscriptions.

We have actively marketed our subscriptions by offering 30-day free trials 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.

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, E*TRADE purchases bulk subscriptions at a discounted rate that it offers to certain new E*TRADE brokerage customers and to its existing Power E*TRADE customers (active traders).

In addition, in June 1999, we entered into an agreement with DLJdirect, Inc. under which DLJdirect purchases bulk subscriptions at a discounted rate that it offers to its large account holders as well as to those persons who open an account with DLJdirect as a result of a promotion involving TheStreet.com. DLJdirect also purchases bulk subscriptions at a discounted rate for all of its in-house professionals.

We have also increased the number of our subscribers through the efforts of our Professional Markets group, which in 1999 entered into agreements with approximately 20 financial institutions to provide content to certain of their financial professionals and clients. See "Business--Professional Markets."

Recently, we have made special offers to our subscribers allowing them to lock-in current subscription rates for certain periods in advance of a subscription rate increase anticipated with the implementation of our new strategy.

However, we expect that, once we relaunch of our web site and begin offering our content for free on that site, our subscription revenues will begin to decline. See "Risk Factors -- Risk Associated with Our New Strategy -- We May Have Difficulty Retaining Current Subscribers After We Go Free."

ADVERTISING SALES

We currently derive a substantial portion of our revenues from advertising sales. Under our new strategy, which we expect to implement in the second quarter of 2000, we expect that this portion of our revenues will increase. 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 $2.5 million in 1998 to approximately $7.9 million in 1999. In 1999, advertising revenues represented approximately 55% of our total revenue. We believe that our advertising revenues will continue to grow in 2000, particularly after the implementation of our new strategy of offering our content for free. See "Risk Factors -- We Depend on Our Top Advertisers for a Significant Portion of Our Advertising Revenues, and the Loss of Several of Our Top Advertisers May Harm Our Business."

DEMOGRAPHICS

Our audience presents a desirable reader demographic for advertisers in the financial services, technology and luxury goods industries. According to @plan, a third-party neutral marketing research firm, the percentage of our readers who have portfolios over $250,000 is higher than any other site surveyed in @plan's Winter 2000 study. Also, according to the same study, our readers are two and one-half times more likely than the average Web user surveyed by @plan to own securities. In addition, compared to the average Internet user surveyed by @plan, our readers are more than seven times more likely to trade stocks online. The survey research portion of the @plan system is conducted by The Gallup Organization. As we shift from a subscription-based site to a free site, we expect that the increased audience will bring with it a decline in this demographic from its current high level. See "Risk Factors---We Face a Possible Decline in Our User Demographic As We Attract a larger Mainstream Audience" and "Risk Factors--Difficulties or Delays in Implementing Our Network Strategy May Harm Our Business."

In December 1999, our web site attracted more than 2.2 million unique visitors who generated over 26 million page views, as compared with approximately 280,000 unique visitors who generated over 7 million page views in December 1998. Our unique visitor information was based on data provided to us by DoubleClick Inc., a company that measures our users in connection with delivering advertisements on our web site.

A unique visitor is a person who visits TheStreet.com site from a particular personal computer. A person who makes multiple visits from the same computer in a given time period is only counted once. A page view means one person's download of one page of our web site.

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:

- LONG DURATION AND HIGH FREQUENCY OF VISITS. In the fourth quarter of 1999 our subscribers and free-trial members spent an average of 27 minutes per visit on our site. We believe this duration compares favorably to the time spent by readers on other financial sites. However, this time period may decrease on our main site once this site becomes free. Further, according to a study conducted in October 1999 by NFO Interactive for TheStreet.com, approximately 88% of our subscribers visit our site at least once every day.

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

- 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 maintain an internal, direct advertising sales department which, as of December 31, 1999, consisted of 18 employees. By using a direct sales force rather than outsourcing advertising sales, we control our relationships and are better able to serve our clients. In anticipation of the implementation of our new strategy and our increased reliance on advertising revenues, we are in the process of expanding this department.

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 $47 to $57; premium positioning advertising featuring targeted advertisements for which our current rate card CPM ranges from $58 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 $65 to $75.

OUR ADVERTISERS

In 1999, more than 170 advertisers advertised on our web site. In 1999, our top advertiser accounted for approximately 10% of our advertising revenue, and our top five advertisers accounted for approximately 36% of our advertising revenues, compared with approximately 65% for the year ended December 31, 1998. In 1999, we continued to add well-known non-financial services industry companies to the roster of advertisers on our site, including, US West, Steuben, LuxuryFinder, and General Motors. In addition, in 1999 we added several new finance services advertisers, including Van Kampen Funds and the Chicago Mercantile Exchange.

The following is a list of our top ten brokerage and non-brokerage advertisers in 1999:

TOP 10 BROKERAGE ADVERTISERS

Ameritrade	National Discount Brokers
Datek	On-Site Trading
DLJdirect	Precision Edge
E*TRADE	Salomon Smith Barney
LiveTrade	Web Street Securities

TOP 10 NON-BROKERAGE ADVERTISERS

Compaq	LowestFare.com
Exxon/Mobil	Multex
First USA	Phillips Publishing
INVESTools	West Tech Virtual Job Fair
Lincoln	Worden Brothers

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 AT&T, Bell Atlantic 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:

- cable television networks, including CNBC and the FOX News Channel;

- local and network radio stations, including Westwood One, WFAN and **WNEW;**

- newspapers, including The Wall Street Journal, The New York Times and Investor's Business Daily;

- print magazines, including Fortune, SmartMoney and Inc.;

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

- in-flight advertising, including flights on United Airlines, Northwest Airlines and US Airways; and

- online sites, including CBS.Marketwatch.com, 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:

- AMERICA ONLINE. Under our new, expanded agreement with America Online, we will become an anchor tenant in several departments of AOL's Personal Finance channel, including the AOL Market Day, Active Trader, Investment Research and Investing Forums areas, providing financial news and live events to AOL. In addition, we will receive promotion in CompuServe's Personal Finance area, and AOL will feature our headlines on AOL.com and Netscape Netcenter. These areas will feature 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 live events, of which there will be several per month, will include at least one live chat per month with James Cramer. Additionally, our U.K. sister site, TheStreet.co.uk, will syndicate content to AOL UK.

- YAHOO! Under our agreement with Yahoo!, 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 subscription sign-up page. In addition, we host approximately four online chats on Yahoo! Chat each month, featuring our writers or special guests. These chats have helped us raise the profile of our staff and expose our brand to millions of Yahoo! users.

- Under a separate agreement with Yahoo!, our stories are "indexed" on Yahoo! Finance. Under this agreement, every request by a user of Yahoo! Finance for a stock or mutual fund quote pulls up a list of stories from TheStreet.com about that stock or fund. These headlines link directly to our site so that readers can click straight through to TheStreet.com. If the story is in our free area, the readers click straight into the story. If it's a premium story, and if the reader is not a free-trial member or subscriber of TheStreet.com, the reader is offered the opportunity to register for a free trial.

- MOTOROLA. Under our agreement with Motorola, TheStreet.com will provide financial news and commentary over Web-enabled wireless devices via Motorola's Mobile Internet Exchange-TM- communications platform, also known as the MIX-TM- platform.

- SALON.COM. Under our agreement with Salon.com, it publishes four updated financial market news stories from TheStreet.com each weekday.

- MICROSOFT MSN MONEYCENTRAL. Under our agreement with Microsoft, MSN MoneyCentral publishes on its web site two feature columns from The Street.com each week: one by James Cramer and one by Herb Greenberg.

- INTUIT. Under our agreement with Intuit, Intuit includes a number 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.

- ABCNEWS.COM. Our agreement with ABCNEWS.com 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.

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

We distribute content to many other leading web sites, including those of DLJdirect, E*TRADE 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 Index, an index of 20 Internet companies. Options based on the index began trading in December 1998. Since its launch, TheStreet.com Internet Sector Index has been mentioned or featured on prominent news outlets including The New York Times, The Wall Street Journal, the Los Angeles Times and CNBC. In May 1999, Salomon SmithBarney created equity-linked notes based on the index. These notes trade on the American Stock Exchange.

Additionally, in conjunction with the American Stock Exchange, in February 1999 we created TheStreet.com E-Commerce Index, an index of 15 electronic commerce companies. This index has since been increased to 18 companies. In June 1999, TheStreet.com E-Finance Index, an index of 11 online financial services companies was launched in conjunction with the American Stock Exchange. This index has since been increased to 14 companies.

MEDIA RELATIONS

TheStreet.com engages in an ongoing media-relations campaign. In 1999, TheStreet.com, our writers and our stories were mentioned or featured in more than 3000 reports by more than 100 news outlets, including The Wall Street Journal, The New York Times, USA Today, The Financial Times, CNBC and US News & World Report. In addition to TheStreet.com television show on the FOX News Channel, which regularly features our columnists, editors and reporters, some of our writers appear frequently on other television programs. Editor-at-large Cory Johnson appears on the syndicated program "Next Step," and senior columnist Adam Lashinsky appears on ZDTV's "Silicon Spin" program.

TELEVISION SHOW

In May 1999, we entered into an agreement with FOX News Network L.L.C. to co-produce a television show. The television show, which premiered in July 1999, is entitled "TheStreet.com" and features our editorial staff and outside contributors, and is currently aired three times each weekend on FOX News Channel. We believe that this television show has boosted our brand awareness and raised 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 December 1999, for example, we had approximately 18,000 reader contacts, from a base of over 104,000 subscribers and additional readers in their 30-day free trial. As of December 31, 1999, our customer service department had 25 personnel.

PROFESSIONAL MARKETS

TheStreet.com appeals to a broad range of financial professionals, including analysts, money managers and financial advisors. Our October 1999 subscriber study conducted by NFO Interactive showed that approximately 27% of our subscribers were financial professionals. In 1999, our Professional Markets group entered into agreements with 21 financial institutions, including Fidelity Investments Institutional Brokerage Group, KeyBank and Bank of America Securities, to provide them with our content delivered according to their transmission needs.

Additionally, in 1999 we entered into an agreement with ILX Systems, a leading market data company, under which ILX will offer real-time financial news and commentary provided by TheStreet.com on the ILX platform, which is available to over 130,000 financial professionals.

In connection with the implementation of our new strategy, we are in the process of developing a new web site that will feature information, news, commentary and data specifically tailored to satisfy the exacting needs of financial professionals and other serious investors.

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:

- online services or web sites focused on business, finance and investing, such as CBS.MarketWatch.com, CNBC.com, CNNfn.com, The Wall Street Journal Interactive Edition, DowJones.com,Forbes.com, SmartMoney.com, Microsoft MSN MoneyCentral and The Motley Fool;

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

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

- web "portal" companies, such as Yahoo! and America Online; and

- online brokerage firms, many of which provide financial and investment news and information, such as Charles Schwab, E*TRADE and Merrill Lynch.

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.

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 "Risk Factors--A General Decline in Online Advertising or Our Inability to Adapt to Trends in Online Advertising Could Harm Our Advertising Revenues."

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 a power supply that is intended to be uninterruptible. In addition, in September 1999, we entered into an agreement with

USinternetworking, Inc. under which USi provides us with a mirror site for disaster recovery in the event of the failure of our primary systems. The USi failover site became operational in December 1999.

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 in-house subscription management system is based on technology provided by Art Technology Group and Clear Commerce and is hosted at Exodus Communications' facility. This system has allowed us to communicate automatically with readers during their free-trial periods and to make a wide variety of customized subscription offers available to potential subscribers.

Our operations are dependent on our ability and that of Exodus and USI 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--Disruptions Associated with Moving Our Subscription Management System In-house May Harm Our Business" and "Risk Factors--We Face a Risk of System Failure that May Result in Reduced Traffic, Reduced Revenue and Harm to Our Reputation."

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. Failure to adequately protect our intellectual property could harm our brand, devalue our proprietary content and affect our ability to compete effectively. Further, defending our intellectual property rights could result in the expenditure of significant financial and managerial resources, which could materially adversely affect our business, results of operations and financial condition. 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. Any infringement 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. See "Risk Factors--Failure to Protect Our Intellectual Property Rights Could Harm Our Brand-Building Efforts and Ability to Compete Effectively."

EMPLOYEES

As of December 31, 1999, we had 253 employees, of which 96 worked in editorial, 17 in consumer marketing and media relations, 18 in advertising, four in professional markets, 51 in technology, six in analyst rankings, 25 in customer service/technical support and 22 in finance/administration. We also have four employees who work on our television show, four who work on the ipoPros.com site and six who work in the TSC/NYTimes joint newsroom. These figures include employees from TheStreet.co.uk, our U.K. subsidiary, which had 28 employees as of December 31, 1999. We have never had a work stoppage and none of our personnel are represented under collective bargaining agreements. We consider our relations with our employees to be good.

FACILITIES

In December 1999, we relocated our principal administrative, sales, marketing, technology and editorial facilities to a larger facility, encompassing approximately 69,000 square feet of office space on two floors in an office building on Wall Street in New York City, New York. 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. TheStreet.co.uk, our U.K. subsidiary, is housed in approximately 15,000 square feet of office space in London, England.

GOVERNMENT REGULATION

Currently, we are not subject to any direct governmental regulation other than the securities laws and regulations applicable to all publicly owned companies, and laws and regulations applicable to businesses generally. Few laws or regulations are directly applicable to access to, or commerce on, the Internet. Due to the increasing popularity and use of the Internet, it is likely that a number of laws and regulations may be adopted at the local, state, national or international levels with respect to the Internet, including the possible levying of tax on e-commerce transactions. Any new legislation could inhibit the growth in use of the Internet and decrease the acceptance of the Internet as a communications and commercial medium, which could in turn decrease the demand for our services or otherwise have a material adverse effect on our future operating performance and business. See "Risk Factors -- Government Regulation and Legal Uncertainties Relating to the Web Could Increase Our Costs of Transmitting Data and Increase Our Legal and Regulatory Expenditures and Could Decrease Our Readership."

ITEM 2. PROPERTIES

TheStreet.com's principal executive offices are currently located at 14 Wall Street, New York, New York. Consisting of approximately 69,000 square feet, this facility is currently leased to TheStreet.com under a lease which expires in 2009 with an average annual rent of approximately $2 million. We also lease approximately 3,200 square feet for our West Coast bureau in San Francisco, California under a lease which expires in 2003 and our U.K. subsidiary leases office space in London, England.

ITEM 3. LEGAL PROCEEDINGS

TheStreet.com is not a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the Company's security holders during 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Our common stock has been quoted on the Nasdaq National Market under the symbol TSCM since our initial public offering on May 11, 1999. The following table sets forth, for the periods indicated, the high and low sales prices per share of the common stock as reported on the Nasdaq National Market. Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

1999	Low	High
second quarter (from May 11, 1999)	25.0625	71.25
third quarter	15.1875	37.875
fourth quarter	14.0000	22.1875

On March 27, 2000, the last reported sale price for our Common Stock was $11.9375 per share.

HOLDERS

The number of holders of record of our Common Stock on March 27, 2000 was 298, which does not include beneficial owners of our Common Stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

DIVIDENDS

There were no dividends or other distributions made by us during the fiscal year ended December 31, 1999. It is anticipated that cash dividends will not be paid to the holders of our Common Stock in the foreseeable future.

ITEM 6. 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 herein. 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, 1998, and 1999, and the balance sheet data as of December 31, 1998 and 1999 are derived from our financial statements that have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere herein. The balance sheet data as of December 31, 1996 and 1997 has been derived from our audited financial statements which are not included herein.

	JUNE 18, 1996 (INCEPTION) THROUGH DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF OPERATIONS DATA:				
Net revenues:				
Advertising & E-Commerce	$--	$118	$2,544	$7,897
Subscription	--	321	1,686	4,550
Other	--	150	393	1,869
Total net revenues	--	589	4,623	14,316
Cost of revenues	298	1,147	3,955	9,548
Gross profit (loss)	(298)	(558)	668	4,768
Operating expenses:				
Product development	469	402	2,346	7,475
Sales and marketing	397	2,189	9,205	16,402
General and administrative	548	2,210	5,158	15,121
Noncash compensation expense	--	--	90	4,532

	JUNE 18, 1996 (INCEPTION) THROUGH DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Total operating expenses.............	1,414	4,801	16,799	43,530
Loss from operations..................	(1,712)	(5,359)	(16,131)	(38,762)
Interest expense (Income), net..............	21	405	227	(4,415)
Loss before provision for income taxes and minority interest	(1,733)	(5,764)	(16,358)	(34,347)
Provision for income taxes...............	--	--	--	95
Loss before minority interest	(1,733)	(5,764)	(16,358)	(34,442)
Minority interest	--	--	--	808
Net loss.............................	$(1,733)	$(5,764)	$(16,358)	$(33,634)
Net loss per share - basic and diluted......	$(0.29)	$(0.95)	$(2.13)	$(1.73)
Weighted average basic and diluted shares outstanding..................	6,061	6,061	8,575	21,053

	DECEMBER 31,			
	1996	1997	1998	1999
	(IN THOUSANDS)			
BALANCE SHEET DATA:				
Cash, cash equivalents and short term investments....	$18	$157	$24,612	$119,415
Working capital (deficit)...........................	(253)	(1,343)	22,918	114,544
Total assets..	305	911	27,581	143,550
Long-term debt, less current maturities.......................................	1,357	6,335	--	--
Redeemable convertible preferred stock...............	--	--	21,107	--
Total stockholders' equity (deficit).................	(1,433)	(7,157)	2,417	111,414

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements within the meaning of Section 27(a) of the Securities Act of 1933, as amended, Section 21(E) of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expects", "anticipates", "intends", "believes", or similar language. All forward-looking statements included in this annual report on Form 10-K are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. These forward-looking statements are subject to risks and uncertainties which could cause actual results to differ.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and notes thereto.

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. We combine 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 approximately 100 professional reporters and editors, together with over 30 outside contributors, we update our site with original stories throughout each business day and with many additional features on weekends. As a result, we are able to provide our readers with original content that provides for a loyal and increasing readership base.

We originally organized in June 1996 as a limited liability company funded by our co-founders, Mr. James J. Cramer and Dr. Martin Peretz. In May 1998, we were re-organized from a limited liability company into a C corporation, and in May 1999, we completed our initial public offering. We are based in New York City with bureaus in San Francisco, Silicon Valley and London. Mr. Kevin W. English, who served as our chairman and chief executive officer since October 1998, resigned those positions on November 5, 1999. Mr. Thomas Clarke, Jr., who was hired in October 1999 as president and chief operating officer, was appointed chief executive officer on November 5, 1999. Mr. Fred Wilson, who has served as a director since May 1998, was appointed chairman of the board of directors on November 5, 1999.

In September 1999, TheStreet.com, Inc. and minority investors including 3i, Barclays Capital, Chase Capital Partners, ETF Group, and Intel invested a total of $17 million to form TheStreet.com (Europe) Limited, a holding company majority owned by TheStreet.com. TheStreet.com owns approximately 63% of the holding company. The Street.com transferred certain assets consolidated at fair market value, including certain technologies and trademarks valued at $9,000,000 and $1,000,000, respectively.

We currently derive our revenues from advertising and e-commerce, retail and professional subscriptions, and other sources, including advertising and sponsor revenues from TheStreet.com television show and content syndication fees. Our two principal sources of revenue are generated from advertisers and subscribers. During the fourth quarter of 1999, we acquired ipoPros.com, Inc., a company with a subscription-based online web site offering research, ratings, data and news about initial and secondary stock offerings.

We have entered into a number of strategic relationships that continue to help create brand awareness and increase subscription and advertising revenues. We have subscription distribution agreements with third parties such as E*TRADE and DLJdirect; e-commerce marketing partnerships with First USA, LowestFare.com and NetStock Direct; content distribution agreements with companies including Yahoo!, America Online and Intuit; and joint ventures with media companies such as The New York Times Co. and Fox News Network LLC. We made a majority investment in TheStreet.com (Europe) Limited to form TheStreet.co.uk, a London-based counterpart to TheStreet.com. In the fourth quarter of 1999, we entered into a joint venture with Ha'aretz Group, a leading Israeli newspaper publisher, to make a strategic investment in a new online news provider to cover Israel business and technology news.

As part of our joint venture with Fox News Network LLC, we launched a weekly television show in July 1999, entitled "TheStreet.com," on the FOX News Channel. The program features several of our editorial personalities along with special guests from the financial community, and runs in three half-hour time slots each weekend.

In addition to providing financial news and commentary, we have developed indices listed on major stock exchanges to monitor the collective performance of stocks in various sectors. In conjunction with the Philadelphia Stock Exchange and the Susquehanna Investment Group, we created TheStreet.com Internet Sector Index, an index of 20 Internet companies. Options based on the index began trading in December 1998. In February 1999, TheStreet.com and the American Stock Exchange created TheStreet.com E-Commerce Index, an index of 15 electronic commerce companies. This index has since been increased to 18 companies. In June 1999, TheStreet.com and the American Stock Exchange created a third stock index,TheStreet.com E-Finance Index, an index of 11 electronic finance companies. This index has since been increased to 14 companies.

We recently announced a new strategy to transform our current offering of news and commentary into a network of free and paid sites under TheStreet.com name. We aim to further develop a mass audience for our site by going free in order to increase the number of unique visitors to the site and increase our advertising and e-commerce revenues. We expect to begin implementing our new strategy in the second quarter of 2000.

RESULTS OF OPERATIONS

COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

NET REVENUES

Advertising and E-Commerce Revenues. Advertising and e-commerce revenues increased from $2,544,000 for the twelve months ended December 31, 1998 to $7,897,000 for the twelve months ended December 31, 1999, due to an increase in our sales of sponsorship, banner, and email advertisements. For the twelve months ended December 31, 1998 and 1999, the majority of our advertising and e-commerce revenues were derived from sponsorship contracts.

For the twelve months ended December 31, 1999, the top five advertisers accounted for approximately 36% of our advertising and e-commerce revenue, compared with approximately 65% for the twelve months ended December 31, 1998.

Subscription Revenues. Net subscription revenues increased from $1,685,000 for the twelve months ended December 31, 1998 to $4,550,000 for the twelve months ended December 31, 1999, due to the growth in our subscriber base. During the twelve months ended December 31, 1999, cancellation chargebacks and refunds accounted for approximately 4% of total subscription revenues. For the twelve months ended December 31, 1999, approximately 75% of our net subscription revenue was derived from annual subscriptions.

Other Revenues. Other revenues increased from $394,000 for the twelve months ended December 31, 1998 to $1,869,000 for the twelve months ended December 31, 1999. For the twelve months ended December 31, 1998, our other revenues were mainly derived from a syndication and hosting partnership with ABCNEWS.com and Starwave (an affiliate of ABCNEWS.com). As part of this arrangement, we agreed to syndicate a portion of our news content to ABCNEWS.com in return for technology and hosting services from Starwave. This arrangement ceased after our internal subscription management system became operational in late May 1999. For the twelve months ended December 31, 1999, other revenues consisted primarily of hosting and new syndication arrangements with online and print media companies, barter revenues, revenues from TheStreet.com television show, and revenues from one-time consulting services related to content syndication. Barter revenue recognized during 1997, 1998 and 1999 was $0, $31,000 and $893,000, respectively. Barter transactions are recognized at the fair value as determined by the comparable advertising market rates at the time of the placement.

COST OF REVENUES. Cost of revenues increased from $3,955,000 for the twelve months ended December 31, 1998 to $9,548,000 for the twelve months ended December 31, 1999, primarily due to the growth of our editorial staff from 53 as of December 31, 1998 to 116 as of December 31, 1999. In addition, we have experienced an increase in the number of outside contributors, data service fees for editorial research, the number of new research tools made available to our subscribers, and costs related to TheStreet.co.uk.

PRODUCT DEVELOPMENT EXPENSES. Product development expenses increased from $2,346,000 for the twelve months ended December 31, 1998 to $7,475,000 for the twelve months ended December 31, 1999, primarily due to the commencement of TheStreet.co.uk operations and other new product development initiatives, increased expenses for contract programmers and developers, and an increase in the headcount from 13 employees as of December 31, 1998 to 51 as of December 31, 1999, which included staff for TheStreet.co.uk.

SALES AND MARKETING EXPENSES. Sales and marketing expenses increased from $9,205,000 for the twelve months ended December 31, 1998 to $16,402,000 for the twelve months ended December 31, 1999, primarily due to an increase in headcount from 27 as of December 31, 1998 to 64 as of December 31, 1999, an increase in print advertising, and increased content distribution fees.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative costs increased from $5,158,000 for the twelve months ended December 31, 1998 to $15,121,000 for the twelve months ended December 31, 1999, primarily as a result of an increase in headcount from 7 as of December 31, 1998 to 22 as of December 31, 1999 and incurring additional costs to support the growth of our business such as occupancy costs, moving expenses, professional service fees, insurance costs, equipment depreciation, and administrative costs for TheStreet.co.uk.

NONCASH COMPENSATION EXPENSE. During 1998 and the first six months of 1999, we granted options to purchase shares of common stock at exercise prices that were less than the fair market value of the underlying shares of common stock on the date of grant. This resulted in noncash compensation expense over the period that these specific options vest. For the twelve months ended December 31, 1999, we recorded $4,532,000 in noncash compensation expense related to these options. This includes non-cash compensation recognized in connection with Kevin English's departure from the Company on November 5, 1999. The remaining noncash compensation expense beyond 1999 is currently estimated to be $5.5 million.

INTEREST EXPENSE (INCOME) NET. For the twelve months ended December 31, 1998, interest expense on loans from founders of the TheStreet.com, L.L.C. was $389,000. In May 1998, the loans and remaining accrued interest were converted into equity when TheStreet.com, L.L.C. converted into TheStreet.com, Inc. For the twelve months ended December 31, 1998 interest income was $161,000, primarily due to interest earned on the cash proceeds from a private placement in May 1998. For the twelve months ended December 31, 1999, interest income was $4,415,000, primarily due to interest earned on both the cash proceeds from our initial public offering and funds contributed by private equity investors in TheStreet.co.uk.

INCOME TAXES. For the twelve months ended December 31, 1999, income taxes were $95,000, primarily due to state and local income tax assessments. 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. 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.

MINORITY INTEREST. For the twelve months ended December 31, 1999, minority interest was $808,000. This figure represents the loss attributable to the minority interest in TheStreet.com (Europe) Limited held by outside investors, which consists of results from operations offset by preferred dividends on shares held by TheStreet.com (Europe) Limited investors.

COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 1998 AND 1997

NET REVENUES

Advertising Revenues. Advertising revenues increased from $118,000 for the twelve months ended December 31, 1997 to $2,544,000 for the twelve months ended December 31, 1998, due to the commencement of sponsorship sales, and increased banner and email advertisement sales. During 1997, 100% of advertising revenues were derived from the delivery of banner advertisements as a result of monthly advertising agreements. During 1998, 86% of our advertising revenues were derived from sponsorship contracts.

Subscription Revenues. Net subscription revenues increased from $321,000 for the twelve months ended December 31, 1997, to $1,685,000 for the twelve months ended December 31, 1998, due to the growth in our subscriber base. Substantially all of the revenues in 1997 related to monthly subscriptions. In 1998, approximately 50% of our net subscription revenue was derived from annual subscriptions. During 1998, cancellation chargebacks and refunds accounted for approximately 2% of total subscription revenues.

Other Revenues. Other revenues increased from $150,000 for the twelve months ended December 31, 1997, to $394,000 for the twelve months ended December 31, 1998. In 1997, other revenues consisted entirely of revenues derived from a syndication and hosting partnership with ABCNEWS.com and Starwave (an affiliate of ABCNEWS.com). As part of this arrangement, we agreed to syndicate a portion of our news content to ABCNEWS.com in return for technology and hosting services from Starwave. In 1998, we derived $300,000 from this agreement.

COST OF REVENUES. Cost of revenues increased from $1,146,000 for the twelve months ended December 31, 1997, to $3,955,000 for the twelve months ended December 31, 1998, primarily as a result of the growth of our editorial staff from 21 to 53, increased fees paid to outside contributors and increased licensing fees.

PRODUCT DEVELOPMENT EXPENSES. Product development expenses increased from $402,000 for the twelve months ended December 31, 1997, to $2,346,000 for the twelve months ended December 31, 1998, primarily as a result of the construction of our new site during 1998, and growth in our staff from three to 13. All product development costs were expensed as incurred.

SALES AND MARKETING EXPENSES. Sales and marketing expenses increased from $2,189,000 for the twelve months ended December 31, 1997, to $9,205,000 for the twelve months ended December 31, 1998, primarily due to a significant advertising campaign in 1998.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses increased from $2,210,000 for the twelve months ended December 31, 1997, to $5,158,000 for the twelve months ended December 31, 1998, primarily as a result of increased finance and administration costs to support the growth of our business and higher rent payments to accommodate the increase in staff.

NONCASH COMPENSATION EXPENSE. During 1998, we granted options to purchase shares of our common stock at exercise prices that were less than the fair market value of the underlying shares of common stock. This resulted in noncash compensation expense over the period that these specific options vested. For the twelve months ended December 31, 1998, we recorded $90,000 in noncash compensation expense related to these options.

INTEREST EXPENSE, NET. Net interest expense decreased from $405,000 for the twelve months ended December 31, 1997 to $389,000 for the twelve months ended December 31, 1998. In 1998, the interest on these loans was $383,000 from the beginning of the year to May 1998, at which time 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 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.

LIQUIDITY AND CAPITAL RESOURCES. We currently invest in money market funds and other short-term instruments that are highly liquid, of high-quality investment grade, and have maturities of less than one year, with the intent to make such funds readily available for operating purposes. As of December 31, 1999, our cash, cash equivalents and short-term investments, amounted to $119,415,000, compared with $24,612,000 as of December 31, 1998.

We believe that our market risk exposures are immaterial as we do not own instruments for trading purposes, and reasonable possible near-term changes in market rates or prices will not result in material near-term losses in earnings, material changes in fair values or cash flows for all instruments.

Cash used in operating activities was $4,371,000, $15,829,000, and $23,335,000 for the twelve months ended December 31, 1997, 1998 and 1999, respectively. Cash used in operating activities resulted primarily from net losses, and increases in accounts receivable and other receivables, which were partially offset by increases in accounts payable, accrued expenses, deferred revenue, deferred rent and certain noncash charges.

Cash used in investing activities was $490,000, $334,000 and $23,214,000 for the twelve months ended December 31, 1997, 1998, and 1999 respectively. During 1999, we purchased a minority interest in Business Net Online, Ltd., and acquired ipoPros.com., Inc. We continue to acquire equipment to increase capacity, enhance our web site, and develop TheStreet.co.uk site.

Cash provided by financing activities was $5,000,000, $40,618,000, and $130,176,000 for the twelve months ended December 31, 1997, 1998, and 1999, respectively. In 1997, the amount provided by financing activities represented loans and investments from the founders. In 1998, the amount consisted primarily of net proceeds from the private placement of equity securities in May and December 1998. In 1999,the amount consisted of $4,000,000 as a result of issuance of common stock in the first quarter of 1999; proceeds from the initial public offering completed in May 1999 of 6,325,000 shares at a $19 offering price per share, totaling $108,788,000, net of underwriting and offering expenses; and funds contributed by private equity investors in the TheStreet.com (Europe) Limited totaling $16,694,000.

We believe that the net proceeds from our initial public offering, together with our current cash, will be sufficient to meet our anticipated cash needs for at least the next 12 months. 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 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 materially adversely affect our business, results of operations 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, these equity securities might have rights, preferences or privileges senior to those of our common stock.

YEAR 2000 COMPLIANCE

To date our systems and software have not experienced any material disruption due to the onset of the Year 2000, and we have completed our Year 2000 preparedness activities. However, we cannot assure that we will not experience disruptions in the future as a consequence of Year 2000 issues. We cannot quantify the amount of our potential exposure, but do not believe it to be material.

RISK FACTORS

WE HAVE A HISTORY OF LOSSES AND WE ANTICIPATE LOSSES WILL CONTINUE

As of December 31, 1999, we had an accumulated deficit of $47.7 million. We have not achieved profitability and expect to continue to incur net losses in 2000 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 recently announced that we expect our U.S. operations to become EBITDA-positive beginning in the second half of 2001, but we cannot guarantee that this will happen. EBITDA is a measure of earnings before interest, taxes, depreciation or amortization are taken into account. If we are unable to achieve EBITDA-positive results beginning in the second half of 2001, the price of our common stock may decrease.

RISKS ASSOCIATED WITH OUR NEW STRATEGY

CHANGES TO OUR NEW STRATEGY MAY HARM OUR BUSINESS

We recently announced that we plan to convert our main Web site to a free site in the second quarter of 2000, accompanied by a network of free and subscription sites. We may decide to change that strategy prior to implementation, or we may decide to implement a different strategy. We believe the successful implementation of this new strategy will increase our number of unique visitors and page views, and that we will be able to increase our advertising revenues as a result. However, we cannot assure you that we will be able to implement this strategy on schedule and in a cost-effective manner or at all, or that the strategy will help us attract significantly increased traffic, or that we will be able to increase our advertising revenues as a result.

UNFORESEEN DEVELOPMENT DIFFICULTIES MAY HINDER OR PREVENT THE IMPLEMENTATION OF OUR NEW STRATEGY

We expect to spend significant resources in re-launching our free main site in the second quarter of 2000 and in enhancing our technological infrastructure to accommodate the expected increase in traffic, but unforeseen development difficulties could prevent us from implementing the strategy on schedule or at all. The cost to implement our strategy, including technology and related costs, could be higher than anticipated. Additionally, the enhanced technological infrastructure may not support the anticipated increase in traffic.

WE DEPEND ON THIRD PARTIES FOR ASSISTANCE IN TECHNOLOGICAL IMPLEMENTATION

We are dependent on third parties, including technology consulting firms, to help us implement the strategy and develop a forthcoming site intended for investment professionals and active individual investors. If these third parties are not able to fulfill their responsibilities to us on schedule or if the technology developed by them for our use does not function as anticipated, the implementation of our strategy may be delayed and the cost of implementation may be higher than anticipated.

WE MAY HAVE DIFFICULTY INCREASING OUR CAPACITY TO SELL OUR INCREASED ADVERTISING INVENTORY

We also plan to substantially increase the size of our advertising sales force in order to sell the increased advertising inventory that would result from having a network of multiple sites and from the expected increase in traffic. However, if we are unable to quickly attract and integrate new advertising sales staff and retain current staff, we may not be able to increase or sustain our advertising revenues. Additionally, we expect that our overall advertising rates will decrease under this strategy. If we are unable to attract significantly increased traffic and advertising revenues under this strategy, or if we are unable to successfully implement the strategy on schedule and in a cost-effective manner, our business, results of operations and financial condition could be materially adversely affected.

WE MAY HAVE DIFFICULTY RETAINING CURRENT SUBSCRIBERS AFTER WE GO FREE

We will seek to retain our current subscribers under our strategy and attract new subscribers by marketing our subscription-based services to users of our free content. We may not be able to retain our current subscribers and attract additional subscribers in a cost-effective manner. If our subscription base declines or our cost of subscriber acquisition increases, our business, results of operations and financial condition could be materially adversely affected.

WE FACE A POSSIBLE DECLINE IN OUR USER DEMOGRAPHIC AS WE ATTRACT A LARGER MAINSTREAM AUDIENCE

Currently, our financially oriented readers provide 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. 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. However, as our mainstream traffic increases, particularly in connection with the implementation of our new strategy to offer our content for free, we expect to experience dilution of our reader demographic, which would likely result in a decrease in our ability to command premium advertising rates.

IF WE ARE UNABLE TO ATTRACT OR RETAIN QUALIFIED EDITORIAL STAFF AND OUTSIDE CONTRIBUTORS, OUR BUSINESS COULD BE HARMED

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 editors and 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 editors and 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 editors and writers with appropriate qualifications, our business, results of operations and financial condition could be materially adversely affected.

In addition, we believe that some of our writers, including Mr. James J. Cramer, Mr. Herb Greenberg and Mr. Adam Lashinsky 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. Mr. Lashinsky has an employment agreement with us that terminates in February 2003. If we lose the services of prominent members of our editorial staff, including Mr. Greenberg or Mr. Lashinsky, 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.

POTENTIAL FLUCTUATIONS IN OUR QUARTERLY FINANCIAL RESULTS MAKE FINANCIAL FORECASTING DIFFICULT

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 is likely to decrease.

OUR FUTURE SUCCESS DEPENDS ON OUR ABILITY TO ATTRACT AND RETAIN PERSONNEL IN KEY BUSINESS POSITIONS

Our future success depends upon our ability to attract and retain personnel in key business positions. The loss of one or more of our key personnel, or our inability to attract replacements, could materially adversely affect our business, results of operations and financial condition. A few of our employees have entered into non-competition agreements with us. However, competition in the Internet industry is intense, and other employees may leave us and work for our competitors or start their own competing businesses.

Our ability to develop and maintain both our site and our corporate computer network is dependent on our ability to recruit and retain technology personnel. Certain technology employees have left the company to pursue new opportunities and we will need to replace these employees. Competition for skilled technologists is intense, and we may not be able to retain existing or attract additional technology personnel with appropriate expertise.

OUR LIMITED OPERATING HISTORY MAKES EVALUATING OUR BUSINESS DIFFICULT

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.

WE DEPEND ON OUR TOP ADVERTISERS FOR A SIGNIFICANT PORTION OF OUR ADVERTISING REVENUES, AND THE LOSS OF SEVERAL OF OUR TOP ADVERTISERS WOULD HARM OUR BUSINESS

In 1999, our top five advertisers accounted for approximately 36% of our total advertising revenues. Our business, results of operations and financial condition could be materially adversely affected by the loss of a number of our top advertisers, and such a loss could be concentrated in a single quarter. 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, as we convert our main site to a free site, we believe our overall advertising rates will decrease. As is typical in the advertising industry, our advertising contracts have cancellation provisions.

OUR INTERNATIONAL EXPANSION INCREASES EXPENSES AND MAY CREATE COMPLIANCE AND OPERATIONAL DIFFICULTIES

We are expanding our business into international markets. TheStreet.co.uk, a site intended for investors in the United Kingdom and majority owned by TheStreet.com, was launched in February 2000. However, there can be no assurance that the site will continue to operate successfully, and delays or operational difficulties could adversely affect our business, results of operations, and financial condition. The success of TheStreet.co.uk depends on its ability to continue to finance ongoing operations; attract and retain key personnel, advertisers, paid subscribers, and strategic partners; prevent system failures; manage growth; and successfully compete with other well-financed news organizations..

As we expand internationally, we will continue to incur significant additional costs that will result in additional losses. Also, we will continue to encounter many of the risks associated with international business expansion, generally. These risks include, but are not limited to, language barriers, cultural differences, changes in currency exchange rates, political and economic instability, difficulties with regulatory compliance and difficulties with enforcing contracts and other legal obligations.

INTENSE COMPETITION COULD REDUCE OUR MARKET SHARE AND HARM OUR FINANCIAL PERFORMANCE

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:

- online services or web sites focused on business, finance and investing, such as CBS.MarketWatch.com, CNBC.com, CNNfn.com, The Wall Street Journal Interactive Edition, DowJones.com, SmartMoney.com; Microsoft MSN MoneyCentral and The Motley Fool;

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

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

- web "portal" companies, such as Yahoo! and America Online; and

- online brokerage firms, many of which provide financial and investment news and information, such as Charles Schwab, E*TRADE and Merrill Lynch.

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 more of their financial news and commentary 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.

A FAILURE TO ESTABLISH AND MAINTAIN STRATEGIC RELATIONSHIPS WITH OTHER COMPANIES COULD DECREASE OUR SUBSCRIBER AND READER BASE, WHICH MAY HARM OUR BUSINESS

We depend on establishing and maintaining subscription distribution relationships with financial services firms and content syndication relationships with high-traffic web sites for a significant portion of our current subscriber and reader base. 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 or successfully renew relationships with these firms or sites on commercially reasonable terms or at all. These relationships may not attract significant numbers of subscribers or readers.

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.

FAILURE TO RETAIN AND INTEGRATE OUR ADVERTISING SALES FORCE COULD RESULT IN LOWER ADVERTISING REVENUES

We depend on our internal advertising sales department to maintain and increase our advertising sales, and as our main site becomes free and our dependency on advertising revenue increases, we expect to expand our advertising sales staff significantly. As of December 31, 1999, our U.S. advertising sales department consisted of 16 employees and our U.K. advertising sales department consisted of two employees. We will need to quickly add and successfully integrate a number of new advertising sales staff members under our new strategy. 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 effectively expand and maintain an effective advertising sales department.

WE MAY BE UNABLE TO MANAGE OUR GROWTH, WHICH MAY HARM OUR BUSINESS

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, 1999, we had a total of 225 U.S. employees, as compared to 100 employees as of December 31, 1998 and 33 employees as of December 31, 1997. As of December 31, 1999, TheStreet.co.uk had 28 employees. We expect that the number of our employees both in the U.S. and in the U.K. 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 MAY BE UNABLE TO GROW THROUGH ACQUISITIONS AND INTEGRATE FUTURE ACQUISITIONS INTO OUR BUSINESS

We intend to pursue a growth strategy that may involve acquisitions of other companies. However, we may be unable to successfully pursue and complete acquisitions in a timely and cost-effective manner. Further, the pursuit and integration of acquisitions will require substantial attention from our senior management, which will limit the amount of time these individuals will have available to devote to our existing operations. There can be no assurance that we can successfully integrate these acquisitions into our business or implement our plans without delay or substantial cost. In addition, future acquisitions by us could result in the incurrence of debt and contingent liabilities, which could have a material adverse effect upon our financial condition and results of operations. Any failure or any inability to effectively manage and integrate growth may have a material adverse effect on our financial condition and results of operations.

INCREASES IN 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 expect our reader base to increase significantly when our main site converts to a totally free site. Accordingly, our web site must accommodate a high volume of traffic, often at unexpected times. Although we are upgrading our systems in connection with the launch of our network of sites, 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 THAT MAY RESULT IN REDUCED TRAFFIC, REDUCED REVENUE AND HARM TO OUR REPUTATION

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. In February 2000, our Internet-hosting agreement with Exodus Communications, Inc. was renewed, and we currently continue to maintain all of our production servers at Exodus's New Jersey data center. Our operations depend on Exodus's ability to protect its own systems 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. In addition, in September 1999, we entered into an agreement with USinternetworking, Inc. under with USi provides us with a mirror site for partial disaster recovery in the event of the failure of our primary systems. In December 1999, we did experience a system failure that required us to use USi's mirror site for a short period of time. Our own internal systems and operations, as well as those of Exodus and USi, may be subject to damage or interruption from human error, natural disasters, fire, water damage, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. 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 and e-commerce partners. Many prominent web sites have recently been subjected to "distributed denial-of-service" attacks, during which their servers were inundated with requests for data, causing them to overload and preventing legitimate traffic from getting through, which rendered the sites unresponsive to users for a period of time. Like most other web sites, we may be vulnerable to such attacks and other deliberate attempts to disrupt our technological operations. 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.

ANY FAILURE OF OUR INTERNAL SECURITY MEASURES OR BREACH OF OUR PRIVACY PROTECTIONS COULD CAUSE US TO LOSE USERS AND SUBJECT US TO LIABILITY

Users who subscribe to our premium service are required to furnish certain personal information (including name, email address and credit card information) which we use to administer our services. After our conversion to a free site, we will no longer need credit-card information to process subscription payments for our main site, but we will continue to gather credit card information for the subscription-based sites in our network. In addition, we plan to collect registration information from users of our free sites who wish to gain access to certain features of our site. If the security measures that we use to protect personal information are ineffective, we may lose users and our business may be harmed. Additionally, we rely on security and authentication technology licensed from third parties to perform real-time credit card authorization and verification. We cannot predict whether technological developments could allow these security measures to be circumvented. We may need to use significant resources to prevent security breaches or to alleviate problems caused by any security breaches. If we are not able to prevent all security breaches, our business, results of operations and financial condition could be materially adversely affected.

Our users depend on us to keep their personal information private and not to disclose it to third parties. We therefore maintain a strict privacy policy, under which we will not furnish, rent or sell to third parties any personal information about our subscribers or other users. We have retained the ability to modify the privacy policy at any time. Like most web sites that require some form of registration, we use "cookies" (small data files placed by a web server on a user's hard drive to enable the server to track the user's movement on the site) in order to help our subscribers navigate throughout the site, and we use individual tracking information obtained from the cookies for internal purposes, such as to administer subscriber accounts and process purchases in our online store. In addition, companies that serve banners and other advertisements on our site use their own cookies, enabling them to limit the frequency with which a user is shown a particular ad. Some Internet users and industry observers have expressed privacy concerns about cookies. If our users perceive that we are not protecting their privacy, our business, results of operations and financial condition could be materially adversely affected.

DIFFICULTIES ASSOCIATED WITH OUR BRAND DEVELOPMENT MAY HARM OUR ABILITY TO ATTRACT SUBSCRIBERS AND READERS

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. The new sites that we plan to introduce in the second quarter of 2000 will not have widely recognized brands, and we will need to increase awareness of these brands among potential users. We cannot assure you that our efforts to build brand awareness will be cost effective or successful.

FAILURE TO MAINTAIN OUR REPUTATION FOR TRUSTWORTHINESS MAY REDUCE THE NUMBER OF OUR READERS, WHICH MAY HARM OUR BUSINESS

It is very important that we maintain our reputation as a trustworthy news organization. The occurrence of events, including our misreporting a news story or the non-disclosure of a stock ownership position 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.

POTENTIAL LIABILITY FOR INFORMATION DISPLAYED ON OUR WEB SITE MAY REQUIRE US TO DEFEND AGAINST LEGAL CLAIMS, WHICH MAY CAUSE SIGNIFICANT OPERATIONAL EXPENDITURES

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. We recently introduced stock ticker-based message boards that allow users to post comments about individual stocks. We undertake no obligation to moderate these message boards, however potential liability for providers of message board services has not yet been well-established. We may choose to allow our editorial staffers or outside contributors to post on our boards, thus increasing our potential liability. Our insurance may not adequately protect us against these claims.

YEAR 2000 COMPLICATIONS MAY DISRUPT OUR OPERATIONS AND HARM OUR BUSINESS

Many currently installed computer systems and software products were coded during their production to accept only two-digit entries to identify a year in the date code field. To date our systems and software have not experienced any material disruption due to the onset of the Year 2000, and our vendors and strategic partners have not reported experiencing any Year 2000 problems. However, because we and our subscribers and readers are dependent, to a very substantial degree, upon the proper functioning of our and their computer systems, any future occurrence of Year 2000 problems or the failure of our Year 2000 contingency plans 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.

FAILURE TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS COULD HARM OUR BRAND-BUILDING EFFORTS AND ABILITY TO COMPETE EFFECTIVELY

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 our trademarks in the United States and we have pending U.S. and foreign applications for other trademarks. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. Failure to adequately protect our intellectual property could harm our brand, devalue our proprietary content and affect our ability to compete effectively. Further, defending our intellectual property rights could result in the expenditure of significant financial and managerial resources, which could materially adversely affect our business, results of operations and financial condition.

WE MAY HAVE TO DEFEND AGAINST INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS, WHICH MAY CAUSE SIGNIFICANT OPERATIONAL EXPENDITURES

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. We incorporate 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. Any infringement 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.

DIFFICULTIES IN DEVELOPING NEW AND ENHANCED SERVICES AND FEATURES FOR OUR WEB SITE COULD HARM OUR BUSINESS

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. These difficulties may include the loss of, or inability to obtain or maintain, third-party technology license agreements. Furthermore, the new services we may introduce could contain errors that are discovered after these services are introduced. In these 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.

OUR ABILITY TO MAINTAIN AND INCREASE OUR READERSHIP DEPENDS 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:

- inadequate network infrastructure; - security concerns;
- inconsistent quality of service; and - 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 a number of 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 materially adversely affect our business, results of operations and financial condition.

A GENERAL DECLINE IN ONLINE ADVERTISING OR OUR INABILITY TO ADAPT TO TRENDS IN ONLINE ADVERTISING COULD HARM OUR ADVERTISING REVENUES

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 these 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. In addition, some Internet commentators, privacy advocates and federal and state officials have recently suggested that legislation may be needed to better safeguard online privacy, by the limitation or elimination of the use of cookies or by other methods. If such legislation is passed, it is likely to restrict the ability of online advertisers to target their ads, which may result in a decrease in online advertising rates or online advertising spending generally. Such a decrease 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 COULD INCREASE OUR COSTS OF TRANSMITTING DATA AND INCREASE OUR LEGAL AND REGULATORY EXPENDITURES AND COULD DECREASE OUR READERSHIP

Existing domestic and international laws or regulations and private industry guidelines specifically regulate communications or commerce on the web. Further, laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation of e-commerce transactions and the characteristics and quality of online products and services are under consideration by federal, state, local and foreign governments and agencies and by private industry groups. 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. This 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.

CONCERNS ABOUT WEB SECURITY COULD REDUCE OUR ADVERTISING REVENUES, DECREASE OUR READER BASE AND INCREASE OUR WEB SECURITY EXPENDITURES

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 these breaches.

SHARES ELIGIBLE FOR PUBLIC SALE AFTER OUR INITIAL PUBLIC OFFERING COULD ADVERSELY AFFECT OUR STOCK PRICE

As of December 31, 1999, there were outstanding 25,248,434 shares of our common stock. Of these shares, the shares sold in our initial public offering are freely tradeable except for any shares purchased by our "affiliates" as defined in Rule 144 under the Securities Act. The remaining shares are "restricted securities," subject to the volume limitations and other conditions of Rule 144 under the Securities Act.

Many of these restricted shares, because they were obtained in 1998 private placements by holders who are not affiliates of the Company, are now eligible for sale under Rule 144. In addition, after the first anniversary of our initial public offering, some holders of common stock will have the right to request the registration of their shares under the Securities Act of 1933, as amended. Upon the effectiveness of that registration statement, all shares covered by that registration statement will be freely transferable. We cannot predict if future sales of our common stock by these holders, 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.

CONTROL BY PRINCIPAL STOCKHOLDERS, OFFICERS AND DIRECTORS COULD ADVERSELY AFFECT OUR STOCKHOLDERS

Our officers, directors and greater-than-five-percent stockholders (and their affiliates), acting together, 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.

VOLATILITY OF OUR STOCK PRICE COULD ADVERSELY AFFECT OUR STOCKHOLDERS

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 price at which they bought them.

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 that company. The institution of similar 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.

ANTI-TAKEOVER PROVISIONS COULD PREVENT OR DELAY A CHANGE OF CONTROL

Provisions of our amended and restated certificate of incorporation and amended and restated 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.

WE DO NOT INTEND 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Consolidated Financial Statements required by this item are included in Item 14 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in 2000, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in 2000, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in 2000, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in 2000, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Consolidated Financial Statements:

See Index to Consolidated Financial Statements on page F-1.

2. Consolidated Financial Statement Schedules:

See Index to Consolidated Financial Statements on page F-1.

3. Exhibits:

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission:

Exhibit Number	Description
*3.1	Amended and Restated Certificate of Incorporation
3.2	Amended and Restated Bylaws
*4.1	Amended and Restated Registration Rights Agreement, dated as of December 21, 1998, among TheStreet.com and the stockholders named therein.
*4.2	TheStreet.com Rights Plan
4.3	Amended and Restated 1998 Stock Incentive Plan
27.1	Financial Data Schedule

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* Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-1 dated February 23, 1999 (File No. 333-72799).

(b) The Company filed no reports on Form 8-K for the year ended December 31, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THESTREET.COM, INC.

Dated: March 30, 2000	*By:*	*/s/ Thomas J. Clarke*
------------------------------		*Thomas J. Clarke* *Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated:

Signature and Title *Date*

/s/ Thomas J. Clarke *March 30, 2000*

Thomas J. Clarke
Chief Executive Officer and Director

/s/ Paul Kothari *March 30, 2000*

Paul Kothari
Chief Financial Officer

/s/ Leah Johnson *March 30, 2000*

Leah Johnson
Controller

/s/ Fred Wilson *March 30, 2000*

Fred Wilson
Chairman of the Board

/s/ Jerry Colonna *March 30, 2000*

Jerry Colonna
Director

/s/ James J. Cramer *March 30, 2000*

James J. Cramer
Director

/s/ Edward F. Glassmeyer *March 30, 2000*

Edward F. Glassmeyer
Director

/s/ Michael Golden *March 30, 2000*

Michael Golden
Director

/s/ Dave Kansas *March 30, 2000*

Dave Kansas
Director

/s/ Martin Peretz *March 30, 2000*

Martin Peretz
Director

/s/ Linda Srere *March 30, 2000*

Linda Srere
Director

THESTREET.COM, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TheStreet.com, Inc.:

We have audited the accompanying consolidated balance sheets of TheStreet.com, Inc. (a Delaware corporation) and subsidiary as of December 31, 1998 and 1999 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of TheStreet.com, Inc. and subsidiary as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to the consolidated financial statements is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic consolidated 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 2, 2000

THESTREET.COM, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1998 AND 1999

	December 31, 1998	December 31, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 24,611,958	$ 108,239,811
Short-term investments	-	11,175,322
Accounts receivable, net of allowance for doubtful accounts of $40,000 and $300,000 as of December 31, 1998 and December 31, 1999, respectively.	811,419	2,467,164
Other receivables	663,137	2,607,162
Prepaid expenses and other current assets	687,639	4,122,057
Total current assets	26,774,153	128,611,516
Property and equipment, net of accumulated depreciation and amortization of $78,110 and $769,707 as of December 31, 1998 and December 31, 1999, respectively.	599,937	10,199,653
Other assets	207,329	410,717
Goodwill and intangibles, net	-	2,078,349
Long-term investment, at cost	-	2,250,000
Total assets	$ 27,581,419	$ 143,550,235
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Line of credit	$ 3,333	$ -
Accounts payable	1,927,065	4,290,538
Accrued expenses	1,250,577	6,675,541
Deferred revenue	675,513	2,858,945
Other current liabilities	-	242,456
Total current liabilities	3,856,488	14,067,480
Deferred rent	200,636	2,182,100
Minority interest	-	15,886,741
Total liabilities	4,057,124	32,136,321
Commitments and Contingencies		
Redeemable convertible Series B preferred stock; $0.01 par value; 9 1/2% cumulative; 345,366 and 0 shares issued and outstanding as of December 31, 1998 and 1999, respectively.	21,106,898	-
Stockholders' equity		
Common Stock; $0.01 par value;		

100,000,000 shares authorized; 13,763,838 and 25,248,434 shares issued and outstanding at December 31, 1998 and December 31, 1999, respectively.	137,638	252,484
Convertible Preferred Stock -		
Series A; $0.01 par value; 9 1/2 % cumulative; 118,441 and 0 shares issued and outstanding as of December 31, 1998 and December 31, 1999, respectively.	1,184	-
Series C; $0.01 par value; 1,500 shares issued and outstanding as of December 31, 1998 and 0 as of December 31, 1999.	15	-
Additional paid-in capital	16,349,199	174,363,323
Deferred compensation	(1,578,000)	(5,450,860)
Advertising receivable	-	(10,042,062)
Accumulated comprehensive loss	-	(20,618)
Accumulated deficit	(12,492,639)	(47,688,353)
Total stockholders' equity	2,417,397	111,413,914
Total liabilities and stockholders' equity	$ 27,581,419	$ 143,550,235

The accompanying notes to financial statements are an integral part of these consolidated balance sheets.

THESTREET.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	1997	1998	1999
Net revenues:			
Advertising & E-Commerce revenues	$117,652	$2,544,409	$ 7,897,044
Subscription revenues	320,682	1,685,446	4,549,924
Other revenues	150,400	393,511	1,869,231
Total net revenues	588,734	4,623,366	14,316,199
Cost of revenues	1,146,383	3,955,270	9,547,860
Gross profit	(557,649)	668,096	4,768,339
Operating expenses:			
Product development expenses	402,379	2,346,354	7,474,789
Sales and marketing expenses	2,188,968	9,204,711	16,402,079
General and administrative expenses	2,209,707	5,158,158	15,121,007
Noncash compensation expense	-	90,000	4,531,869
Total operating expenses	4,801,054	16,799,223	43,529,744
Loss from operations	(5,358,703)	(16,131,127)	(38,761,405)
Interest expense	(405,748)	(388,747)	-
Interest income	-	161,423	4,415,031
Loss before provision for income taxes and minority interest	(5,764,451)	(16,358,451)	(34,346,374)
Provision for income taxes	-	-	94,750
Loss before minority interest	(5,764,451)	(16,358,451)	(34,441,124)
Minority interest	-	-	807,687
Net Loss	$(5,764,451)	$(16,358,451)	$ (33,633,437)
Net loss per share - basic and diluted	$(0.95)	$ (2.13)	$ (1.73)
Weighted average basic and diluted shares outstanding	6,060,606	8,575,128	21,052,614

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

	Common Stock		Series A		Series C		
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Additional Paid in Capital
Balance at December 31, 1996	6,060,606	$60,606	1,500	$15	1,500	$15	$239,364
Issuance of warrants	-	-	-	-	-	-	41,000
Net Loss	-	-	-	-	-	-	-
Balance at December 31, 1997	6,060,606	60,606	1,500	15	1,500	15	280,364
Issuance of Common Stock	181,818	1,818					3,637
Capital Contribution	-	-	-	-	-	-	375,000
Net Loss from January 1, 1998 through may 7, 1998	-	-	-	-	-	-	-
Termination of LLC	-	-	-	-	-	-	(12,815,014)
Conversion of Debt to Equity	-	-	116,941	1,169			11,692,786
Net Proceeds from Private Placement in May 1998	3,418,333	34,183	-	-	-	-	2,700,483
Net Proceeds from Private Placement in December 1998	4,072,778	40,728	-	-	-	-	12,177,606
Recognition of deferred compensation	-	-	-	-	-	-	1,668,000
Noncash compensation expense	-	-	-	-	-	-	-
Accretion of Redeemable Convertible Series B	-	-	-	-	-	-	-
Preferred Stock to redemption value	-	-	-	-	-	-	(481,270)
Exercise of Options	30,303	303	-	-	-	-	606
Preferred stock dividends	-	-	-	-	-	-	747,001
Net loss from May 8, 1998 through December 31, 1998	-	-	-	-	-	-	-
Balance at December 31, 1998	13,763,838	137,638	118,441	1,184	1,500	15	16,349,199
Issuance of Common Stock from initial public offering and conversion of Series A, B and C preferred stock	6,325,000	63,250	(118,441)	(1,184)	(1,500)	(15)	133,892,447
Issuance of Common Stock							

	Accumulated Deficit	Accumulated Other Comprehensive Loss	Deferred Compensation	Advertising Receivable	Total Stockholders' Equity (Deficit)
Balance at December 31, 1996	$(1,733,392)	$-	$-	$-	(1,433,392)
Issuance of warrants	-	-	-	-	41,000
Net Loss	(5,764,451)	-	-	-	(5,764,451)
Balance at December 31, 1997	(7,497,843)	-	-	-	(7,156,843)
Issuance of Common Stock	-	-	-	-	5.455
Capital Contribution	-	-	-	-	375,000
Net Loss from January 1, 1998 through may 7, 1998	(5,317,171)	-	-	-	(5,317,171)
Termination of LLC	12,815,014				-
Conversion of Debt to Equity	-	-	-	-	11,693,955
Net Proceeds from Private Placement in May 1998	-	-	-	-	2,734,666
Net Proceeds from Private Placement in December 1998	-	-	-	-	12,218,334
Recognition of deferred compensation	-	-	(1,668,000)	-	-
Noncash compensation expense	-	-	90,000	-	90,000
Accretion of Redeemable Convertible Series B	-	-	-	-	-
Preferred Stock to redemption value	-	-	-	-	(481,270)
Exercise of Options					909
Preferred stock dividends	(1,451,359)	-	-	-	(704,358)
Net loss from May 8, 1998 through December 31, 1998	(11,041,280)	-	-	-	(11,041,280)
Balance at December 31, 1998	(12,492,639)	-	(1,578,000)	-	2,417,397
Issuance of Common Stock	-	-	-	-	133,954,498
Issuance of Common Stock					

TheStreet.com Statements of Stockholders' Equity (Deficit) For the Years Ended December 31, 1997, 1998, and 1999

	Common Stock		Series A		Series C		
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Additional Paid in Capital
for acquisition	97,403	974	-	-	-	-	1,557,474
Issuance of Common Stock for advertising receivables and cash	1,320,901	13,209	-	-	-	-	13,459,981
Accretion of Redeemable Convertible Series B Preferred Stock to redemption value	2,746,088	27,461	-	-	-	-	-
Recognition of deferred Compensation	-	-	-				8,409,733
Exercise of Options	995,204	9,952					694,489
Preferred Stock Dividends	-	-	-	-	-	-	-
Noncash advertising expense	-	-	-	-	-	-	-
Noncash compensation expense	-	-	-	-	-	-	-
Other Comprehensive (loss) - foreign currency translation	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-
Balance at December 31, 1999	25,248,434	$252,484	-	-	-	$	$174,363,323

	Accumulated Deficit	Accumulated Other Comprehensive Loss	Deferred Compensation	Advertising Receivable	Total Stockholders' Equity (Deficit)
for acquisition	-	-	-	-	1,558,448
Issuance of Common Stock for advertising receivables and cash	-	-	-	(12,000,000)	1,473,190
Accretion of Redeemable Convertible Series B Preferred Stock to redemption value	-	-	-	-	27,461
Recognition of deferred Compensation	-	-	(8,409,733)	-	-
Exercise of Options	-	-	-	-	704,441
Preferred Stock Dividends	(1,562,277)	-	-	-	(1,562,277)
Noncash advertising expense	-	-	-	1,957,938	1,957,938
Noncash compensation expense	-	-	4,536,873	-	4,536,873
Other Comprehensive (loss) - foreign currency translation	-	(20,618)	-	-	(20,618)
Net loss	(33,633,437)	-	-	-	(33,633,437)
Balance at December 31, 1999	$(47,688,353)	$(20,618)	$(5,450,860)	$(10,042,062)	$111,413,914

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

THESTREET.COM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1997	1998	1999
Cash Flows from Operating Activities:			
Net Loss	$(5,764,451)	$ (16,358,451)	$ (33,633,437)
Adjustments to reconcile net loss to net cash used in operating activities:			
Noncash compensation expense	-	90,000	4,531,869
Noncash advertising expense	-	-	1,957,938
Allowance for doubtful accounts	-	40,000	260,000
Minority Interest	-	-	(807,687)
Depreciation and amortization	158,884	244,505	818,475
Noncash expense for warrants	41,000	-	-
(Increase) decrease in accounts receivable	(130,699)	(720,720)	(1,907,728)
(Increase) in other receivables and unbilled revenue	-	(663,137)	(1,942,874)
(Increase) decrease in prepaid expenses and other current assets	58,054	(660,184)	(3,434,418)
(Increase) in other assets	(63,659)	(122,035)	(202,301)
Increase in accounts payable and accrued expenses	1,102,763	1,695,955	6,653,443
Increase in deferred revenue	176,125	499,388	2,147,903
Increase in deferred rent	50,738	125,810	2,223,920
Net cash used in operating activities	(4,371,245)	(15,828,869)	(23,334,897)
Cash Flows from Investing Activities:			
Purchase of short-term investments	-	-	(11,175,322)
Purchase of long-term investments	-	-	(1,125,000)
Acquisition of subsidiary, net of cash acquired	-	-	(477,472)
Capital expenditures	(490,429)	(333,787)	(10,435,845)
Net cash used in investing activities	(490,429)	(333,787)	(23,213,639)
Cash Flows from Financing Activities:			
Proceeds from sale of minority interest	-	-	16,694,428
Proceeds from issuance of common stock	-	6,364	113,485,294
Net borrowings (repayments) under line of credit	-	3,333	(3,333)
Proceeds from notes payable	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	5,000,000	40,617,922	130,176,389

THESTREET.COM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	1997	1998	1999
Net increase in cash	138,326	24,455,266	83,627,853
Cash and cash equivalents, beginning of year	18,366	156,692	24,611,958
Cash and cash equivalents, end of year	$156,692	$ 24,611,958	$ 108,239,811

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:			
Income Taxes	-	$ -	$ 94,750
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.

During 1999, the Company purchased a 19.9% interest in Business Net Online for $2,250,000. Payment terms required $1,125,000 to be paid in 1999. As of December 31, 1999, the remaining balance of $1,125,000 was reflected in accrued expenses, and will be paid in 2000.

During 1999, the Company issued 97,403 shares in connection with its purchase of ipoPros.com

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

NOTES TO CONSOLIDATED 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 ("Series A 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 common stock split (See Note 8).

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.

CONSOLIDATION

The consolidated financial statements include the accounts of The Street.com, Inc. and its 63% owned subsidiary The Street.co.uk (See Note 12). All intercompany balances and transactions have been eliminated in consolidation.

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 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. The fair value of the content delivered and the fair value of the technology and hosting services were both estimated by management to be approximately $300,000 during 1998 and, therefore, no gain or loss was recognized as a result of these transactions.

Revenues from barter transactions are recognized in accordance with the provisions of Accounting Principles Board Opinion No. 29 ("APB 29") during the period in which the advertisements are displayed on the Company's Web site. Under the provisions of APB 29, barter transactions are recorded at the fair value of the goods or services received.

Barter revenue recognized during 1997, 1998, and 1999 was $0, $30,945 and $893,000 respectively. Barter transactions are recognized at fair value as determined by the comparable advertising market rates at the time of placement.

CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

The Company considers all short-term marketable equity securities with a maturity of three months or less to be cash equivalents. Short-term investments consist primarily of commercial paper and a certificate of deposit with maturities of less than one-year. The certificate of deposit in the amount of $1,400,000 serves as collateral for an outstanding letter of credit, and is therefore restricted. A second Letter of Credit in the amount of $2,000,000 was issued as security for one of our operating leases, and is therefore restricted cash.

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). Leasehold improvements are amortized using the straight-line method over the shorter of the respective lease term or the estimated useful life of the asset.

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, 1999.

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.

FOREIGN CURRENCY EXCHANGE

The financial statements of all foreign subsidiaries were prepared in their local currencies and translated into U.S. dollars based on the current exchange rate at the end of the period for the balance sheet and an average rate for the statement of operations. Translation adjustments are reflected in accumulated comprehensive loss. The effects of applying Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" had no material impact on the consolidated financial statements.

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 SHARE

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings Per Share." Under the provisions of SFAS No. 128, 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.

ADVERTISING COSTS

Advertising costs are expensed as incurred. The Company expenses the production costs of advertising the first time the advertising takes place. For the years ended December 31, 1997, 1998, and 1999, advertising costs were $1,797,728, $7,334,438, and $7,980,202, respectively.

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 8).

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities related to those instruments, as well as other hedging activities. Because the Company does not currently hold any derivative instruments and does not engage in hedging activities, the Company expects the adoption of SFAS No. 133 will not have a material impact on its financial position, results of operations, or cash flows. The Company will be required to adopt SFAS No. 133 in fiscal 2001 in accordance with SFAS No. 137, which delays the required implementation of SFAS No. 133 for one year.

In March 1998, the Accounting Standards of Executive Committee (AcSEC) issued Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. SOP 98-1 establishes the accounting for costs of software products developed or purchased for internal use, including when such costs should be capitalized. The adoption of SOP 98-1 did not have a material effect on its financial position, results of operations, or cash flows.

On January 1, 1999, the Company adopted SOP 98-5 "Reporting on the cost of Start-up Activities." SOP 98-5 requires that certain start-up expenses and organization costs previously capitalized must now be expensed. The adoption of this statement did not have a material effect on the financial statements.

(2) ACQUISITION

In December 1999, the Company acquired all of the outstanding stock of ipoPros.com, Inc. The Company paid total consideration of approximately $2,040,000 in cash and common stock. The acquisition has been accounted for under the purchase method of accounting and, accordingly, the purchase price has been allocated to the tangible and intangible net assets acquired and liabilities assumed on the basis of their respective fair values on the acquisition date. As a result of this acquisition, the Company has recorded goodwill of approximately $1,928,000, which is the excess of net assets acquired and is being amortized over a useful life of 3 years. In connection with the acquisition, the founded and majority shareholder of ipoPros agreed not to engage in activities on behalf of any U.S. organization.

The acquisition did not have a material effect on the results of operations of the Company for the year-ended December 31, 1999. Costs in excess of net assets acquired were recorded as intangible assets as follows:

Accounts receivable	$ 2,942
Fixed assets	33,657
Other assets	17,579

Intangible assets	2,078,349
Current liabilities	(92,292)
Total purchase price	$ 2,040,235

(3) NET LOSS PER SHARE

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

	1997	1998	1999
Numerator:			
Net loss	($5,764,451)	($16,358,451)	($33,633,437)
Preferred stock dividends	-	(1,451,359)	(1,562,277)
Accretion of Redeemable Convertible Series B Preferred Stock	-	(481,270)	(1,252,569)
Net loss available to common shareholders	($5,764,451)	($18,291,080)	($36,448,283)
Denominator:			
Weighted average basic and diluted shares outstanding	6,060,606	8,575,128	21,052,614
Net loss per share - basic and diluted	($0.95)	($2.13)	($1.73)

Outstanding options of 0, 1,497,286, and 2,688,980 for the periods ended December 31, 1997, 1998 and 1999, respectively, have been excluded from the above calculations as they would be antidilutive.

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following-

	1998	1999
Computer equipment	$548,501	$5,056,494
Furniture and fixtures	129,546	901,580
Leasehold improvements	-	5,011,286
	678,047	10,969,360
Less- Accumulated depreciation and amortization	78,110	769,707
Property and equipment, net	$599,937	$10,199,653

Depreciation and amortization expense aggregated $154,611, $229,547, and $763,045 for the years ending 1997, 1998, and 1999, respectively.

During 1998, the Company entered into a sale leaseback transaction. Under this transaction, assets with a net book value of $944,092 were sold at a loss of $197,429.

(5) ACCRUED EXPENSES

Accrued expenses consist of the following-

	December 31	
	1998	1999
Accrued bonuses	$ 565,794	$1,276,178
Accrued long-term investment	-	1,125,000
Accrued other	162,719	3,565,850
Accrued consulting fees	322,064	708,513
Accrued financing costs	200,000	0
	$1,250,577	$6,675,541

(6) 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) bore interest at the bank's prime lending rate (8.5% at December 31, 1998). Interest is payable monthly and the agreement matured in September 1999. The agreement includes certain financial covenants. The line of credit matured in 1999 and was not renewed.

(7) 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, 1999, the Company incurred approximately $44.5 million of net operating loss carryforwards available to offset future taxable income through 2014.

In accordance with SFAS No. 109, the Company recognized a deferred tax asset of $17.8 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.

The provision for income taxes for the year ended December 31, 1999 primarily represents various state income tax payments.

(8) STOCKHOLDERS' EQUITY

The total number of shares of all classes of stock which the Corporation is authorized to issue is 110,000,000, consisting of 10,000,000 shares of preferred stock, par value of $0.01 per share and 100,000,000 shares of common stock, par value of $0.01.

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.

INITIAL PUBLIC OFFERING

On May 14, 1999, TheStreet.com completed its initial public offering (the "IPO") and sold an aggregate of 6,325,000 shares of common stock to the public (including 741,667 shares from TheStreet.com and 83,333 shares from Kevin English, TheStreet.com's former Chairman of the Board, Chief Executive Officer and President, pursuant to the exercise of the underwriters' overallotment option). Net proceeds to TheStreet.com were $108,788,000, after deducting underwriting discounts, commissions and expenses payable in connection with the IPO. In connection with the IPO, all of the Company's redeemable and convertible preferred stock, plus accumulated dividends, were converted into common stock.

EQUITY INVESTMENTS

On February 22, 1999, the Company sold 37,728 shares of Series B Preferred Stock and 1,320,901 shares of Common Stock to The New York Times ("NYT") in exchange for $3 million in cash and $12 million of advertising services. Under the agreement, the New York Times and its affiliates will provide $12 million of advertising services over a four-year period in return for its ownership position. Any unused portion of these advertising services are payable in cash to the Company by NYT. The $12 million has been reflected in equity as an advertising receivable. The Company has recorded advertising expense during 1999 based upon the best available advertising contract rates being charged by NYT to advertisers spending comparable amounts with a corresponding credit to the advertising receivable.

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

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 Redeemable Convertible Series B 9 1/2% Cumulative Preferred Stock ("Series B 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 Preferred Stock accumulate dividends annually at $9.50 per share. These shares are senior to Common Stock and Series C Convertible Preferred Stock ("Series C 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 B Preferred Stock also has a redemption feature whereby, at the option of the holder, the Series B Preferred Stock may be redeemed at the liquidation value of $100 per share plus accumulated dividends. The shares are redeemable one-third per year beginning in June 2003 through June 2005. During 1998 and 1999, the Company recorded approximately $481,000 and $1,253,000, respectively as a charge to additional paid in capital to accrete the Series B Preferred Stock to its redemption value. In addition, the Series B Preferred Stock has been increased by accumulated dividends which are payable under the redemption feature.

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 were mandatorily converted to common stock upon the 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 Preferred Stock and 4,072,778 shares of Common Stock to a group consisting of certain existing stockholders and other investors. As 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. This amount was received in 1999. 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"), 4,400,000 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	Year Ended December 31, 1999
Net loss, as reported	($16,358,451)	($33,633,437)
Net loss, pro forma	($16,360,457)	($34,967,812)
Basic and diluted loss per share, as reported	($2.13)	($1.73)
Basic and diluted loss per share, pro forma	($2.13)	($1.80)

A summary of the activity of the Stock Option Plan is as follows-

	Options	Weighted Average Exercise Price
Options outstanding, January 1, 1998	0	$ 0
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
Options granted	2,673,875	11.39
Options exercised	(995,204)	0.93
Options cancelled	(486,977)	2.59
Options outstanding, December 31, 1999	2,688,980	$ 10.60

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 option holder upon the option holder's exercise. During 1998 and 1999, the stockholder delivered 136,364 and 60,606 shares respectively upon exercise of the options which are reflected as cancellations in the above table.

There were no options granted prior to January 1, 1998. As of December 31, 1998 and December 31, 1999, 50,167 and 103,514, respectively, of the above options were exercisable. The above options vest up to a four-year period and have terms not to exceed 10 years. Generally, options are granted at fair market value with exercise prices determined by the Company's Compensation Committee. For options granted at less than fair market value, a compensation charge will be recognized for the difference between the exercise price and fair market value over the vesting period.

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	December 31, 1999
Expected option lives	4 years	4 years

Risk-free interest rates	6.0%	6.0%
Expected Volatility	0%	25%
Dividend Yield	0%	0

The results may not be representative of future periods.
The following table summarizes information about options outstanding at December 31, 1999.

Range of Exercise Price	Options Outstanding	Options Outstanding Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.03-0.03	105,758	3.4	$0.03
$0.15-0.15	385,188	3.9	0.15
$2.10-3.00	788,327	4.1	2.98
$9.00-12.00	40,997	4.2	11.02
$14.63-21.88	1,212,744	4.7	17.32
$22.13-31.75	105,800	4.5	27.40
$33.94-35.50	50,166	4.5	34.44
	2,688,980	4.4	$10.60

DEFERRED COMPENSATION

During 1998 and the first quarter 1999, the Company granted stock options with exercise prices which were less than fair market value of the underlying shares of common stock on the date of grant. As a result, the Company has recorded deferred compensation of approximately $1,668,000 and $8,409,733 during December 31, 1998 and 1999 respectively. These amounts will be recognized as noncash compensation expense over the remaining vesting period of the options, in the amount of $1,745,000, $1,673,000, $1,652,000, and $380,000 for the years ending December 31, 2000, 2001, 2002, and 2003, respectively.

(9) COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company is committed under operating leases, principally for office space, furniture and fixtures, and equipment. Certain leases are subject to rent reviews and require payment of expenses under escalation clauses. Rent and equipment rental expense were $160,257, $700,073, $2,968,184 for the three years ended December 31, 1997, 1998, and 1999. Future minimum base rents under terms of non-cancellable operating leases are as follows for the years ending December 31, -

2000	$3,937,704
2001	3,545,186
2002	2,766,536
2003	2,699,007
2004	2,674,709
Thereafter	11,236,145

Minimum payments have not been reduced by minimum sublease rentals of $1,757,876 due in the future under non-cancellable subleases.

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 2003.

EMPLOYMENT AGREEMENTS

The Company has employment agreements with certain of its officers. The agreements provide for payments of approximately $1,706,000, $1,141,000, $390,000, and $73,750 during December 31, 2000, 2001, 2002, and 2003 respectively, and expire at various dates through May 2003.

LETTERS OF CREDIT

A company controlled by a shareholder has guaranteed obligations under the operating lease for the Company's office space. During 1999, the Company released the shareholder of this obligation after providing a letter of credit in the amount of approximately $1,400,000 to the landlord.

During 1999, the Company provided an irrevocable standby letter of credit in the amount of $2,000,000 to one of its lessors as security for an operating lease.

(10) 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.

(11) 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 or 1999.

During 1999, the revenues derived from within the United States were $14,316,000.

(12) LONG-TERM INVESTMENTS, AT COST

In September 1999, TheStreet.com, Inc. and minority investors including 3i, Barclays Capital, Chase Capital Partners, ETF Group, and Intel formed TheStreet.com (Europe) Limited, a holding company majority owned by TheStreet.com. TheStreet.com owns approximately 63% of the holding company. The Street.com transferred certain assets consolidated at fair market value, including certain technologies and trademarks valued at $9,000,000 and $1,000,000, respectively.

In December 1999, TheStreet.com, Inc. purchased a 19.99% interest in Business Net Online Ltd., which plans to launch an online business publication serving the Israeli market. As of December 31, 1999, approximately $1,125,000 of this investment was unpaid and reflected in accrued expenses (see Note 5). The investment is being accounted for on a cost basis.

(13) INVESTMENT IN THESTREET.CO.UK

In September 1999, TheStreet.com, Inc. and a syndicate of investors (the "Syndicate") invested a total of $17 million in TheStreet.com (Europe) Limited. Members of the Syndicate include Chase Capital Partners, Barclays Private Equity, ETF Group, 3i, Intel Corporation and others. The terms of the investment include the following:

(1) a preferred dividend of $5 million (plus interest) payable to the Syndicate which will convert into shares upon a public offering of shares or a sale of TheStreet.com (Europe) Limited;

(2) the license of certain intellectual property of TheStreet.com, Inc. (including, without limitation, use of the name "TheStreet.com") to TheStreet.com (Europe) Limited for $1 million;

(3) the transfer of certain software from TheStreet.com, Inc. to TheStreet.com (Europe) Limited for $9 million; and

(4) the subscription by TheStreet.com, Inc. for a $10 million loan note, the principal of and interest upon which will accrue and convert into shares on a public offering or sale of TheStreet.com (Europe) Limited.

(14) SEGMENT INFORMATION

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. The chief operating decision maker allocates resources and assesses the performance associated with advertising, subscription or other activities on a single-segment basis.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 1997, 1998 and 1999

	Balance at Beginning of Period	Provisions Charged to Expense	Write-offs	Balance at End of Period
For the year ended December 31, 1997	$ 0	$ 0	$ 0	$ 0
For the year ended December 31, 1998	$ 0	$ 40,000	$ 0	$ 40,000
For the year ended December 31, 1999	$ 40,000	$ 260,000	$ 0	$ 300,000

EXHIBIT 3.2

AMENDED AND RESTATED

BY-LAWS

OF

THESTREET.COM, INC.

A Delaware Corporation

Effective November 5, 1999

TABLE OF CONTENTS

AMENDED AND RESTATED

BY-LAWS

OF

THESTREET.COM, INC.

(hereinafter called the "Corporation")

ARTICLE I
OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. ANNUAL MEETINGS. The annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect directors, and transact such other business as may properly be brought before the meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 3. SPECIAL MEETINGS. Unless otherwise prescribed by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), special meetings of stockholders, for any purpose or purposes, may be called by either
(i) the Chairman of the Board of Directors, (ii) the President, or (iii) the Board of Directors in accordance with the provisions of the Certificate of Incorporation in effect as of the date hereof. Such request shall state the purpose or purposes of the proposed meeting. At a special meeting of the stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

SECTION 4. QUORUM. Except as otherwise required by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 5. PROXIES. Any stockholder entitled to vote may do so in person or by his or her proxy appointed by an instrument in writing subscribed by such stockholder or by his or her attorney thereunto authorized, delivered to the Secretary of the meeting; PROVIDED, HOWEVER, that no proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for him or her as proxy, either of the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the stockholder or his or her authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of a telegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram or other electronic transmission was authorized by the stockholder.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used;

PROVIDED that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

SECTION 6. VOTING. At all meetings of the stockholders at which a quorum is present, except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the affirmative vote of the holders of a majority of the total number of votes of the capital stock present in person or represented by proxy and entitled to vote on such question, voting as a single class. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

SECTION 7. NATURE OF BUSINESS AT MEETINGS OF STOCKHOLDERS. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 7 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 7.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; PROVIDED, HOWEVER, 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 so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder,
(iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 7, PROVIDED, HOWEVER, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 7 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

SECTION 8. LIST OF STOCKHOLDERS ENTITLED TO VOTE. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 9. STOCK LEDGER. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 8 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 10. RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall not be more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; PROVIDED, HOWEVER, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 11. INSPECTORS OF ELECTION. In advance of any meeting of stockholders, the Board by resolution or the Chairman or President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER AND ELECTION OF DIRECTORS. The Board of Directors shall initially consist of eight members, which number may be changed from time to time by resolution adopted by the Board of Directors, in accordance with the provisions of Article V of the Amended and Restated Certificate of Incorporation. Except as provided in Section 3 of this Article III, directors shall be elected by the stockholders at the annual meetings of stockholders, and each director so elected shall hold office until such director's successor is duly elected and qualified, or until such director's death, or until such director's earlier resignation or removal. Directors need not be stockholders.

SECTION 2. NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this
Section 2.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; PROVIDED, HOWEVER, 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 so received not later than the close of business on the tenth
(10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, 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.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 2. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

SECTION 3. VACANCIES. The filling of any vacancy on the Board of Directors that results from an increase in the number of directors shall be governed by the Amended and Restated Certificate of Incorporation. Whenever the holders of any one or more class or classes or series of preferred stock of the Corporation shall have the right, voting separately as a class, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall also be governed by the Amended and Restated Certificate of Incorporation.

SECTION 4. DUTIES AND POWERS. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

SECTION 5. ORGANIZATION. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his or her absence, a director chosen by a majority of the directors present, shall act as Chairman. The Secretary of the Corporation shall act as Secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of Secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

SECTION 6. RESIGNATIONS AND REMOVALS OF DIRECTORS. Any director of the Corporation may resign at any time, by giving written notice to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors.

SECTION 7. MEETINGS. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held at such time and at such place as may from time to time be determined by the Board of Directors and, unless required by resolution of the Board of Directors, without notice. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the Vice Chairman, if there be one, or a majority of the directors then in office. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, facsimile or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 8. QUORUM. Except as may be otherwise required by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

SECTION 9. ACTIONS OF BOARD. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 10. MEETINGS BY MEANS OF CONFERENCE TELEPHONE. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 10 shall constitute presence in person at such meeting.

SECTION 11. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 12. COMPENSATION. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary, or such other emoluments as the Board of Directors shall from time to time determine. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 13. INTERESTED DIRECTORS. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because such person's or their votes are counted for such purpose if (i) the material facts as to such person's or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to such person's or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

SECTION 1. GENERAL. The officers of the Corporation shall be chosen by the Board of Directors and shall include a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of

Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. ELECTION. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

SECTION 3. VOTING SECURITIES OWNED BY THE CORPORATION. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

SECTION 4. CHAIRMAN OF THE BOARD OF DIRECTORS. THE CHAIRMAN OF THE BOARD OF DIRECTORS, IF THERE BE ONE, SHALL PRESIDE AT ALL MEETINGS OF THE STOCKHOLDERS AND OF THE BOARD OF DIRECTORS. THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL BE DESIGNATED BY A MAJORITY OF THE ENTIRE BOARD OF DIRECTORS. EXCEPT WHERE BY LAW THE SIGNATURE OF

THE PRESIDENT IS REQUIRED, THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL POSSESS THE SAME POWER AS THE PRESIDENT TO SIGN ALL CONTRACTS, CERTIFICATES AND OTHER INSTRUMENTS OF THE CORPORATION WHICH MAY BE AUTHORIZED BY THE BOARD OF DIRECTORS. DURING THE ABSENCE OR DISABILITY OF THE PRESIDENT, THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL EXERCISE ALL THE POWERS AND DISCHARGE ALL THE DUTIES OF THE PRESIDENT. THE CHAIRMAN OF THE BOARD OF DIRECTORS SHALL ALSO PERFORM SUCH OTHER DUTIES AND MAY EXERCISE SUCH OTHER POWERS AS FROM TIME TO TIME MAY BE ASSIGNED TO HIM OR HER BY THESE BY-LAWS OR BY THE BOARD OF DIRECTORS.

SECTION 5. PRESIDENT. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these By-Laws or by the Board of Directors.

SECTION 6. VICE PRESIDENTS. At the request of the President or in his or her absence or in the event of his or her inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

SECTION 7. SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

SECTION 8. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the

Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under control of the Treasurer belonging to the Corporation.

SECTION 9. ASSISTANT SECRETARIES. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 10. ASSISTANT TREASURERS. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under control of the Assistant Treasurer belonging to the Corporation.

SECTION 11. OTHER OFFICERS. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

SECTION 1. FORM OF CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation, (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder of stock in the Corporation.

SECTION 2. SIGNATURES. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

SECTION 3. LOST, DESTROYED, STOLEN OR MUTILATED CERTIFICATES. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such person's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. TRANSFERS. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; PROVIDED, HOWEVER, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

SECTION 5. TRANSFER AND REGISTRY AGENTS. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

SECTION 6. BENEFICIAL OWNERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

NOTICES

SECTION 1. NOTICES. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, facsimile, telex or cable.

SECTION 2. WAIVERS OF NOTICE.

(a) Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting, present by person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

(b) Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

ARTICLE VII

GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Subject to the requirements of the GCL and the provisions of the Certificate of Incorporation, dividends upon the capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors, and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any other proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. DISBURSEMENTS. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 4. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

SECTION 1. POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS OTHER THAN THOSE BY OR IN THE RIGHT OF THE CORPORATION. Subject to Section 3 of this Article VIII, the Corporation shall 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, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 2. POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS BY OR IN THE RIGHT OF THE CORPORATION. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 3. AUTHORIZATION OF INDEMNIFICATION. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or
(ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

SECTION 4. GOOD FAITH DEFINED. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be.

SECTION 5. INDEMNIFICATION BY A COURT. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

SECTION 6. EXPENSES PAYABLE IN ADVANCE. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

SECTION 7. NONEXCLUSIVITY OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the GCL, or otherwise.

SECTION 8. INSURANCE. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

SECTION 9. CERTAIN DEFINITIONS. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

SECTION 10. SURVIVAL OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 11. LIMITATION ON INDEMNIFICATION. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

SECTION 12. INDEMNIFICATION OF EMPLOYEES AND AGENTS. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

SECTION 1. AMENDMENTS. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

SECTION 2. ENTIRE BOARD OF DIRECTORS. As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

Exhibit 4.3

THESTREET.COM, INC.
1998 STOCK INCENTIVE PLAN

AS AMENDED AND RESTATED AS OF NOVEMBER 1, 1999

SECTION 1 Purposes

The purpose of TheStreet.com, Inc. 1998 Stock Incentive Plan, as amended and restated as of November 1, 1999 (the "Plan") is to enable TheStreet.com, Inc. (the "Company") and its Related Companies (as defined below) to attract, retain and reward employees, directors and consultants and strengthen the existing mutuality of interests between such persons and the Company's stockholders by offering such persons an equity interest in the Company. For purposes of the Plan, a "Related Company" means any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly, at least a 20% beneficial ownership interest.

SECTION 2 Types of Awards

Awards under the Plan may be in the form of (i) Stock Options;
(ii) Restricted Stock; and/or (iii) Tax Offset Payments.

SECTION 3 Administration

3.1 The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Board") or such other committee of directors as the Board shall designate (the "Committee"), which shall consist of not less than two directors. The members of the Committee shall serve at the pleasure of the Board.

3.2 The Committee shall have the following authority with respect to awards under the Plan: to grant awards; to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall deem advisable; to interpret the terms and provisions of the Plan and any award granted under the Plan; and to otherwise supervise the administration of the Plan. In particular, and without limiting its authority and powers, the Committee shall have the authority:

(1) to determine whether and to what extent any award or combination of awards will be granted hereunder;

(2) to select the employees, directors or consultants to whom awards will be granted;

(3) to determine the number of shares of the common stock of the Company (the "Stock") to be covered by each award granted hereunder subject to the limitations contained herein;

(4) to determine the terms and conditions of any award granted hereunder, including, but not limited to, any vesting or other restrictions based on such performance objectives (the "Performance Objectives") and such other factors as the Committee may establish, and to determine whether the Performance Objectives and other terms and conditions of the award are satisfied;

(5) to determine the treatment of awards upon an award holder's retirement, disability, death, termination for cause or other termination of employment or service;

(6) to determine that amounts equal to the amount of any dividends declared with respect to the number of shares covered by an award (i) will be paid to the employee currently or (ii) will be deferred and deemed to be reinvested or (iii) will otherwise be credited to the employee, or that the employee has no rights with respect to such dividends;

(7) to amend the terms of any award, prospectively or retroactively; provided, however, that no amendment shall impair the rights of the award holder without his or her written consent; and

(8) to substitute new Stock Options for previously granted Stock Options, or for options granted under other plans or agreements, in each case including previously granted options having higher option prices.

3.3 The Committee shall have the right to designate awards as "Performance Awards." The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives established by the Committee based on one or more of the following criteria, in each case applied to the Company on a consolidated basis and/or to a business unit and which the Committee may use as an absolute measure, as a measure of improvement relative to prior performance, or as a measure of comparable performance relative to a peer group of companies: sales, operating profits, operating profits before interest expense and taxes, net earnings, earnings per share, return on equity, return on assets, return on invested capital, total shareholder return, cash flow, debt to equity ratio, market share, stock price, economic value added, and market value added.

3.4 All determinations made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Plan participants.

SECTION 4 Stock Subject to Plan

4.1 The total number of shares of Stock which may be issued under the Plan shall be 4,400,000. Such shares may consist of authorized but unissued shares or treasury shares.

4.2 To the extent a Stock Option terminates without having been exercised, or shares awarded are forfeited, the shares subject to such award shall again be available for distribution in connection with future awards under the Plan. Shares of Stock equal in number to the shares surrendered in payment of the option price, and shares of Stock which are withheld in order to satisfy federal, state or local tax liability, shall not count against the above limit, and shall again be available for grants under the Plan.

4.3 No employee shall be granted Stock Options, Restricted Stock, or any combination thereof with respect to more than 1,000,000 shares of Stock in any fiscal year (subject to adjustment as provided in Section 4.4). No employee shall be granted a Tax Offset Payment in any fiscal year with respect to more than the number of shares of Stock covered by awards granted to such employee in such fiscal year.

4.4 In the event of any merger, reorganization, consolidation, sale of substantially all assets, recapitalization, Stock dividend, Stock split, spin-off, split-up, split-off, distribution of assets or other change in corporate structure affecting the Stock, a substitution or adjustment, as may be determined to be appropriate by the Committee or the Board in its sole discretion, shall be made in the aggregate number of shares reserved for issuance under the Plan, the number of shares as to which awards may be granted to any individual in any fiscal year, the number of shares subject to outstanding awards and the amounts to be paid by award holders or the

Company, as the case may be, with respect to outstanding awards; provided, however, that no such adjustment shall increase the aggregate value of any outstanding award.

SECTION 5 Eligibility

Employees, directors, and consultants of the Company or a Related Company are eligible to be granted awards under the Plan. Only employees are eligible to be granted Incentive Stock Options. The participants under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among those eligible.

SECTION 6 Stock Options

6.1 The Stock Options awarded to employees under the Plan may be of two types: (i) Incentive Stock Options within the meaning of Section 422 of the Code or any successor provision thereto; and (ii) Non-Qualified Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option.

6.2 Subject to the following provisions, Stock Options awarded under the Plan shall be in such form and shall have such terms and conditions as the Committee may determine:

(1) OPTION PRICE. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee, and may be less than the fair market value of the Stock on the date of the award of the Stock Option. For purposes of the Plan, "fair market value" shall mean the closing price of a share of Stock on the NASDAQ National Market on the trading day immediately preceding the date of grant.

(2) OPTION TERM. The term of each Stock Option shall be fixed by the Committee.

(3) EXERCISABILITY. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. The Committee may waive such exercise provisions or accelerate the exercisability of the Stock Option at any time in whole or in part.

(4) METHOD OF EXERCISE. Stock Options may be exercised in whole or in part at any time during the option period by giving written notice of exercise, in such manner as may be determined by the Company, specifying the number of shares to be purchased, accompanied by payment of the purchase price. Payment of the purchase price shall be made in such manner as the Committee may provide in the award, which may include cash (including cash equivalents), delivery of shares of Stock already owned by the optionee or subject to awards hereunder, "cashless exercise", any other manner permitted by law determined by the Committee, or any combination of the foregoing. If the Committee determines that a Stock Option may be exercised using shares of Restricted Stock, then unless the Committee provides otherwise, the shares received upon the exercise of a Stock Option which are paid for using Restricted Stock shall be restricted in accordance with the original terms of the Restricted Stock award.

(5) NO STOCKHOLDER RIGHTS. An optionee shall have neither rights to dividends or other rights of a stockholder with respect to shares subject to a Stock Option until the optionee has given written notice of exercise and has paid for such shares.

(6) SURRENDER RIGHTS. The Committee may provide that options may be surrendered for cash upon any terms and conditions set by the Committee.

(7) NON-TRANSFERABILITY. Unless otherwise provided by the Committee, (i) Stock Options shall not be transferable by the optionee other than by will or by the laws of descent and distribution, and (ii) during the optionee's lifetime, all Stock Options shall be exercisable only by the optionee or by his or her guardian or legal representative.

(8) TERMINATION OF EMPLOYMENT. Following the termination of an optionee's employment with the Company or a Related Company, the Stock Option shall be exercisable to the extent determined by the Committee. The Committee may provide different post-termination exercise provisions with respect to termination of employment for different reasons. The Committee may provide that, notwithstanding the option term fixed pursuant to Section 6.2(b), a Stock Option which is outstanding on the date of an optionee's death shall remain outstanding for an additional period after the date of such death.

6.3 Notwithstanding the provisions of Section 6.2, no Incentive Stock Option shall (i) have an option price which is less than 100% of the fair market value of the Stock on the date of the award of the Incentive Stock Option, (ii) be exercisable more than ten years after the date such Incentive Stock Option is awarded, or (iii) be awarded more than ten years after May 6, 1998, the original effective date of the Plan. No Incentive Stock Option granted to an employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its parent or subsidiary corporations, as defined in Section 424 of the Code, shall (A) have an option price which is less than 110% of the fair market value of the Stock on the date of award of the Incentive Stock Option or (B) be exercisable more than five years after the date such Incentive Stock Option is awarded.

SECTION 7 Restricted Stock

Subject to the following provisions, all awards of Restricted Stock to employees shall be in such form and shall have such terms and conditions as the Committee may determine:

(1) The Restricted Stock award shall specify the number of shares of Restricted Stock to be awarded, the price, if any, to be paid by the recipient of the Restricted Stock and the date or dates on which, or the conditions upon the satisfaction of which, the Restricted Stock will vest. The grant and/or the vesting of Restricted Stock may be conditioned upon the completion of a specified period of service with the Company or a Related Company, upon the attainment of specified Performance Objectives or upon such other criteria as the Committee may determine.

(2) Stock certificates representing the Restricted Stock awarded to an employee shall be registered in the employee's name, but the Committee may direct that such certificates be held by the Company or its designee on behalf of the employee. Except as may be permitted by the Committee, no share of Restricted Stock may be sold, transferred, assigned, pledged or otherwise encumbered by the employee until such share has vested in accordance with the terms of the Restricted Stock award. At the time Restricted Stock vests, a certificate for such vested shares shall be delivered to the employee (or his or her designated beneficiary in the event of death), free of all restrictions.

(3) The Committee may provide that the employee shall have the right to vote or receive dividends on Restricted Stock. Unless the Committee provides otherwise, Stock received as a dividend on, or in connection with a stock split of, Restricted Stock shall be subject to the same restrictions as the Restricted Stock.

(4) Except as may be provided by the Committee, in the event of an employee's termination of employment before all of his or her Restricted Stock has vested, or in the event any conditions to the vesting of Restricted Stock have not been satisfied prior to any deadline for the satisfaction of such conditions set forth in the award, the shares of Restricted Stock which have not vested shall be forfeited, and the Committee may provide that (i) any purchase price paid by the employee shall be returned to the employee or (ii) a cash payment equal to the Restricted Stock's fair market value on the date of forfeiture, if lower, shall be paid to the employee.

(5) The Committee may waive, in whole or in part, any or all of the conditions to receipt of, or restrictions with respect to, any or all of the employee's Restricted Stock.

SECTION 8 Tax Offset Payments

The Committee may provide for a Tax Offset Payment by the Company to an employee with respect to one or more awards granted under the Plan. The Tax Offset Payment shall be in an amount specified by the Committee, which shall not exceed the amount necessary to pay the federal, state, local and other taxes payable with respect to the applicable award and the receipt of the Tax Offset Payment, assuming that the employee is taxed at the maximum tax rate applicable to such income. The Tax Offset Payment shall be paid solely in cash.

SECTION 9 Tax Withholding

Each award holder shall, no later than the date as of which the value of an award first becomes includible in such person's gross income for applicable tax purposes, pay, pursuant to such arrangements as the Company may establish from time to time, any federal, state, local or other taxes of any kind required by law to be withheld with respect to the award. The obligations of the Company under the Plan shall be conditional on such payment, and the Company (and, where applicable, any Related Company), shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the employee.

SECTION 10 Amendments and Termination

The Plan is of unlimited duration. The Board may discontinue the Plan at any time and may amend it from time to time. No amendment or discontinuation of the Plan shall adversely affect any award previously granted without the award holder's written consent. Amendments may be made without stockholder approval except as required to satisfy regulatory requirements.

SECTION 11 Change of Control

11.1 In the event of a Change of Control, if so determined by the Committee and specifically documented in either a special form of agreement at the time of grant or an amendment to an existing agreement, in each case on an individual-by-individual basis:

(1) all or a portion (as determined by the Committee) of outstanding Stock Options awarded to such individual under the Plan shall become fully exercisable and vested; and

(2) the restrictions applicable to all or a portion (as determined by the Committee) of any outstanding Restricted Stock awards under the Plan held by such individual shall lapse and such shares shall be deemed fully vested.

11.2 A "Change of Control" means the happening of any of the following:

(1) the acquisition by any person or group deemed a person under Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company and its subsidiaries as determined immediately prior to that date) of beneficial ownership, directly or indirectly (with beneficial ownership determined as provided in Rule 13d-3, or any successor rule, under the Exchange Act), of a majority of the total combined voting power of all classes of stock of the Company having the right under ordinary circumstances to vote at an election of the Board of Directors of the Company, if such person or group deemed a person prior to such acquisition was not a beneficial owner of at least five percent (5%) of such total combined voting power of the Company;

(2) the election to the Board of Directors of the Company of members as a result of which a majority of the Board of Directors shall consist of persons who are not members of the Board of Directors as of the date of grant;

(3) the date of approval by the stockholders of the Company of an agreement providing for the merger or consolidation of the Company with another corporation or other entity where (x) stockholders of the Company immediately prior to such merger or consolidation would not beneficially own following such merger or consolidation shares entitling such stockholders to a majority of all votes (without consolidation of the rights of any class of stock to elect directors by a separate class vote) to which all stockholders of the surviving corporation would be entitled in the election of directors, or (y) where the members of the Board of Directors, immediately prior to such merger or consolidation, would not, immediately after such merger or consolidation, constitute a majority of the board of directors of the surviving corporation; or

(4) the sale of all or substantially all of the assets of the Company.

SECTION 12 General Provisions

12.1 If at any time the Committee determines that the delivery of Common Stock under the Plan is or may be unlawful under the laws of any applicable jurisdiction, the right to exercise any Stock Option or receive any Restricted Stock shall be suspended until the Committee determines that such delivery is lawful. The Company shall have no obligation to effect any registration of qualification of the Common Stock under federal or state laws.

12.2 Any person exercising a Stock Option or receiving Restricted Stock shall make such representations (including representations to the effect that such person will not dispose of the Common Stock so acquired in violation of federal and state securities laws) and furnish such information as may, in the opinion of counsel for the Company, be appropriate to permit the Company to issue the Common Stock in compliance with applicable federal and state securities laws. The Committee may refuse to permit the exercise of such Stock Option or delivery of such Restricted Stock until such representations and information have been provided.

12.3 The Company may place an appropriate legend evidencing any transfer restrictions on all shares of Common Stock issued under the Plan and may issue stop transfer instructions in respect thereof.

12.4 Nothing set forth in this Plan shall prevent the Board from adopting other or additional compensation arrangements. Neither the adoption of the Plan nor any award hereunder shall confer upon any employee of the Company, or of a Related Company, any right to continued employment or service as a director or consultant.

12.5 Determinations by the Committee under the Plan relating to the form, amount, and terms and conditions of awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive awards under the Plan, whether or not such persons are similarly situated.

12.6 No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made with respect to the Plan, and all members of the Board or the Committee and all officers or employees of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

ARTICLE 5

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD END	DEC 31 1999
CASH	108,240,000
SECURITIES	11,175,000
RECEIVABLES	2,607,000
ALLOWANCES	300,000
INVENTORY	0
CURRENT ASSETS	128,612,000
PP&E	10,200,000
DEPRECIATION	770,000
TOTAL ASSETS	143,550,000
CURRENT LIABILITIES	14,067,000
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	252,000
OTHER SE	111,162,000
TOTAL LIABILITY AND EQUITY	143,550,000
SALES	0
TOTAL REVENUES	14,316,000
CGS	9,548,000
TOTAL COSTS	43,530,000
OTHER EXPENSES	(4,415,000)
LOSS PROVISION	260,000
INTEREST EXPENSE	0
INCOME PRETAX	(34,346,000)
INCOME TAX	95,000
INCOME CONTINUING	(33,633,000)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(33,633,000)
EPS BASIC	(1.73)
EPS DILUTED	(1.73)

End of Filing