

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED: DECEMBER 31, 2000
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 its charter)

DELAWARE
(State or other jurisdiction
of incorporation or organization)

06-1515824
(I.R.S. employer identification no.)

14 WALL STREET, 14TH FLOOR NEW YORK, NEW YORK
(Address of principal executive offices)

10005
(Zip code)

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

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 March 30, 2001 was approximately \$56.2 million. On such date, the last sale price of the Registrant's common stock was \$3.125 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 MARCH 30, 2001 -----
Common Stock, \$0.01 par value	28,169,733

THESTREET.COM, INC.
2000 ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

PART I	PAGE ----
Item 1. Business.....	1
Item 2. Properties.....	11
Item 3. Legal Proceedings.....	11
Item 4. Submission Of Matters To A Vote Of Security Holders.....	12
PART II	
Item 5. Market For Registrant's Common Equity And Related Stockholder Matters.....	12
Item 6. Selected Financial Data.....	13
Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations.....	14

Item 7A.	Quantitative And Qualitative Disclosure About Market Risk...	20
Item 8.	Financial Statements And Supplementary Data.....	30
Item 9.	Changes In And Disagreements With Accountants On Accounting And Financial Disclosure.....	30
PART III		
Item 10.	Directors And Executive Officers Of The Registrant.....	31
Item 11.	Executive Compensation.....	31
Item 12.	Security Ownership Of Certain Beneficial Owners And Management.....	31
Item 13.	Certain Relationships And Related Transactions.....	31
PART IV		
Item 14.	Exhibits, Financial Statements, Schedules And Reports On Form 8-K.....	32
Signatures.....		33

THESTREET.COM, INC.
2000 ANNUAL REPORT ON FORM 10-K

PART I

ITEM 1. BUSINESS

OVERVIEW

TheStreet.com is a leading multimedia provider of original, timely, insightful and trustworthy financial commentary, analysis and news. Our content is available across diverse product offerings, including the Internet, print media, books and conferences.

As part of our strategy to diversify our sources of revenue, since January 2000 we have expanded our offerings by:

- relaunching our formerly subscription-based THESTREET.COM web site as a completely free, advertising-supported web site;
- launching a new subscription-based site called REALMONEY.COM;
- acquiring an email newsletter publisher and a conference company;
- introducing our first investing book, THESTREET.COM GUIDE TO SMART INVESTING IN THE INTERNET ERA, published by the Doubleday division of Random House Inc.; and
- introducing a daily institutional fax product.

We have developed a loyal audience of investors at various experience levels

who turn to our product offerings for all their financial and investing information needs. In addition, we have important strategic relationships with leading companies in the media, technology and financial services sectors that also help us create brand awareness and increase subscription and advertising revenues. Our goal is to monetize and leverage our financial content across a variety of platforms.

INDUSTRY BACKGROUND

Increasingly, a growing group of self-directed investors is seeking sources that can help them make informed investing decisions. These 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 Internet 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. Many existing financial news and information sources, however, have failed to meet their needs. We believe that this "democratization" of Wall Street represents a significant opportunity for a financial information source that provides trustworthy independent reporting together with original, timely and insightful commentary and analysis.

THESTREET.COM PRODUCT OFFERINGS

WEB-BASED PROPERTIES

In December 2000, our web sites, THESTREET.COM and REALMONEY.COM, together attracted more than 3.3 million unique visitors and generated over 49 million page views. A unique visitor is a person who visits one of our web sites 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 one of our web sites.

1

REALMONEY.COM, OUR SUBSCRIPTION-BASED WEB SITE

In June 2000, we launched a new subscription-based web site called REALMONEY.COM, comprised of certain premium commentary from our formerly subscription-based THESTREET.COM web site, together with new offerings, aimed towards active market participants willing to pay for value-added content online. On REALMONEY.COM, we offer timely, insightful, in-depth commentary and analytical coverage of market-moving trends and events from experienced contributors and writers, including James J. Cramer, Herb Greenberg, Adam Lashinsky and Gary B. Smith. We also offer personal finance data, special reports, online "chats" with our editorial staff, and research tools, including real-time stock quotes. As of December 31, 2000, REALMONEY.COM had a subscriber base of approximately 75,000 subscribers.

The following is a detailed description of the features and tools we offer on REALMONEY.COM:

COLUMNIST CONVERSATION

The "Columnist Conversation" is a message board containing lively discussion among several of our more than two dozen writers and contributors, covering topics of the day, market moves and recent events. The Columnist Conversation permits readers to "listen in" on the conversations of these experts in real time as they post their analyses of the day's action.

TRADING TRACK

"Trading Track" is a continuously updated journal of the thoughts and plays of several actual active professional traders, who post their markets commentary in real time throughout the trading day.

TODD HARRISON'S TRADING DIARY

Through his "Trading Diary," Todd Harrison, president and head trader at Cramer, Berkowitz & Co., a New York-based hedge fund formerly managed by James J. Cramer, gives REALMONEY.COM subscribers an intimate, real-time view into the actions of a professional hedge-fund trader. Mr. Harrison, who updates his Trading Diary more than a dozen times throughout the day, provides commentary on

macro events as well as short-term trading movements in the market.

INVESTMENT TOOLS

We feature a variety of interactive investment tools that enable users to conduct their own financial research. Among the investment tools we offer are:

- real-time stock quotes;
- intraday and historical stock charts with adjustable parameters;
- mutual fund quotes and scoreboards;
- summary company profiles;
- analysts' buy/sell ratings;
- news wire service feeds;
- Securities and Exchange Commission filings; and
- insider buying information.

2

ONLINE CHATS

Subscribers can participate in online "chats" with REALMONEY.COM columnists, including James J. Cramer, Herb Greenberg, Adam Lashinsky and Gary B. Smith. These chats, which are offered exclusively to REALMONEY.COM subscribers, cover topics relating to current market news and personal finance.

THESTREET.COM, OUR FREE, ADVERTISING-SUPPORTED WEB SITE

We relaunched our formerly subscription-based THESTREET.COM web site as a completely free, advertising-supported web site focused on providing financial coverage for individual investors of all experience levels, who are searching for free financial commentary, analysis and news on the web. We did this as part of our strategy to diversify our sources of revenue and in order to complement our subscription revenue with an entirely advertising-supported site. As a result, we also have been able to build relationships with more advertisers and syndication partners. THESTREET.COM is a "one-stop-shop" for those seeking timely headlines, updates and coverage of technology stocks, bond markets, global financial markets, individual stocks, mutual funds, options, personal finance (including tax and retirement planning), analysts, IPOs and online brokers.

The following is a detailed description of the features we offer on THESTREET.COM:

MARKETS

The Markets section, which features continuously updated market news stories from about 6 a.m. until 10 p.m. Eastern time each business day, covers the latest movements of the major indices, the most active stocks, news from foreign markets, 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. We have expanded our "Before the Bell" and after-hours coverage of the U.S. markets and have extensive options market coverage in the markets section.

HEADLINES

Throughout the day we produce headlines and brief news stories that cover the various corporate announcements and news throughout the day.

PERSONAL FINANCE

To assist our many readers who leave part or all of their stock selection to professional money managers, we have an 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 section caters to readers who are first 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 includes 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,

3

technology and international investing. Selected articles written by REALMONEY.COM columnists appear on THESTREET.COM site on a delayed basis at least 24 hours after their publication on REALMONEY.COM.

TECH STOCKS

The Tech Stocks section covers technology stocks. Our tech reporters, many of whom are located 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.

STOCK NEWS

The Stock News section includes coverage of companies outside of the technology sector, such as retail, media/entertainment, biotechnology, energy, banking and financial services, and both traditional Wall Street brokerage firms and online brokers.

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 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 both on our sites and on Yahoo!, America Online, and other services; streaming audio programs; and delayed stock quotes.

NON WEB-BASED PROPERTIES

EMAIL NEWSLETTERS

In December 2000, we acquired SmartPortfolio.com, Inc., a privately-held and profitable email newsletter publisher. SmartPortfolio.com publishes a variety of financial newsletter products targeted to a broad investor audience. As of December 31, 2000, we had approximately 10,000 paid subscriptions to SmartPortfolio.com's four weekly and one daily premium newsletters and more than 250,000 subscribers to SmartPortfolio.com's two free daily newsletters. Subscribers can choose either a monthly or an annual subscription. As we continue to integrate the Smartportfolio.com product line into our offerings, we expect to expand the number of newsletter products we offer and to grow our collective subscriber base.

BOOKS

In April 2000, we reached an agreement with the Doubleday division of Random House Inc. to publish our first investing book entitled THESTREET.COM GUIDE TO SMART INVESTING IN THE INTERNET ERA. Under the agreement, we own the copyright in the book and receive royalties on editions published by Doubleday, including hardcover and trade paperback. The book, which is currently in its third printing, was published in January 2001 and in February 2001 appeared on The New York Times's list of business best-sellers, and reached as high as #1 on Amazon.com's list of its best-selling non-fiction books. Authored by Editor-in-Chief Dave Kansas together with TheStreet.com writers, and containing an introduction by James Cramer, the book is intended to help investors seek

clarity and insight in the tumultuous investing marketplace of the 21st century.

4

CONFERENCES

In May 2000, we acquired a privately-held conference and event production firm that creates investment conferences under the REALMONEY.COM brand name and showcases many of our top writers covering a wide range of investment and personal finance topics. In this past year, we have produced conferences in New York and San Francisco that featured columnists James J. Cramer, Herb Greenberg, Gary B. Smith and Adam Lashinsky. REALMONEY.COM subscribers receive discounts to our conferences.

INSTITUTIONAL PRODUCTS

Early in 2001, we introduced a high-end institutional product called the Hedge Fund Hotline. This product is aimed at providing exclusive financial and investment information to a limited number of professional investors and is offered on a subscription basis only through a broker in the professional market space. It is part of our strategy to leverage our content in professional as well as consumer markets. This product marks the first step toward what we anticipate being a suite of other institutional products.

OUR EDITORIAL STAFF AND OUTSIDE CONTRIBUTORS

We believe that our original, timely, insightful and trustworthy content is a competitive advantage. Our diverse media platforms enable us to monetize the content produced by our editorial staff and outside contributors. Our editorial staff consists of more than 70 professional reporters and editors who, together with approximately 30 outside contributors, produce more than 100 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.

In 2000, we were finalists for two Online Journalism Awards: General Excellence and Enterprise Journalism. 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, recently retired from the hedge fund of Cramer, Berkowitz & Co., presently serves as markets commentator and advisor to our chief executive officer. Mr. Cramer is also a founder and director of TheStreet.com. He writes multiple columns each business day. In addition, in his capacity as markets commentator for CNBC, Mr. Cramer appears regularly on CNBC's "Squawk Box" and "Business Center" programs. Mr. Cramer writes a weekly column for NEW YORK magazine.

HERB GREENBERG. Mr. Greenberg, formerly of the SAN FRANCISCO CHRONICLE, is a senior columnist. Mr. Greenberg also writes a regular column for FORTUNE magazine.

DAVE KANSAS. Mr. Kansas, our editor-in-chief and executive vice president/chief strategic officer, writes a column about market trends. Prior to coming to TheStreet.com in 1996, Mr. Kansas worked at THE WALL STREET JOURNAL for five years, most recently as a financial markets reporter. Mr. Kansas has

5

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.

HELENE MEISLER. Ms. Meisler is a contributor who writes a popular column called "The Chartist." Prior to TheStreet.com, she spent more than a decade on the sell side as a market technician covering institutional accounts at various investment banks in New York City, including Cowen & Co. and Goldman Sachs.

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 investment 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). Outside contributors are permitted to own individual stocks, but are required to disclose their current positions in any of the stocks they write about.

INTERNATIONAL PRESENCE

In November 2000, we closed down THESTREET.CO.UK, our international joint venture with a group of U.K. investors. The Company's only current international initiative is THEMARKER.COM, a joint venture with Ha'aretz Group, an Israeli newspaper publisher. THEMARKER.COM is an Israeli-based web site that provides high-tech and investment information in both Hebrew and English. Under the terms of the joint venture, THESTREET.COM publishes selected news and headlines on Israeli technology companies listed on U.S. exchanges from THEMARKER.COM site and THEMARKER.COM publishes selected news and headlines from THESTREET.COM.

SUBSCRIPTION SALES

As of December 31, 2000, we had approximately 75,000 subscribers to REALMONEY.COM. Readers can choose either a monthly or an annual subscription. See "Risk Factors--We May Have Difficulty Retaining Current Subscribers."

As part of our efforts to increase our REALMONEY.COM subscriber base, we have entered into subscription distribution agreements with online financial services firms. For example, in December 2000 we renewed and expanded an agreement with CSFBDIRECT, a subsidiary of Credit Suisse First Boston Corporation, under which CSFBDIRECT provides some of our content to select customers on its web site.

As of December 31, 2000, we had approximately 10,000 paid subscriptions to SmartPortfolio.com's four weekly and one daily premium newsletters and more than 250,000 subscribers to SmartPortfolio.com's two free daily newsletters.

6

ADVERTISING SALES

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

Our advertising and e-commerce revenues grew from approximately \$7.9 million in 1999 to \$13.2 million in 2000. In 2000, advertising revenues represented approximately 57% of our total revenue. See "Risk Factors--We May Have Difficulty Selling Our Advertising Inventory, A Significant Portion Of Which Is Concentrated Among Our Top Advertisers" and "Risk Factors--A General Decline In Online Advertising Could Harm Our Business."

DEMOGRAPHICS

We believe our audience presents a desirable reader demographic for advertisers in the financial services, technology and luxury goods industries. According to a Winter 2001 study by @plan, a third-party marketing research firm whose survey research is conducted by The Gallup Organization, our readers are three times more likely than the average Internet users to have portfolios valued over \$1,000,000. Also, according to the same study, 86% of our readers own securities. In addition, compared to the average Internet user surveyed by @plan, our readers are more than five times more likely to trade stocks online. See "Risk Factors--We May Have Difficulty Selling Our Advertising Inventory, A Significant Portion Of Which Is Concentrated Among Our Top Advertisers" and "Risk Factors--Difficulties In Developing New And Enhanced Products and Services Could Harm Our Business."

OTHER FACTORS ATTRACTIVE TO ADVERTISERS

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

- OUR EDITORIAL CONTENT. Many advertisers like to associate their products and services with the high quality of our editorial content.
- LONG DURATION AND HIGH FREQUENCY OF VISITS. In the fourth quarter of 2000, our subscribers and free-trial members spent an average of 45 minutes per visit to our sites. We believe this duration compares favorably to the time spent by readers on other financial sites.

OUR ADVERTISERS

During the year ended December 31, 2000, more than 230 advertisers advertised on our web sites. For the year ended December 31, 2000, our top advertiser accounted for approximately 10% of our advertising revenue, and our top five advertisers accounted for approximately 26% of our advertising revenues, compared with approximately 36% for the year ended December 31, 1999. In 2000, we continued to add well-known non-financial services industry companies to the roster of advertisers on our site, including Microsoft Corporation's MSN, Agora Publishing, Nortel, IBM, Jaguar and Alcatel. In addition, we added several new finance services advertisers, including Merrill Lynch and Fidelity.

7

The following is a list of our top ten brokerage and non-brokerage advertisers in 2000:

TOP 10 BROKERAGE ADVERTISERS

Ameritrade	NetstockDirect
Datek	On-Site Trading
DLJdirect	Instinet
Scottrade	Morgan Stanley Dean Witter
Merrill Lynch	Fidelity

TOP 10 NON-BROKERAGE ADVERTISERS

Compaq	LowestFare.com
MSN	Dell
First USA	Phillips Publishing
Agora Publishing	NextCard
X10.com	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 EMC, Alcatel and Claris.

CONTENT DISTRIBUTION AND SYNDICATION RELATIONSHIPS

During 2000, we continued to leverage our content through distribution and 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 CSFBDIRECT, the 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 2000, we continued our content syndication relationships with Yahoo!, America Online, MSN MoneyCentral 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 sites. See "Risk Factors--A Failure to Establish And Maintain Strategic Relationships With Other Companies Could Decrease Our Subscriber And Reader Base, Which May Harm Our Business."

Key partners with whom we have content syndication and promotion agreements include:

- AMERICA ONLINE. Under our expanded agreement with America Online, which was fully implemented in early 2000, we became an anchor tenant in several departments of AOL's Personal Finance channel, including AOL Market Day. Under this agreement, AOL promotes our content throughout the AOL personal finance channel, which drives traffic to the co-branded AOL/TheStreet.com web site. In addition, our headlines are "indexed" in the AOL "Snapshot" service, which allows users to access our content by conducting a ticker search for companies of interest. We also provide content and receive promotion in CompuServe's Personal Finance area, on AOL.com, and in Netscape Netcenter. As part of the agreement, AOL users receive a discount when they purchase a new subscription to REALMONEY.COM.
- YAHOO! In March, 2001, we renewed our partnership with Yahoo! Under this agreement we provide selected stories for co-branded publication on Yahoo! Finance. In addition, our stories

8

are "indexed" on Yahoo! Finance. We will also host approximately 20 chats on Yahoo!, which will be promoted by Yahoo!.

- AVANTGO. In 2000, we renewed our agreement with AvantGo. Under this agreement, a selection of our content is available to users of wireless devices.
- MICROSOFT MSN MONEYCENTRAL. Under our agreement with Microsoft, MSN MoneyCentral publishes on its web site a selection of our feature columns. In addition, we publish selected feature columns from MSN MoneyCentral writers.
- INTUIT. In March 2001, we continued our relationship with Intuit. Under the new agreement, our headlines will be "indexed" throughout the Quicken.com network of sites. When a user clicks on these headlines, they are taken directly to the full story, which resides on our site.

MARKETING

We pursue a variety of marketing initiatives designed to build brand awareness of our product offerings. These initiatives include advertising in a wide variety of media types, 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. See "Risk Factors--Difficulties Associated With Our Brand Development May Harm Our Ability To Attract Subscribers And Readers."

ADVERTISING CAMPAIGN

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

- cable and network television, including CNBC, local network news, FOX News Channel, and network sports programming;
- local radio stations, including WCBS, WFAN, WINS and WQXR;

- newspapers, including THE NEW REPUBLIC, THE WALL STREET JOURNAL, THE NEW YORK TIMES and THE NEW YORK OBSERVER;
- outdoor locations, including phone kiosks and train platforms;
- in-flight advertising, including flights on United Airlines, Northwest Airlines and US Airways; and
- online sites, including SmartMoney.com, Yahoo! Finance, Bloomberg.com and CBSMarketWatch.

MEDIA RELATIONS

Last year, we engaged in a comprehensive advertising and media-relations campaign on television, print, radio and online media to raise visibility and cultivate our brand identity. We continue to 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, THE NEW YORK OBSERVER and WIRED. A column written by James J. Cramer, markets commentator for TheStreet.com and CNBC, is carried by NEW YORK magazine, a weekly magazine with a reader base of over 440,000. In 2000, our writers and our stories were mentioned or featured in more than 3,000 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, some of our writers appear frequently on television and radio, including CNBC, CNN, ZDTV, Bloomberg, CNET and WABC.

9

CUSTOMER SERVICE

Customer service is a critical element of our marketing strategy. Because a large amount of our content is published online, we can interact with our readers much more easily than traditional print publications or broadcast media companies. In December 2000, for example, we had approximately 32,000 reader contacts, from a base of approximately 75,000 subscribers and additional readers in their 30-day free trials.

COMPETITION

A number of financial news and information sources compete for consumers' and advertisers' attention and spending. 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 CNBC.com, CNNfn.com, The Wall Street Journal Interactive Edition, DowJones.com, Forbes.com, SmartMoney.com, Microsoft MSN MoneyCentral, The Motley Fool and CBS.MarketWatch.com;
- 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, insightfulness 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. See "Risk Factors--Intense Competition Could Reduce Our Market Share And Harm Our Financial Performance."

THESTREET.COM INTERNET SECTOR INDEX

In conjunction with the Philadelphia Stock Exchange and the Susquehanna Investment Group, we created TheStreet.com Internet Sector Index, an index of 24 Internet companies. 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.

INFRASTRUCTURE, OPERATIONS & TECHNOLOGY

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

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 hosted at the Exodus 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 to protect our systems against damage from fire, earthquakes, power loss, telecommunications failure, break-ins, computer viruses,

10

hacker attacks and other events beyond our control. See "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. We have registered certain of our trademarks in the United States and we have pending U.S. applications for other trademarks. 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 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, 2000, we had 188 employees, of whom 77 worked in editorial, 49 in sales/ marketing, 44 in product development, and 18 in finance/administration. 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.

GOVERNMENT REGULATION

We are subject to governmental regulation in connection with securities laws and regulations applicable to all publicly owned companies, as well as laws and regulations applicable to businesses generally. In addition, we are increasingly subject to government regulation and legislation specifically targeting Internet companies, such as privacy regulations adopted at the local, state, national and international levels and taxes levied on the state level. Due to the increasing popularity and use of the Internet, enforcement of existing laws--such as consumer protection regulations--in connection with web-based activities has become more aggressive, and it is expected that new laws and regulations will continue to be enacted at the local, state, national and international levels. Such new legislation, alone or combined with increasingly aggressive enforcement of existing laws, 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

Our principal administrative, sales, marketing, technology and editorial facilities currently reside in a facility encompassing approximately 70,000 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.

11

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

The following matters were submitted to a vote at the annual meeting of stockholders of the Company, held on July 12, 2000:

- (i) the election of James J. Cramer, Michael Golden and Martin Peretz, as Class I directors of the Company, to serve until the annual meeting in 2003; (FOR: 20,443,663; AGAINST: 92,939; ABSTAINED: 0)
- (ii) the approval of an amendment to the Company's Amended and Restated 1998 Stock Incentive Plan (the "Plan") to increase the number of shares of common stock available for grant pursuant to awards under the Plan from 4,400,000 to 6,900,000 shares; (FOR: 12,428,527; AGAINST: 343,902; ABSTAINED: 24,771)
- (iii) the ratification of the appointment of Arthur Andersen LLP as our independent certified public accountants for the fiscal year ending December 31, 2000; (FOR: 20,471,239; AGAINST: 55,879; ABSTAINED: 9,484)

PART II

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

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 closing 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	71.2500
Third quarter.....	15.1875	37.8750
Fourth quarter.....	14.0000	22.1875
2000		
First quarter.....	9.3125	19.9375
Second quarter.....	5.7500	8.2500
Third quarter.....	4.4688	8.8750
Fourth quarter.....	1.6875	4.6250

On March 30, 2001, the last reported sale price for our Common Stock was \$3.125 per share.

HOLDERS

The number of holders of record of our Common Stock on March 30, 2001 was

268, 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, 2000. 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 years ended December 31, 1998, 1999 and 2000, and the balance sheet data as of December 31, 1999 and 2000, 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, 1997 and 1998 and the selected statement of operations data for the period from June 18, 1996 (inception) through December 31, 1996 and for the year ended December 31, 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	YEAR ENDED DECEMBER 31, 2000

	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Net revenues from continuing operations: (see note a)					
Advertising & E-Commerce.....	\$ --	\$ 118	\$ 2,544	\$ 7,897	\$ 13,180
Subscription.....	--	321	1,686	4,550	8,334
Other.....	--	150	393	1,869	1,794
	-----	-----	-----	-----	-----
Total net revenues.....	--	589	4,623	14,316	23,308
Cost of revenues.....	298	1,147	3,955	9,378	13,070
	-----	-----	-----	-----	-----
Gross profit (loss) from continuing operations.....	(298)	(558)	668	4,938	10,238
	-----	-----	-----	-----	-----
Operating expenses:					
Product development.....	469	402	2,346	5,837	12,115
Sales and marketing.....	397	2,189	9,205	15,955	22,457
General and administrative.....	548	2,210	5,158	14,369	13,062
Noncash compensation expense....	--	--	90	4,532	1,371
Restructuring expense.....	--	--	--	--	17,576
	-----	-----	-----	-----	-----
Total operating expenses.....	1,414	4,801	16,799	40,693	66,581
	-----	-----	-----	-----	-----
Loss from continuing operations...	(1,712)	(5,359)	(16,131)	(35,755)	(56,343)
Interest expense (Income), net....	21	405	227	(4,188)	(5,595)
	-----	-----	-----	-----	-----
Loss from continuing operations before provision for income taxes.....	(1,733)	(5,764)	(16,358)	(31,567)	(50,748)
Provision for income taxes.....	--	--	--	95	--
	-----	-----	-----	-----	-----
Net loss from continuing operations.....	(1,733)	(5,764)	(16,358)	(31,662)	(50,748)
Loss from discontinued operations.....	--	--	--	(1,971)	(10,200)
Loss on disposal of discontinued operations.....	--	--	--	--	(1,003)
	-----	-----	-----	-----	-----
Net loss.....	\$ (1,733)	\$ (5,764)	\$ (16,358)	\$ (33,633)	\$ (61,951)
	=====	=====	=====	=====	=====
Net loss per share--basic and diluted.....	\$ (0.29)	\$ (0.95)	\$ (2.13)	\$ (1.73)	\$ (2.37)

Weighted average basic and diluted shares outstanding.....	6,061	6,061	8,575	21,053	26,106
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13

DECEMBER 31,

1996	1997	1998	1999	2000
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(IN THOUSANDS)

BALANCE SHEET DATA:

Cash, cash equivalents and short term investments.....	\$ 18	\$ 157	\$24,612	\$119,415	\$72,160
Working capital (deficit).....	(253)	(1,343)	22,918	114,544	54,728
Total assets.....	305	911	27,581	143,550	100,408
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	71,380

(a) In November 2000, our Board of Directors decided to discontinue our U.K. operations. As a result, the operating results relating to the U.K. operations have been segregated from continuing operations. Prior years' amounts have been restated to conform to the current year presentation.

QUARTERLY FINANCIAL DATA:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Fiscal 2000				
Net revenue.....	\$ 5,391,317	\$ 6,333,075	\$ 5,313,895	\$ 6,269,732
Gross profit.....	2,015,170	2,882,872	1,897,814	3,442,059
Net loss from continuing operations...	(10,346,005)	(10,813,313)	(7,301,294)	(22,286,557)
Loss from discontinued operations.....	(3,536,793)	(3,009,862)	(2,329,343)	(2,327,527)
Net loss.....	(13,882,798)	(13,823,175)	(9,630,637)	(24,614,084)
Net loss per share--basic and diluted				
Continuing operations.....	\$ (0.41)	\$ (0.42)	\$ (0.28)	\$ (0.81)
Discontinued operations.....	(0.14)	(0.12)	(0.09)	(0.09)
	\$ (0.55)	\$ (0.54)	\$ (0.37)	\$ (0.90)
Fiscal 1999				
Net revenue.....	\$ 1,990,823	\$ 3,260,411	\$ 3,948,042	\$ 5,116,923
Gross profit.....	386,566	1,183,745	1,389,965	1,977,303
Net loss from continuing operations...	(7,176,548)	(6,828,807)	(7,415,195)	(10,241,691)
Loss from discontinued operations.....	--	--	(406,484)	(1,564,712)
Net loss.....	(7,176,548)	(6,828,807)	(7,821,679)	(11,806,403)
Net loss per share--basic and diluted				
Continuing operations.....	\$ (0.64)	\$ (0.38)	\$ (0.30)	\$ (0.41)
Discontinued operations.....	0.00	0.00	(0.02)	(0.06)
	\$ (0.64)	\$ (0.38)	\$ (0.32)	\$ (0.47)

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

The following discussion contains forward-looking statements within the meaning of Section 27(a) of the Securities Act of 1933, as amended (the "Securities Act"), and 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

14

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 was organized as a limited liability company in June 1996. In May 1998, we converted to a C corporation, incorporated in Delaware, and in May 1999, we completed our initial public offering. We are a leading multimedia provider of original, timely, insightful and trustworthy financial commentary, analysis and news. Our content is available across diverse product offerings, including the Internet, print media, books and conferences.

As part of our strategy to diversify our sources of revenue, since January 2000 we have expanded our offerings by:

- relaunching our formerly subscription-based THESTREET.COM web site as a completely free, advertising-supported web site;
- launching a new subscription-based site called REALMONEY.COM;
- acquiring an email newsletter publisher and a conference company;
- introducing our first investing book, THESTREET.COM GUIDE TO SMART INVESTING IN THE INTERNET ERA, published by the Doubleday division of Random House Inc.; and
- introducing a daily institutional fax product.

We have developed a loyal audience of investors at various experience levels who turn to our product offerings for all their financial and investing information needs. In addition, we have important strategic relationships with leading companies in the media, technology and financial services sectors that also help us create brand awareness and increase subscription and advertising revenues. Our goal is to monetize and leverage our financial content across a variety of platforms.

RESULTS OF OPERATIONS

In November 2000, our Board of Directors decided to discontinue our U.K. operations. As a result, the assets and liabilities of such discontinued operations are being liquidated as promptly as possible. The following information has been presented on a basis consistent with discontinued operations treatment. Accordingly, the operating results relating to the U.K. operations have been segregated from continuing operations and reported as a separate line item on the statement of operations.

COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 2000 AND 1999

NET REVENUES

ADVERTISING & E-COMMERCE REVENUES. Advertising and e-commerce revenues increased to \$13,179,530 for the twelve months ended December 31, 2000, as compared to \$7,897,044 for the twelve months ended December 31, 1999. This increase is primarily due to a 156% increase in page views, to 512.3 million, as compared to 200.3 million, resulting in higher sales of Internet sponsorship, banner and e-mail advertisements, partially offset by a 35% reduction in the revenue per 1,000 page views. For the twelve months ended December 31, 2000, 56% of our advertising and e-commerce revenues were derived from sponsorship contracts, as compared to 75% for the twelve months ended December 31, 1999. The number of our advertisers for the twelve months ended December 31, 2000 was 237, as compared to 173 for the twelve months ended December 31, 1999. For the twelve months ended

15

December 31, 2000, our top five advertisers accounted for approximately 26% of

our total advertising and e-commerce revenues, as compared to approximately 36% for the twelve months ended December 31, 1999.

SUBSCRIPTION REVENUES. Subscription revenues increased to \$8,333,666 for the twelve months ended December 31, 2000, as compared to \$4,549,924 for the twelve months ended December 31, 1999. On June 16, 2000, we relaunched our formerly subscription-based THESTREET.COM web site as a completely free, advertising-supported web site. In addition, we launched a new subscription-based site, REALMONEY.COM. Subscribers to THESTREET.COM were automatically converted to REALMONEY.COM subscriptions. The increase in subscription revenues is primarily the result of the growth in our subscriber base, as well as an increase in our subscription price. For the twelve months ended December 31, 2000, approximately 80% of our net subscription revenue was derived from annual subscriptions, as compared to 75% for the twelve months ended December 31, 1999. We calculate net subscription revenues by deducting from gross revenues cancellation chargebacks and any refunds. During the twelve months ended December 31, 2000, cancellation chargebacks and refunds accounted for approximately 8% of total subscription revenues, as compared to approximately 4% for the twelve months ended December 31, 1999.

OTHER REVENUES. Other revenues decreased to \$1,794,823 for the twelve months ended December 31, 2000, as compared to \$1,869,231 for the twelve months ended December 31, 1999. This decrease is primarily the result of the absence of a one-time consulting services arrangement in April 1999 related to content syndication, and lower revenues from TheStreet.com television show, partially offset by BiGFISH conference related revenue, and increased barter arrangements with online and print media companies.

COST OF REVENUES

Cost of revenues increased to \$13,070,104 for the twelve months ended December 31, 2000, as compared to \$9,378,620 for the twelve months ended December 31, 1999. This increase is primarily the result of additional salaries and related expenses incurred as a result of the growth of our editorial staff prior to our work force reduction in November 2000, the number of research tools made available to our subscribers, and higher rates paid to outside contributors.

PRODUCT DEVELOPMENT EXPENSES

Product development expenses increased to \$12,114,848 for the twelve months ended December 31, 2000, as compared to \$5,837,169 for the twelve months ended December 31, 1999. This increase is primarily the result of costs related to the expansion of our capacity to handle the increase in traffic following the conversion of our subscription-based THESTREET.COM to a completely free, advertising-supported web site, accompanied by a new, subscription-based site, as well as higher salaries and related expenses as a result of a growth in our technology and product development departments, which includes technology staff for ipoPros.com, Inc.

SALES AND MARKETING EXPENSES

Sales and marketing expenses increased to \$22,457,462 for the twelve months ended December 31, 2000, as compared to \$15,954,750 for the twelve months ended December 30, 1999. This increase is primarily the result of costs associated with an advertising campaign designed to drive traffic to our free, advertising-supported site, increased costs associated with content distribution deals, additional salaries and related expenses incurred within our sales and marketing departments.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative costs decreased to \$13,061,589 for the twelve months ended December 31, 2000, as compared to \$14,369,583 for the twelve months ended December 31, 1999. This decrease is primarily the result of costs associated with employee benefits and computer services being allocated to operating departments, the absence of moving costs that were incurred in 1999 as a result of moving our offices, reduced professional fees, equipment rental, and recruiting fees, partially offset by additional costs to support the growth of our business, such as occupancy costs and administrative salaries and related expenses. General and administrative expenses for the twelve months ended December 31, 2000 include goodwill amortization of \$759,453 related to the acquisition of ipoPros.com, Inc. in December 1999 and BiGFISH Management, Inc.

in May 2000.

NONCASH COMPENSATION EXPENSE

In 1998, and the first three months of 1999, 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 on the date of grant. This resulted in noncash compensation expense incurred over the period that these specific options vest. The noncash compensation expense was \$1,370,689 for the twelve months ended December 31, 2000. The remaining noncash compensation expense beyond the year 2000 is currently estimated to be \$2.1 million.

RESTRUCTURING EXPENSES

During the year ended December 31, 2000, we recorded restructuring expenses of \$17,575,522, consisting of approximately \$0.5 million for headcount reductions, approximately \$3.7 million for consolidation of facilities and reduction in non-performing assets, and approximately \$13.4 million for the extinguishments of certain marketing and technology related contracts. These restructuring and other related charges were taken to align our cost structure with changing market conditions and decreased dependence on the advertising market to create a more flexible and efficient organization. The plan resulted in approximately a 20% headcount reduction throughout the organization.

Total cash outlay for the restructuring will be approximately \$5.6 million. The remaining \$12 million of restructuring related costs consists of non-cash charges including the write off of certain assets. As of the end of fiscal 2000, approximately \$0.5 million of cash was used for restructuring. The remaining cash outlay primarily relates to consolidation and extinguishments of certain contracts, and is expected to occur over the next 12 months.

INTEREST INCOME

For the twelve months ended December 31, 2000, interest income was \$5,595,026, as compared to \$4,188,301 for the twelve months ended December 31, 1999. This increase is primarily the result of interest earned on the net proceeds from the IPO for the entire year of 2000 as compared to a partial period in 1999.

DISCONTINUED OPERATIONS

In November 2000, our Board of Directors decided to discontinue our U.K. operations. As a result, the assets and liabilities of the discontinued operations are being liquidated as promptly as possible. Accordingly, the operating results relating to the U.K. operations have been segregated from continuing operations and reported as a separate line item on the statement of operations.

For the twelve months ended December 31, 2000, loss from discontinued operations was \$10,199,945, as compared to \$1,971,196 for the twelve months ended December 31, 1999. For the twelve months ended December 31, 2000, loss on disposal of discontinued operations was \$1,003,580.

17

The loss on disposal of discontinued operations includes actual losses from the date the Board of Directors resolved to discontinue the operations, plus a provision for additional future costs to be incurred to complete the liquidation process.

As of December 31, 2000, the book value of the remaining current assets of the discontinued operations was \$1,841,980, and the book value of the remaining non-current assets was \$426,218.

COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998

NET REVENUES

ADVERTISING AND E-COMMERCE REVENUES. Advertising and e-commerce revenues increased to \$7,897,044 for the twelve months ended December 31, 1999, as compared to \$2,544,409 for the twelve months ended December 31, 1998. This increase is primarily due to an increase in our sales of sponsorship, banner, and email advertisements. For the twelve months ended December 31, 1999 and 1998, 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 to \$4,549,924 for the twelve months ended December 31, 1999, as compared to \$1,685,446 for the twelve months ended December 31, 1998. This increase is primarily the result of the growth in our subscriber base. For the twelve months ended December 31, 1999, approximately 75% of our net subscription revenue was derived from annual subscriptions, while cancellation chargebacks and refunds accounted for approximately 4% of total subscription revenues.

OTHER REVENUES. Other revenues increased to \$1,869,231 for the twelve months ended December 31, 1999, as compared to \$393,511 for the twelve months ended December 31, 1998. 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. For the twelve months ended December 31, 1998, 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. Barter revenue recognized during 1999 and 1998 was \$893,000 and \$31,000, 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 to \$9,378,620 for the twelve months ended December 31, 1999, as compared to \$3,955,270 for the twelve months ended December 31, 1998. This increase is primarily due to the growth of our editorial staff to 102 as of December 31, 1999, as compared to 53 as of December 31, 1998. In addition, we have experienced an increase in the number of outside contributors, data service fees for editorial research, and the number of new research tools made available to our subscribers.

PRODUCT DEVELOPMENT EXPENSES

Product development expenses increased to \$5,837,169 for the twelve months ended December 31, 1999, as compared to \$2,346,354 for the twelve months ended December 31, 1998. This increase is

18

primarily due to new product development initiatives, increased expenses for contract programmers and developers, and an increase in the headcount to 45 employees as of December 31, 1999 from 13 as of December 31, 1998.

SALES AND MARKETING EXPENSES

Sales and marketing expenses increased to \$15,954,750 for the twelve months ended December 31, 1999, as compared to \$9,204,711 for the twelve months ended December 31, 1998. This increase is primarily due to an increase in headcount to 59 as of December 31, 1999 from 27 as of December 31, 1998, an increase in print advertising, and increased content distribution fees.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative costs increased to \$14,369,583 for the twelve months ended December 31, 1999, as compared to \$5,158,158 for the twelve months ended December 31, 1998. This increase is primarily the result of an increase in headcount to 19 as of December 31, 1999 from 7 as of December 31, 1998, as well as additional costs to support the growth of our business such as occupancy costs, moving expenses, professional service fees, insurance costs and equipment depreciation.

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 \$4,531,869 in noncash compensation expense related to these options, as compared to \$90,000 for the twelve months ended December 31, 1998. The 1999 expense includes noncash compensation recognized in connection with Kevin English's departure from the Company on November 5, 1999.

INTEREST INCOME (EXPENSE) NET

For the twelve months ended December 31, 1999, interest income was \$4,188,301, 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. For the twelve months ended December 31, 1998, interest expense on loans from founders of the TheStreet.com, L.L.C. was \$388,747. 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 \$161,423, primarily due to interest earned on the cash proceeds from a private placement in May 1998.

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.

LIQUIDITY AND CAPITAL RESOURCES

We currently invest in money market funds and other short-term, investment grade instruments that are highly liquid, of high-quality, and have maturities of less than one year, with the intent that

19

such funds easily be made available for operating purposes. As of December 31, 2000, our cash, cash equivalents, and short-term investments amounted to \$72,160,325, representing 72% of our total assets.

Cash used in operating activities of \$44,237,280 for the twelve months ended December 31, 2000 was primarily due to a net loss of \$61,950,694, offset by noncash charges and increases in restructuring reserve, deferred revenue, other current liabilities, and decreases in other receivables, partially offset by increases in accounts receivable, prepaid expenses and other current assets, other assets, and a decrease in accounts payable and accrued expenses.

Cash used in investing activities of \$24,533,093 for the twelve months ended December 31, 2000 consisted primarily of the net purchases of short-term and long-term investments, capital expenditures, and the purchase of a minority interest in TheStreet.com (Europe) Ltd. Capital expenditures have generally consisted of purchases of computer hardware related to increasing our capacity and enhancing our web sites.

Cash provided by financing activities of \$6,849,505 for the twelve months ended December 31, 2000 was the result of proceeds from the issuance of common stock.

We believe that our current cash and cash equivalents and short-term investments 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We believe that our market risk exposures are immaterial as we do not have 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.

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE MAKING AN INVESTMENT DECISION. THE RISKS DESCRIBED BELOW ARE ALL THE MATERIAL RISKS FACING THESTREET.COM. WE MAY ALSO FACE SOME NON-MATERIAL RISKS WHICH WE HAVE NOT DISCUSSED IN THE FOLLOWING DESCRIPTION OF OUR RISK FACTORS. IF ANY OF THE FOLLOWING RISKS OCCUR, OUR BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION COULD BE MATERIALLY ADVERSELY AFFECTED.

WE HAVE A HISTORY OF LOSSES, AND ALTHOUGH WE HAVE DIVERSIFIED OUR SOURCES OF REVENUE, POTENTIAL FLUCTUATIONS IN OUR QUARTERLY FINANCIAL RESULTS MAKE FINANCIAL FORECASTING DIFFICULT

As of December 31, 2000, we had an accumulated deficit of \$109.6 million. We have not achieved profitability and expect to continue to incur net losses in 2001. 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.

20

As part of our strategy to diversify our sources of revenue, since January 2000 we have expanded our offerings by:

- relaunching our formerly subscription-based THESTREET.COM web site as a completely free, advertising-supported web site;
- launching a new subscription-based site called REALMONEY.COM;
- acquiring an email newsletter publisher and a conference company;
- introducing our first investing book, THESTREET.COM GUIDE TO SMART INVESTING IN THE INTERNET ERA, published by the Doubleday division of Random House Inc.; and
- introducing a daily institutional fax product.

We have developed a loyal audience of investors at various experience levels who turn to our product offerings for all their financial and investing information needs. In addition, we have important strategic relationships with leading companies in the media, technology and financial services sectors that also help us create brand awareness and increase subscription and advertising revenues. Our goal is to monetize and leverage our financial content across a variety of platforms. However, we cannot assure you that these and other initiatives will result in increases in revenues sufficient to enable us to achieve profitability. In such an event, the price of our common stock is likely to decrease.

We recently announced our goal of becoming EBITDA-positive by the end of 2001. However, we cannot assure you that we will be able to achieve this goal. EBITDA, defined as operating income before depreciation and amortization is one of the primary measures we use to evaluate performance. We believe that EBITDA is an appropriate measure of evaluating our operations. However, EBITDA should be considered in addition to, not as a substitute for or superior to, operating income, net earnings, cash flows, and other measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). As EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similarly titled measures employed by other companies.

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 patterns are developing 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.

WE MAY HAVE DIFFICULTY SELLING OUR ADVERTISING INVENTORY, A SIGNIFICANT PORTION OF WHICH IS CONCENTRATED AMONG OUR TOP ADVERTISERS

The market for online advertising sales has significantly softened in the last few months. Both traditional and new media advertisers are scaling back their online media budgets. In addition, seasonal fluctuations in the markets for consumer products cause advertisers to generally place fewer advertisements during the first and third calendar quarters of each year. As a result, many advertising supported web sites are experiencing difficulty selling their available inventories and maintaining their rate structures. Although we believe that our network of sites and corresponding demographic profiles will continue to enable us to maintain our high sell-through, we expect that our overall advertising rates will decrease as a result of increased inventory. Additionally, we have entered into headline indexing and content distribution agreements with a variety of Internet portals and content providers to distribute our news and headlines to their users, thus driving potential readers to our web sites. We

21

believe that these arrangements will continue to provide a cost-effective way to increase our unique visitors and page view inventory. However, our actual traffic is subject to a variety of factors, including seasonal fluctuations in financial news consumption and overall online usage that generally cause weakness in the first and third calendar quarters of each year, technical difficulties associated with the implementation and ongoing delivery of the news distribution arrangements, and editorial policy changes by our partners. If we are unable to attract significantly increased traffic and advertising revenues under this strategy, our business, results of operations and financial condition could be materially adversely affected.

In the fourth quarter of 2000, our top five advertisers accounted for approximately 35% 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. As is typical in the advertising industry, our advertising contracts have cancellation provisions.

WE MAY HAVE DIFFICULTY RETAINING CURRENT SUBSCRIBERS

We continue to seek to retain our current subscribers and to attract new subscribers. As of December 31, 2000, we had approximately 75,000 paid subscribers, including both retail and corporate, down from approximately 109,000 when we launched our free site. We believe we have significantly enhanced our subscription offerings to differentiate them from the free financial news web sites that are widely available on the web, including on our own free site. However, given the availability of such free financial information, we may not be able to retain our current subscribers and attract additional subscribers in a cost-effective manner. If our subscription base declines more than we anticipate or our cost of subscriber acquisition increases, our business, results of operations and financial condition could be materially adversely affected.

DIFFICULTIES IN DEVELOPING NEW AND ENHANCED PRODUCTS AND SERVICES COULD HARM OUR BUSINESS

We intend to introduce additional and enhanced products and services in order to retain our current readers and attract new readers. If we introduce a product or service that is not favorably received, our current readers may choose a competitive service over ours. We may also experience difficulties that could delay or prevent us from introducing new products and services, or the new products or services we introduce could contain errors that are discovered after they are introduced. In some cases, we are dependent on third parties, including software companies, application service providers and technology consulting firms, to help us develop and implement new products and services. 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, implementation may be delayed and the cost of implementation may be higher than anticipated. Such developments could materially adversely affect our business, results of operations and financial condition.

UNFORESEEN DEVELOPMENT DIFFICULTIES MAY HINDER OUR EFFORTS

We have significantly enhanced our design and our technological infrastructure to further improve our sites and to accommodate the expected increase in traffic, and intend to continue such development activities. However, unforeseen development difficulties could prevent us from implementing such improvements or cause the costs to implement such improvements, including design, technology and related costs, to be higher than anticipated.

In the past, we have experienced significant spikes in traffic on our web sites when there have been important financial news events. In addition, the number of our readers has continued to increase

22

over time and we expect our reader base to increase over time since our main site has been converted to a totally free site. Accordingly, our web sites must accommodate a high volume of traffic, often at unexpected times. Although we have upgraded and continue to upgrade our systems, our web sites have in the past, and may in the future, experience publishing problems, slower response times than usual or other problems for a variety of reasons. These occurrences could cause our readers to perceive our web sites 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 the ability of Exodus 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 sites provided by Exodus could materially adversely affect our business, results of operations and financial condition. Our own internal systems and operations, as well as those of Exodus, 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 sites could result in reduced traffic, reduced revenue and harm to our reputation, brand and our relations with our advertisers and e-commerce partners.

Like most web sites, we may be vulnerable to computer viruses, physical or electronic break-ins and other deliberate attempts to disrupt our technological operations, which could lead to interruptions, delays or loss of data. In addition, unauthorized persons may improperly access our data. 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.

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

Our future success depends upon our ability to attract and retain key personnel, including executives, editors, writers, and technology personnel. Only a few of our key employees are bound by employment or non-competition

agreements. The loss of one or more of our key personnel, or our inability to attract replacements with appropriate expertise, could materially adversely affect our business, results of operations and financial condition.

23

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

A number of financial news and information sources compete for consumers' and advertisers' attention and spending. 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, The New York Times on the Web, 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, insightfulness 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 sites 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 sites.

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 content syndication and headline indexing 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 and headline indexing 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.

24

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 sites.

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.

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 one of our subscription-based web sites are required to furnish certain personal information (including name, email address and credit card information), which we use to administer our services. Although we no longer need credit-card information to process subscription payments for our main site now that it has converted to a free site, we continue to gather credit card information for the subscription-based sites in our network. Additionally, we recently implemented a registration system that will collect certain information (although not payment information) from users of our free main site 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 or human error 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 to not disclose it to third parties. We therefore maintain a privacy policy, under which, with certain limited exceptions, we will not disclose to any third parties any personal information about our subscribers or other users. We have retained the ability to modify the privacy policy at any time. 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 users. 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 site that we have introduced, REALMONEY.COM, and those that we have acquired, do not have widely recognized brands, and we will need to increase awareness of these brands among potential users. Although our efforts to build brand awareness have been successful to date, they may not be cost effective or successful in the future in reaching potential users, and some potential users may not be receptive to our advertising campaign or other efforts. Accordingly, we cannot assure you that such efforts will be successful in raising awareness of THESTREET.COM brand or in persuading potential users to visit our sites.

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 SITES 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 sites. 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 sites through links to other web sites. We have stock ticker-based message boards that allow users to post comments about individual stocks. We undertake no obligation to moderate these message boards, and 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.

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

26

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.

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 and privacy 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 sites. 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 sites 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 sites 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 COULD HARM OUR BUSINESS

Our future success is highly dependent on an increase in the use of the Internet as an advertising medium. The Internet advertising industry is new and rapidly evolving, and it cannot yet be compared with traditional advertising media to gauge its effectiveness. As a result, demand and market acceptance for Internet advertising solutions is uncertain and its growth in recent months has slowed significantly. Most of our current or potential advertising customers have little or no experience using the Internet for advertising purposes and they have allocated only a limited portion of their advertising budgets to Internet advertising. The adoption of Internet advertising, particularly by those entities that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business, exchanging information and advertising products and services. These customers may find Internet advertising to be less effective for promoting their products and services relative to traditional advertising media. In addition, most of our current and potential web publisher customers have little experience in generating revenue from the sale of advertising space on their web sites. We cannot assure you that current or potential advertising customers will continue to allocate a portion of their advertising budget to Internet advertising or that the demand for Internet advertising will continue to develop to sufficiently support Internet advertising as a significant advertising medium. If the demand for Internet advertising develops more slowly than we expect, then our business, results of operations and financial condition could be materially and adversely affected.

27

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 also derive advertising revenues from email services, which exposes us to potential liabilities or claims resulting from unsolicited email, lost or misdirected messages, illegal or fraudulent use of email, privacy violations or interruptions or delays in email service. Any allegation of impropriety or any successful claim could materially adversely affect our business, results of operations and financial condition.

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 sites 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 sites.

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. The governments of other states or foreign countries might attempt to regulate our transmissions or levy sales or other taxes relating to our activities. These regulations, if imposed, could increase the cost of transmitting data over the web.

28

In addition, the growth and development of the market for Internet commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad, that may impose additional burdens on companies conducting business over the Internet. Our business, results of operations and financial condition could be materially and adversely affected by the adoption or modification of laws or regulations relating to the Internet.

The interpretation and application of existing securities laws to web-based financial news providers, including laws governing investment advisors, investment companies and broker/dealers, by the Securities and Exchange Commission and state securities regulators, is a developing area. If, as this area matures, our activity is interpreted as subjecting us to regulation, we could be subject to liability, and our business, results of operations and financial condition could be materially and adversely affected.

We are also subject to various federal and state regulations concerning the collection and use of information regarding individuals. These laws include the Children's Online Privacy Protection Act, and state laws which limit or preclude the use of voter registration and drivers license information, as well as other laws that govern the collection and use of consumer credit information. Although our compliance with applicable federal and state laws, regulations and industry guidelines has not had a material adverse effect on us, governments, trade associations and industry self-regulatory groups may enact more burdensome laws, regulations and guidelines, including antitrust and consumer privacy laws, for us and our clients. The U.S. federal and various state governments have been investigating certain Internet companies regarding their use of personal information and have recently proposed limitations on the collection and use of information regarding Internet users. The European Union has enacted its own privacy regulations that may result in limits on the collection and use of certain information from users in Europe. 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. Also, as a consequence of governmental legislation or regulation or enforcement efforts or evolving standards of fair information collection practices, we may be required to make changes to our products or services in ways that could diminish the effectiveness of the product or service or its attractiveness to potential customers, which could materially and adversely affect our business, financial condition or results of operations. 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 sites or

otherwise materially adversely affect our business.

Laws and regulations directly applicable to Internet communications, commerce and advertising are becoming more prevalent, and new laws and regulations are under consideration by the U.S. Congress and state legislatures. Any legislation enacted or restrictions arising from current or future government investigations or policy could dampen the growth in use of the Internet generally and decrease the acceptance of the Internet as a communications, commercial and advertising medium. The laws governing the Internet remain largely unsettled, even in areas where there has been some legislative action. 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 apply to the Internet and Internet advertising.

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 sites to encourage people to use the web to purchase goods or services, our

29

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.

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. The trading price of our stock has been and may continue to be subject to wide fluctuations. From January 1, 2000 through December 31, 2000, the closing sale price of our common stock on the Nasdaq National Market ranged from \$19.9375 to \$1.6875. As of March 30, 2001, the closing sale price was \$3.125. Our stock price may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media properties by us or our competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable, and news reports relating to trends in our markets. In addition, the stock market in general, and the market prices for Internet-related companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

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.

30

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 2001, 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 2001, 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 2001, 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 2001, to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Report.

31

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
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*3.1	Amended and Restated Certificate of Incorporation
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- **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 Agreement
- 4.3 Amendment No. 1, dated as of August 7, 2000, to Rights Agreement
- **4.4 Amended and Restated 1998 Stock Incentive Plan
- 4.5 Amended and Restated 1998 Stock Incentive Plan, dated as of July 12, 2000
- +10.1 Securities Purchase Agreement, dated August 7, 2000
- ++10.2 Share Purchase Agreement, dated November 16, 2000

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- * Incorporated by reference to Exhibits to the Company's Registration Statement on Form S-1 dated February 23, 1999 (File No. 333-72799).
 - ** Incorporated by reference to Exhibits to the Company's Annual Report on Form 10-K dated March 30, 2000.
 - + Incorporated by reference to Exhibits to the Company's Current Report on Form 8-K, dated August 7, 2000.
 - ++ Incorporated by reference to Exhibits to the Company's Current Report on Form 8-K, dated November 16, 2000.

(b) Reports on Form 8-K

1. The Company filed a Current Report on Form 8-K, dated August 7, 2000, reporting under Item 5 thereof the execution of a Securities Purchase Agreement with Go2Net, Inc. ("Go2Net") and Vulcan Ventures Inc. ("Vulcan") pursuant to which, among other things, the Company sold to each of Go2Net and Vulcan 670,167 shares of its common stock, par value \$.01 per share, at a purchase price of \$5.56 per share. In addition, the Company granted each of Go2Net and Vulcan an option to purchase up to an additional 7.45% (for a total of 14.9%) of the Company's shares of common stock outstanding immediately after the issuance of such stock, at a purchase price of \$13.50 per share. Each option is exercisable for six months from the issuance date.
- 32
2. The Company filed a Current Report on Form 8-K, dated November 16, 2000, reporting under Item 5 thereof the execution of a Share Purchase Agreement with Chase Equity Associates L.P. ("Chase") and the other shareholders (together with Chase, the "Investors") of TheStreet.com (Europe) Limited ("TSC Europe"), the Company's U.K. subsidiary, pursuant to which, among other things, the Company purchased the 2,550,000 shares of TSC Europe held by the Investors for an aggregate consideration of \$3,000,000 in cash and 1,250,000 shares of the Company's common stock. In connection with this transaction, the Investment Agreement, dated September 11, 1999, among the Company and the Investors, was terminated. The Investment Agreement contained, among other things, a provision pursuant to which, in the event of a change of control of the Company, the Investors had the right to require the Company to purchase their shares in TSC Europe for an aggregate consideration of \$34 million, increasing to \$42 million after September 11, 2001. This right, with certain exceptions, would have remained in effect indefinitely.
 3. The Company filed a Current Report on Form 8-K, dated December 20, 2000, reporting under Item 5 thereof the acquisition of substantially all of the assets and the assumption of certain liabilities of SmartPortfolio.com, Inc.

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, 2001

By: /s/ THOMAS J. CLARKE, JR.

Thomas J. Clarke, Jr.
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 -----	TITLE -----	DATE ----
/s/ THOMAS J. CLARKE, JR. ----- Thomas J. Clarke, Jr.	Chief Executive Officer and Director	March 30, 2001
/s/ LISA A. MOGENSEN ----- Lisa A. Mogensen	Chief Financial Officer	March 30, 2001
/s/ RICHARD BROITMAN ----- Richard Broitman	Controller	March 30, 2001
/s/ FRED WILSON ----- Fred Wilson	Chairman of the Board	March 30, 2001
/s/ JERRY COLONNA ----- Jerry Colonna	Director	March 30, 2001
/s/ JAMES J. CRAMER ----- James J. Cramer	Director	March 30, 2001

34

SIGNATURE -----	TITLE -----	DATE ----
/s/ EDWARD F. GLASSMEYER ----- Edward F. Glassmeyer	Director	March 30, 2001
/s/ DAVE KANSAS ----- Dave Kansas	Director	March 30, 2001
/s/ DOUGLAS MCINTYRE ----- Douglas McIntyre	Director	March 30, 2001

THESTREET.COM, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE

Report of Independent Public Accountants.....	F-2
Consolidated Balance Sheets as of December 31, 2000 and 1999.....	F-3
Consolidated Statements of Operations for the Years Ended December 31, 2000, 1999 and 1998.....	F-4
Consolidated Statements of Stockholders' Equity (Deficit) for the Years Ended December 31, 2000, 1999 and 1998.....	F-5
Consolidated Statements of Cash Flow for the Years Ended December 31, 2000, 1999 and 1998.....	F-6
Notes to Consolidated Financial Statements.....	F-8

F-1

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, 1999 and 2000 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, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TheStreet.com, Inc. and subsidiary as of December 31, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

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 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 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

THESTREET.COM, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2000 AND 1999

	DECEMBER 31, 2000	DECEMBER 31, 1999
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 46,339,561	\$108,239,811
Short-term investments.....	25,820,764	11,175,322
Accounts receivable, net of allowance for doubtful accounts of \$749,159 and \$300,000 as of December 31, 2000 and December 31, 1999, respectively.....	4,009,132	2,467,164
Other receivables.....	707,266	1,866,148
Receivable from related party.....	160,000	100,000
Prepaid expenses and other current assets.....	2,881,815	2,220,735
Net current assets of discontinued operations.....	1,841,980	2,542,336
	-----	-----
Total current assets.....	81,760,518	128,611,516
Property and equipment, net of accumulated depreciation and amortization of \$3,165,598 and \$581,603 as of December 31, 2000 and December 31, 1999, respectively.....	10,278,567	7,412,742
Other assets.....	779,559	324,500
Goodwill and intangibles, net of accumulated amortization of \$50,000 and \$0 as of December 31, 2000 and December 31, 1999, respectively.....	4,913,386	2,078,349
Long-term investment.....	2,250,000	2,250,000
Non-current assets of discontinued operations.....	426,218	2,873,128
	-----	-----
Total assets.....	\$ 100,408,248	\$143,550,235
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 3,118,661	\$ 4,290,538
Accrued expenses.....	12,266,857	6,675,541
Restructuring reserve.....	6,485,125	--
Deferred revenue.....	3,896,884	2,858,945
Other current liabilities.....	1,264,607	242,456
	-----	-----
Total current liabilities.....	27,032,134	14,067,480
Deferred rent.....	1,995,645	2,182,100
Minority interest.....	--	15,886,741
	-----	-----
Total liabilities.....	29,027,779	32,136,321
	-----	-----
STOCKHOLDERS' EQUITY:		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; none issued and outstanding.....	--	--
Common stock; \$0.01 par value; 100,000,000 shares authorized; 28,074,483 and 25,248,434 shares issued and outstanding at December 31, 2000 and December 31, 1999, respectively.....	280,745	252,484
Additional paid-in capital.....	182,888,343	174,363,323
Deferred compensation.....	(2,149,572)	(5,450,860)
Advertising receivable.....	--	(10,042,062)
Accumulated comprehensive income.....	--	(20,618)
Accumulated deficit.....	(109,639,047)	(47,688,353)
	-----	-----
Total stockholders' equity.....	71,380,469	111,413,914
	-----	-----
Total liabilities and stockholders' equity.....	\$ 100,408,248	\$143,550,235
	=====	=====

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

THESTREET.COM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Net revenues:			
Advertising & e-commerce revenues.....	\$ 13,179,530	\$ 7,897,044	\$ 2,544,409
Subscription revenues.....	8,333,666	4,549,924	1,685,446
Other revenues.....	1,794,823	1,869,231	393,511
Total net revenues.....	23,308,019	14,316,199	4,623,366
Cost of revenues.....	13,070,104	9,378,620	3,955,270
Gross profit.....	10,237,915	4,937,579	668,096
Operating expenses:			
Product development expenses.....	12,114,848	5,837,169	2,346,354
Sales and marketing expenses.....	22,457,462	15,954,750	9,204,711
General and administrative expenses.....	13,061,589	14,369,583	5,158,158
Noncash compensation expense.....	1,370,689	4,531,869	90,000
Restructuring expenses.....	17,575,522	--	--
Total operating expenses.....	66,580,110	40,693,371	16,799,223
Loss from continuing operations.....	(56,342,195)	(35,755,792)	(16,131,127)
Interest expense.....	--	--	(388,747)
Interest income.....	5,595,026	4,188,301	161,423
Loss from continuing operations before provision for income taxes.....	(50,747,169)	(31,567,491)	(16,358,451)
Provision for income taxes.....	--	94,750	--
Net loss from continuing operations.....	(50,747,169)	(31,662,241)	(16,358,451)
Discontinued operations:			
Loss from discontinued operations.....	(10,199,945)	(1,971,196)	--
Loss on disposal of discontinued operations.....	(1,003,580)	--	--
Net loss.....	\$ (61,950,694)	\$ (33,633,437)	\$ (16,358,451)
Net loss per share--basic and diluted:			
Continuing operations.....	\$ (1.94)	\$ (1.64)	\$ (2.13)
Discontinued operations.....	(0.39)	(0.09)	--
Disposal of discontinued operations.....	(0.04)	--	--
Net loss.....	\$ (2.37)	\$ (1.73)	\$ (2.13)
Weighted average basic and diluted shares outstanding.....	26,105,610	21,052,614	8,575,128

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

F-4

THESTREET.COM
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999, AND 2000

	COMMON STOCK		SERIES A		SERIES C	
	SHARES	PAR VALUE	SHARES	PAR VALUE	SHARES	PAR VALUE
Balance at December 31, 1997.....	6,060,606	\$ 60,606	1,500	\$ 15	1,500	\$15
Issuance of common stock.....	181,818	1,818	--	--	--	--
Capital contribution.....	--	--	--	--	--	--
Net loss from January 1, 1998 through May 7, 1998.....	--	--	--	--	--	--
Termination of LLC.....	--	--	--	--	--	--
Conversion of debt to equity.....	--	--	116,941	1,169	--	--
Net proceeds from private placement in May 1998.....	3,418,333	34,183	--	--	--	--
Net Proceeds from Private Placement in December 1998.....	4,072,778	40,728	--	--	--	--
Recognition of deferred compensation.....	--	--	--	--	--	--

Noncash compensation expense.....	--	--	--	--	--	--
Accretion of redeemable convertible series B preferred stock to redemption value.....	--	--	--	--	--	--
Exercise of options.....	30,303	303	--	--	--	--
Preferred stock dividends.....	--	--	--	--	--	--
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
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)
Issuance of common stock for acquisition.....	97,403	974	--	--	--	--
Issuance of common stock for advertising receivables and cash.....	1,320,901	13,209	--	--	--	--
Accretion of redeemable convertible series B preferred stock to redemption value.....	2,746,088	27,461	--	--	--	--
Recognition of deferred compensation.....	--	--	--	--	--	--
Exercise of options.....	995,204	9,952	--	--	--	--
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	--	0	--	0
Issuance of common stock for acquisition.....	42,107	422	--	--	--	--
Issuance of common stock and warrants for cash.....	1,340,334	13,403	--	--	--	--
Issuance of common stock related to discontinued operations.....	1,250,000	12,500	--	--	--	--
Exercise of options.....	193,608	1,936	--	--	--	--
Noncash advertising expense.....	--	--	--	--	--	--
Restructuring expense.....	--	--	--	--	--	--
Noncash compensation expense:						
Compensation expense.....	--	--	--	--	--	--
Decrease due to resignations.....	--	--	--	--	--	--
UK compensation expense.....	--	--	--	--	--	--
Other comprehensive income -- foreign currency translation.....	--	--	--	--	--	--
Net loss.....	--	--	--	--	--	--
Balance at December 31, 2000.....	28,074,483	\$280,745	--	\$ 0	--	\$ 0

	ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	DEFERRED COMPENSATION
Balance at December 31, 1997.....	\$ 280,364	\$ (7,497,843)	\$ 0	\$ 0
Issuance of common stock.....	3,637	--	--	--
Capital contribution.....	375,000	--	--	--
Net loss from January 1, 1998 through May 7, 1998.....	--	(5,317,171)	--	--
Termination of LLC.....	(12,815,014)	12,815,014	--	--
Conversion of debt to equity.....	11,692,786	--	--	--
Net proceeds from private placement in May 1998.....	2,700,483	--	--	--
Net Proceeds from Private Placement in December 1998.....	12,177,606	--	--	--
Recognition of deferred compensation.....	1,668,000	--	--	(1,668,000)
Noncash compensation expense.....	--	--	--	90,000
Accretion of redeemable convertible series B preferred stock to redemption value.....	(481,270)	--	--	--
Exercise of options.....	606	--	--	--
Preferred stock dividends.....	747,001	(1,451,359)	--	--
Net loss from May 8, 1998 through December 31, 1998.....	--	(11,041,280)	--	--
Balance at December 31, 1998.....	16,349,199	(12,492,639)	--	(1,578,000)
Issuance of common stock from initial public offering and conversion of Series A, B and C preferred stock.....	133,892,447	--	--	--
Issuance of common stock for acquisition.....	1,557,474	--	--	--
Issuance of common stock for advertising receivables and cash.....	13,459,981	--	--	--
Accretion of redeemable convertible series B preferred stock to redemption value.....	--	--	--	--
Recognition of deferred compensation.....	8,409,733	--	--	(8,409,733)
Exercise of options.....	694,489	--	--	--
Preferred stock dividends.....	--	(1,562,277)	--	--
Noncash advertising expense.....	--	--	--	--
Noncash compensation expense.....	--	--	--	4,536,873
Other comprehensive (loss) -- foreign currency translation.....	--	--	(20,618)	--
Net loss.....	--	(33,633,437)	--	--
Balance at December 31, 1999.....	174,363,323	(47,688,353)	(20,618)	(5,450,860)
Issuance of common stock for acquisition.....	274,578	--	--	--
Issuance of common stock and warrants for cash.....	6,465,113	--	--	--
Issuance of common stock related to discontinued operations.....	3,346,875	--	--	--
Exercise of options.....	369,053	--	--	--
Noncash advertising expense.....	--	--	--	--
Restructuring expense.....	--	--	--	--
Noncash compensation expense:				
Compensation expense.....	--	1,270,689	--	1,270,689
Decrease due to resignations.....	(1,930,599)	--	--	1,930,599
UK compensation expense.....	--	--	--	100,000
Other comprehensive income -- foreign currency translation.....	--	--	20,618	--
Net loss.....	--	(61,950,694)	--	--
Balance at December 31, 2000.....	\$182,888,343	\$ (109,639,047)	\$ 0	\$ (2,149,572)

	ADVERTISING RECEIVABLE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
	-----	-----
Balance at December 31, 1997.....	\$ 0	\$ (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)
Termination of LLC.....	--	--
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.....	--	--
Noncash compensation expense.....	--	90,000
Accretion of redeemable convertible series B preferred stock to redemption value.....	--	(481,270)
Exercise of options.....	--	909
Preferred stock dividends.....	--	(704,358)
Net loss from May 8, 1998 through December 31, 1998.....	--	(11,041,280)
	-----	-----
Balance at December 31, 1998.....	--	2,417,397
Issuance of common stock from initial public offering and conversion of Series A, B and C preferred stock.....	--	133,954,498
Issuance of common stock 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.....	--	--
Exercise of options.....	--	704,441
Preferred stock dividends.....	--	(1,562,277)
Noncash advertising expense.....	1,957,938	1,957,938
Noncash compensation expense.....	--	4,536,873
Other comprehensive (loss) -- foreign currency translation.....	--	(20,618)
Net loss.....	--	(33,633,437)
	-----	-----
Balance at December 31, 1999.....	(10,042,062)	111,413,914
Issuance of common stock for acquisition.....	--	275,000
Issuance of common stock and warrants for cash.....	--	6,478,516
Issuance of common stock related to discontinued operations.....	--	3,359,375
Exercise of options.....	--	370,989
Noncash advertising expense.....	1,083,839	1,083,839
Restructuring expense.....	8,958,223	8,958,223
Noncash compensation expense:		
Compensation expense.....	--	--
Decrease due to resignations.....	--	--
UK compensation expense.....	--	100,000
Other comprehensive income -- foreign currency translation.....	--	20,618
Net loss.....	--	(61,950,694)
	-----	-----
Balance at December 31, 2000.....	\$ 0	\$ 71,380,469
	=====	=====

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

F-5

THESTREET.COM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

	FOR THE YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss.....	\$ (61,950,694)	\$ (33,633,437)	\$ (16,358,451)
Adjustments to reconcile net loss to cash used in operating activities, net of acquired businesses:			
Noncash compensation expense.....	1,370,689	4,531,869	90,000
Noncash advertising expense.....	1,083,839	1,957,938	--
Provision for doubtful accounts.....	913,187	260,000	40,000
Minority interest.....	(4,940,446)	(807,687)	--
Gain on purchase of minority interest.....	(4,536,920)	--	--
Depreciation and amortization.....	3,259,600	818,475	244,505
Asset writeoff to restructuring expense.....	10,652,119	--	--
Increase in accounts receivable.....	(2,179,403)	(1,907,728)	(720,720)
Decrease (increase) in other receivables.....	1,722,688	(1,842,874)	(663,137)
Increase in receivable from related party.....	(60,000)	(100,000)	--
Increase in prepaid expenses and other current assets.....	(648,615)	(3,434,418)	(660,184)

Decrease in net current assets of discontinued operations.....	700,356	--	--
Increase in other assets.....	(577,076)	(202,301)	(122,035)
Decrease in net non-current assets of discontinued operations.....	2,446,910	--	--
Increase (decrease) in accounts payable and accrued expenses.....	(101,729)	6,653,443	1,695,955
Increase in restructuring reserve.....	6,485,125	--	--
Increase in deferred revenue.....	1,037,939	2,147,903	499,388
Increase in other current liabilities.....	1,022,151	--	--
Increase in deferred rent.....	63,000	2,223,920	125,810
	-----	-----	-----
Net cash used in operating activities.....	(44,237,280)	(23,334,897)	(15,828,869)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of short-term investments.....	(64,035,442)	(11,175,322)	--
Sale of short-term investments.....	49,390,000	--	--
Purchase of long-term investments.....	(1,125,000)	(1,125,000)	--
Loan to BusinessNet Online Ltd.....	(550,000)	--	--
Capital expenditures.....	(5,157,664)	(10,435,845)	(333,787)
Purchase of minority interest in discontinued operations.....	(3,050,000)	--	--
Acquisition of businesses, net of cash acquired.....	(4,987)	(477,472)	--
	-----	-----	-----
Net cash used in investing activities.....	(24,533,093)	(23,213,639)	(333,787)
	-----	-----	-----

F-6

THESTREET.COM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock.....	6,849,505	113,485,294	6,364
Proceeds from sale of minority interest.....	--	16,694,428	--
Proceeds from notes payable.....	--	--	5,733,955
Net proceeds from private placements.....	--	--	34,874,270
Net borrowings (repayments) under line of credit....	--	(3,333)	3,333
	-----	-----	-----
Net cash provided by financing activities.....	6,849,505	130,176,389	40,617,922
	-----	-----	-----
Effect of exchange rate on changes in cash.....	20,618	--	--
	-----	-----	-----
Net (decrease) increase in cash.....	(61,900,250)	83,627,853	24,455,266
Cash and cash equivalents, beginning of period.....	108,239,811	24,611,958	156,692
	-----	-----	-----
Cash and cash equivalents, end of period.....	\$ 46,339,561	\$108,239,811	\$ 24,611,958
	=====	=====	=====

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:

Income taxes.....	\$ --	\$ 94,750	\$ --
Noncash investing and financing activities.....	\$ --	\$ --	\$ 3,098
Equipment acquired under capital leases.....	\$ 2,388,239	\$ --	\$ --
Issuance of common stock -- acquisition of businesses.....	\$ 3,634,375	\$ 1,558,448	\$ --

Supplemental Disclosure of Noncash Investing Activities:

During 2000, the Company issued 1,250,000 shares of common stock in connection with its purchase of the minority interest in TheStreet.com (Europe) Ltd. The shares were valued at \$3,359,375.

During 2000, the Company issued 42,107 shares of common stock in connection with its purchase of BiGFISH Management, Inc. The shares were valued at \$275,000.

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 was paid in 2000.

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

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 shares 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.

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

F-7

THESTREET.COM, INC.

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 is a leading multimedia provider of original, timely, insightful and trustworthy financial commentary, analysis and news. Our content is available across diverse product offerings, including the Internet, print media, books and conferences.

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 TheStreet.com, Inc. and its former subsidiary The Street.co.uk (See Note 14). All intercompany balances and transactions have been eliminated in consolidation.

REVENUE RECOGNITION

The Company generates its revenues primarily from advertising and subscriptions.

Advertising revenue, derived from the sale of sponsorship, banner and email advertisements 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.

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.

Other revenues consist primarily of barter transactions, revenues from TheStreet.com television show, conference related revenue, and content syndication fees. Revenues from barter transactions are recognized in accordance with the provisions of Emerging Issues Task Force No. 99-17 (EITF 99-17) during the period in which the advertisements are displayed on the Company's web site. Under the provisions of EITF 99-17, barter transactions are recorded at the fair value of the advertising surrendered. Barter revenue recognized during 2000, 1999, and 1998 was \$1,081,900, \$893,493 and \$30,945 respectively. Barter transactions are recognized at fair value as determined by the comparable advertising market rates at the time of placement.

F-8

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. A certificate of deposit in the amount of \$1,450,000 serves as collateral for an outstanding letter of credit, and is therefore restricted.

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 (three years for computer equipment and five 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 intangibles to be disposed of. Due to changing market conditions, management performed a discounted cash flow analysis of all long-lived assets and determined that the carrying amount of goodwill associated with prior business acquisitions had been impaired. The impairment charge approximating \$1.7 million has been included in the restructuring expenses on the December 31, 2000 Consolidated Statement of Operations. (See Note 4)

INCOME TAXES

The Company was organized on June 18, 1996 as a limited liability company ("LLC") 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 and accrued expenses approximate fair value

due to the short-term maturity of these instruments.

F-9

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. For the years ended December 31, 2000, 1999, and 1998, advertising costs were \$9,561,480, \$7,980,202, and \$7,334,438, 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 (See Note 9).

NEW ACCOUNTING PRONOUNCEMENTS

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 provides guidance on the recognition, presentation, and disclosure of revenue in financial statements filed with the SEC. SAB 101 does not supersede any existing authoritative literature. The Company has adopted the principles of SAB 101 during 2000, the effect of which was not material to the Company's results of operations or financial position.

In March 2000, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 44 ("FIN 44"), "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB No. 25." FIN 44 provides guidance on certain aspects of applying APB No. 25. FIN 44 is effective

F-10

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

July 1, 2000, but is also effective for certain events that have occurred after December 15, 1998 or January 12, 2000. The Company has adopted the principles of FIN 44 during 2000, the effect of which was not material to the Company's results of operations or financial position.

In March 2000, the Emerging Issues Task Force of the FASB reached a consensus on Issue No. 00-2, "Accounting for Web Site Development Costs" ("EITF 00-2") which provides guidance on when to capitalize versus expense costs incurred to develop a web site. The consensus is effective for web site development costs in quarters beginning after June 30, 2000. The Company has adopted the principles of EITF 00-2 during 2000, the effect of which was not material to the Company's results of operations or financial position.

(2) ACQUISITIONS

On May 11, 2000, the Company acquired all of the outstanding common stock of BigFiSH Management, Inc., a conference and event production firm, for \$250,000 cash and 42,107 shares of our common stock, having a value on the closing date of \$275,000. As the acquired company had only nominal assets, the entire purchase price of \$525,000 was recorded as goodwill. The acquisition did not have a material effect on the results of operations of the Company for the year-ended December 31, 2000.

On December 20, 2000, the Company acquired substantially all of the assets and certain liabilities of SmartPortfolio.com, Inc. The Company paid total consideration of \$5,400,000 cash and 77,984 shares of our common stock, having a value on the closing date of approximately \$156,000, plus up to an additional 489,644 shares of common stock at future dates subject to continued employment conditions being met. Additionally, the Company accrued for legal fees in connection with the acquisition, totaling \$90,200. 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 \$2,093,000, which is the excess of net assets acquired and is being amortized using the straight line method over a useful life of three years. The acquisition did not have a material effect on the results of operations of the Company for the year-ended December 31, 2000. As of December 31, 2000, the total consideration of approximately \$5,556,000 in cash and common stock was reflected in accrued expenses, and was paid in January 2001. A preliminary allocation of the purchase price is as follows:

Cash and cash equivalents.....	\$ 245,013
Accounts receivable, net of allowance for doubtful accounts.....	289,558
Other current assets.....	12,465
Fixed assets, net of depreciation and amortization.....	285,746
Intangible assets.....	2,720,000
Goodwill.....	2,093,386

Total purchase price.....	\$5,646,168
	=====

The intangible assets are being amortized using the straight line method over a useful life of 3 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following unaudited information presents the pro forma results of operations for the Company for the years ending December 31, 2000 and 1999 as if the acquisition of SmartPortfolio.com, Inc. had occurred on the first day of the earliest year presented:

Net revenue.....	\$ 25,593,586	\$ 14,517,352
Net loss from continuing operations.....	\$(51,516,479)	\$(33,303,203)
Loss from discontinued operations.....	\$(11,203,525)	\$(1,971,196)
Net loss.....	\$(62,720,004)	\$(35,274,399)
Net loss per share -- basic and diluted:		
Continuing operations.....	\$ (1.97)	\$ (1.71)
Discontinued operations.....	\$ (0.43)	\$ (0.09)
	-----	-----
Net loss.....	\$ (2.40)	\$ (1.80)
	=====	=====
Weighted average basic and diluted shares outstanding.....	26,183,594	21,130,598

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 founder 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) DISCONTINUED OPERATIONS

In November 2000, the Company's Board of Directors decided to discontinue our U.K. operations. As a result, the operation's assets and liabilities are being liquidated. In accordance with British law, we expect that the operation will go into Members Voluntary Liquidation by the end of April, at which time there will be immaterial assets and liabilities remaining. Accordingly, the operating results relating to the U.K. operations have been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations. The Company has restated its consolidated financial statements for prior years to conform to the current year presentation.

F-12

For the twelve months ended December 31, 2000, the U.K. operations advertising and e-commerce revenues were \$2,401,094 and the net loss was \$10,199,945, as compared to none and \$1,971,196, respectively, for the twelve months ended December 31, 1999. For the twelve months ended December 31, 2000, loss on disposal of discontinued operations was \$1,003,580. Under generally accepted accounting principles, loss on disposal of discontinued operations includes actual losses from the date the Company's Board of Directors resolved to discontinue the operations, plus a provision for additional future costs to be incurred to complete the liquidation process. The Company believes that any remaining costs associated with these discontinued operations have been adequately provided for by this provision.

As of December 31, 2000, the fair market value of the remaining current assets was \$1,841,980, consisting primarily of a VAT tax refund receivable, a premium receivable from the landlord for leasehold improvements, and trade accounts receivable. The fair market value of the remaining non-current assets was \$426,218 consisting of fixed assets.

(4) RESTRUCTURING EXPENSES

In December 2000, the Company recorded restructuring expenses of \$17,575,522, consisting of approximately \$0.5 million for headcount reductions, approximately \$3.7 million for consolidation of facilities and reduction in non-performing assets, and approximately \$13.4 million for the extinguishments of certain marketing and technology related contracts. These restructuring and other related charges were taken to align the Company's cost structure with changing market conditions and a decreased dependence on the advertising market to create a more flexible and efficient organization. The plan resulted in approximately a 20% headcount reduction affecting all areas of the Company.

Total cash outlay for the restructuring will be approximately \$5.6 million. The remaining \$12 million of restructuring related costs consists of noncash charges including the write off of certain assets. As of the end of fiscal 2000, approximately \$0.5 million of cash was used for restructuring. The remaining cash outlay primarily relates to consolidation and extinguishments of certain contracts, and is expected to occur during 2001.

(5) 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.

	2000 -----	1999 -----	1998 -----
Numerator:			
Net loss from continuing operations.....	\$(50,747,169)	\$(31,662,241)	\$(16,358,451)
Preferred stock dividends.....	--	(1,562,277)	(1,451,359)
Accretion of Redeemable Convertible Series B Preferred Stock.....	--	(1,252,569)	(481,270)
	-----	-----	-----
Loss from discontinued operations.....	(50,747,169) (11,203,525)	(34,477,087) (1,971,196)	(18,291,080) --
Net loss available to common shareholders.....	\$(61,950,694) =====	\$(36,448,283) =====	\$(18,291,080) =====
Denominator:			
Weighted average basic and diluted shares outstanding.....	26,105,610 =====	21,052,614 =====	8,575,128 =====
Net loss per share-basic and diluted			
Continuing operations.....	\$ (1.94)	\$ (1.64)	\$ (2.13)
Discontinued operations.....	(0.43)	(0.09)	--
Net loss.....	\$ (2.37) =====	\$ (1.73) =====	\$ (2.13) =====

F-13

Outstanding options of 3,276,326, 2,688,980 and 1,497,286 for the periods ended December 31, 2000, 1999 and 1998, respectively, have been excluded from the above calculations as they were antidilutive.

(6) PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2000 -----	1999 -----
Computer equipment.....	\$ 7,606,544	\$2,711,704
Furniture and fixtures.....	729,041	360,629
Leasehold improvements.....	5,108,580	4,922,012
	-----	-----
Less--accumulated depreciation and amortization.....	13,444,165 3,165,598	7,994,345 581,603
Property and equipment, net.....	\$10,278,567 =====	\$7,412,742 =====

Depreciation and amortization expense aggregated \$2,577,585, \$567,104, and \$229,547 for the years ending December 31, 2000, 1999, and 1998, respectively.

(7) ACCRUED EXPENSES

Accrued expenses consist of the following:

	DECEMBER 31,	
	2000	1999
Accrued SmartPortfolio acquisition costs.....	\$ 5,555,968	\$ 0
Accrued other.....	4,378,996	3,250,447
Accrued bonuses.....	1,419,059	1,276,178
Accrued professional fees.....	602,850	315,403
Accrued consulting fees.....	309,984	708,513
Accrued long term investment.....	0	1,125,000
	-----	-----
Total accrued expenses.....	\$12,266,857	\$6,675,541
	=====	=====

(8) 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, 2000, the Company incurred approximately \$91 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 \$36.4 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.

F-14

(9) 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 per share.

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, the Company 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 the Company and 83,333 shares from Kevin English, the Company's former Chairman of the Board, Chief Executive Officer and President, pursuant to the exercise of the underwriters' overallotment option). Net proceeds to the Company 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 August 7, 2000, we entered into a Securities Purchase Agreement with Go2Net, Inc. ("Go2Net") and Vulcan Ventures Inc. ("Vulcan"), pursuant to which, among other things, each of Go2Net and Vulcan purchased 670,167 shares of our

common stock, par value \$.01 per share, at a purchase price of \$5.56 per share. In addition, we granted each of Go2Net and Vulcan an option to purchase up to an additional 7.45% (for a total of 14.9%) of our common stock outstanding immediately after the issuance of such stock, at a purchase price of \$13.50 per share. Each option is exercisable at any time during the six months after its grant. We also entered into a Co-Branding and Marketing Agreement with Go2Net, pursuant to which, among other things, we will license Go2Net's proprietary message board technology platform for the three-year period beginning on August 4, 2000. Under the terms of the original agreement, the Company is obligated to pay a total of \$7.5 million over the three-year license period. As of December 31, 2000, \$2.0 million has been paid, and is included on the Consolidated Balance Sheets within prepaid expenses and other current assets, together with the fair market value of the stock options issued, net of a price fluctuation in the value of the shares of common stock issued.

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, NYT and its affiliates will provide \$12 million of advertising services over a four-year period in return for its ownership position. The \$12 million was reflected in equity as an advertising receivable. The Company has recorded advertising expense during 1999 and 2000 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. As part of the restructuring discussed in Note 4, the Company has removed the remaining advertising receivable balance from stockholders' equity as of December 31, 2000.

In February 1999 the Company sold 83,333 shares of common stock for \$1 million.

F-15

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, terminated upon the consummation of the Company's initial public offering in May 1999. Subject to certain conditions, the shares of each series of the Convertible Preferred Stock and dividends carried the following rights and automatically converted into common stock as follows:

The Series A and B Preferred Stock accumulated dividends annually at \$9.50 per share. These shares were senior to common stock and Series C Convertible Preferred Stock ("Series C Preferred Stock") and were PARI PASSU to one another. The shares had no voting rights and had a liquidation preference of \$100 per share plus accumulated dividends. The shares plus any accrued and unpaid dividends mandatorily converted to common stock upon the Company's initial public offering ("IPO") at the liquidation preference payment divided by the IPO price. The Series B Preferred Stock also had a redemption feature whereby, at the option of the holder, the Series B Preferred Stock could have been redeemed at the liquidation value of \$100 per share plus accumulated dividends. The shares would have been 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 had been increased by accumulated dividends which were payable under the redemption feature.

The Series C Convertible Preferred Stock was senior only to the common stock. These shares had no voting rights and had 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. 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.

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 had 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. In July 2000, the shareholders approved an amendment to the Stock Option Plan to increase the number of shares of common stock available for grant by 2,500,000, to a total of 6,900,000. 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.

F-16

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, 2000	YEAR ENDED DECEMBER 31, 1999
Net loss, as reported.....	\$ (61,950,694)	\$ (33,633,437)
Net loss, pro forma.....	\$ (64,886,859)	\$ (34,967,812)
Basic and diluted net loss per share, as reported...	\$ (2.37)	\$ (1.73)
Basic and diluted net loss per share, pro forma....	\$ (2.49)	\$ (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
Options granted.....	2,038,266	6.01
Options exercised.....	(192,274)	1.94
Options cancelled.....	(1,258,646)	10.77
Options outstanding, December 31, 2000.....	3,276,326	\$ 8.20

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. Options exercisable as of December 31, 2000, 1999, and 1998 were 836,021, 103,514, and 50,167,

respectively. The above options vest up to a four-year period and have terms not to exceed 10 years. Generally, options are granted with exercise prices equal to the fair market value of the underlying common stock on the date of the grant. For options granted at less than fair market value, a compensation charge is 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, 2000	DECEMBER 31, 1999	DECEMBER 31, 1998
	-----	-----	-----
Expected option lives.....	4 years	4 years	4 years
Risk-free interest rates.....	6.15 %	6.0 %	6.0 %
Expected volatility.....	101 %	25 %	0 %
Dividend yield.....	0 %	0 %	0 %

F-17

The results may not be representative of future periods. The following table summarizes information about options outstanding at December 31, 2000:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS OUTSTANDING WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----
\$ 0.00 -- \$ 3.00	1,549,388	4.1	\$ 2.26
\$ 3.01 -- \$ 6.19	270,700	4.4	\$ 5.74
\$ 6.20 -- \$ 9.00	385,299	4.3	\$ 7.26
\$ 9.01 -- \$15.00	315,966	4.0	\$14.20
\$ 15.01 -- \$35.50	754,973	3.6	\$19.23

	3,276,326	4.0	\$ 8.20
	=====		

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 had recorded deferred compensation of approximately \$1,668,000 and \$8,409,733 during December 31, 1998 and 1999 respectively. The remaining balance related to deferred compensation is \$2,149,572 as of December 31, 2000. This amount will be recognized as noncash compensation expense over the remaining vesting period of the options, in the amount of \$1,020,967, \$1,003,855, and \$124,750 for the years ending December 31, 2001, 2002, and 2003, respectively.

(10) 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 expenses were \$3,921,666, \$2,857,707, and \$700,073 for the three years ended December 31, 2000, 1999, and 1998, respectively. Future minimum base rents under terms of non-cancelable operating leases are as follows for the years ending December 31,

2001.....	\$3,526,605
2002.....	\$2,766,521
2003.....	\$2,698,996
2004.....	\$2,628,522
2005.....	\$2,699,152
Thereafter.....	\$9,237,549

F-18

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Minimum payments have not been reduced by minimum sublease rentals of \$1,455,658 due in the future under non-cancelable subleases.

In connection with the Co-Branding and Marketing Agreement with Go2Net discussed in Note 9, the Company is committed to license payments totaling \$5.5 million through August 2002.

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 2002.

EMPLOYMENT AGREEMENTS

The Company has employment agreements with certain of its officers. The agreements provide for payments of approximately \$1,785,792, \$1,169,627, and \$304,583 during the years ended December 31, 2001, 2002, and 2003, respectively, and expire at various dates through December 2003.

LETTERS OF CREDIT

A company controlled by a shareholder had previously 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 \$1,450,000 to the landlord.

(11) 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.

(12) 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 single customer accounted for more than 10% of revenues in 2000 or 1999.

(13) LONG-TERM INVESTMENTS, AT COST

In December 1999, the Company purchased a 19.99% interest for \$2,250,000 in Business Net Online Ltd., which launched an online business publication serving

the Israeli market. As of December 31, 1999, approximately \$1,125,000 of this investment was unpaid and was reflected in accrued expenses, which was subsequently paid in 2000. The investment is being accounted for on a cost basis. In July 2000, the Company agreed to provide to Business Net Online Ltd., pursuant to a

F-19

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Convertible Bridge Loan Agreement, a loan in the amount of \$550,000 which was funded in the second half of 2000. Under the terms of the agreement, the loan will convert to equity upon the earlier of 12 months from the date of disbursement or the occurrence of an investment transaction in which Business Net Online receives a certain level of proceeds. The loan is included within other receivables in the accompanying December 31, 2000 balance sheet.

(14) INVESTMENT IN THESTREET.COM (EUROPE) LIMITED

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 included 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.

In November 2000, the Company's Board of Directors decided to discontinue TheStreet.co.uk, and entered into an agreement with the other shareholders in TheStreet.com (Europe) Limited pursuant to which the Company purchased the minority interest for an aggregate consideration of \$3 million in cash and 1,250,000 shares of the Company's common stock. As a result, TheStreet.com (Europe) Limited's assets and liabilities are being liquidated as promptly as possible. Accordingly, the related operating results have been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations. The Company has restated its consolidated financial statements for prior years to conform to the current year presentation.

(15) 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.

F-20

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	BALANCE AT BEGINNING OF PERIOD -----	PROVISIONS CHARGED TO EXPENSE -----	WRITE-OFFS -----	BALANCE AT END OF PERIOD -----
For the year ended December 31, 2000.....	\$300,000	\$913,187	\$464,028	\$749,159
For the year ended December 31, 1999.....	\$ 40,000	\$260,000	\$ 0	\$300,000
For the year ended December 31, 1998.....	\$ 0	\$ 40,000	\$ 0	\$ 40,000

AMENDMENT NO. 1 TO RIGHTS AGREEMENT

Amendment No. 1, dated as of August 7, 2000 (the "Amendment"), between THE STREET.COM, INC., a Delaware corporation (the "Company"), and AMERICAN STOCK TRANSFER & TRUST COMPANY, a New York banking corporation, as Rights Agent (the "Rights Agent").

WHEREAS, the Company and the Rights Agent entered into a Rights Agreement, dated as of May 14, 1999 (the "Rights Agreement");

WHEREAS, there is not as of the date hereof any Acquiring Person (as defined in the Rights Agreement); and

WHEREAS, the Company desires to amend the Rights Agreement in accordance with Section 27 of the Rights Agreement;

NOW, THEREFORE, in consideration of the premises and mutual agreements set forth in the Rights Agreement and this Amendment, the parties hereby agree as follows:

Section 1. AMENDMENT TO DEFINITION OF "ACQUIRING PERSON." Section 1(a) of the Rights Agreement is amended to add the following sentence after the last sentence thereof: "Notwithstanding the foregoing, no Exempt Person shall be deemed an Acquiring Person."

Section 2. DEFINITION OF "EXEMPT PERSON." Section 1 of the Rights Agreement is amended to insert after subsection (jj) thereof the following:

(kk) "Exempt Person" shall mean Go2Net, Inc., a Delaware corporation, and Vulcan Ventures, Inc., a Washington corporation, and their respective Affiliates and Associates until such time as (i) any one of them becomes the Beneficial Owner of any shares of Common Stock other than shares of Common Stock issued pursuant to the Securities Purchase Agreement or (ii) any one of them is in breach of Section 9.11 of the Securities Purchase Agreement which breach is not waived by the Company in accordance with the requirements of the Securities Purchase Agreement, in each case as determined by the Board of Directors of the Company in its sole and absolute discretion.

(ll) "Securities Purchase Agreement" shall mean that certain Securities Purchase Agreement, dated as of August 7, 2000, by and among Go2Net, Inc., a Delaware corporation, Vulcan Ventures Inc., a Washington corporation, and the Company.

Section 3. RIGHTS AGREEMENT AS AMENDED. The term "Agreement" as used in the Rights Agreement shall be deemed to refer to the Rights Agreement as amended hereby. The foregoing amendments shall be effective as of the date hereof and, except as set forth herein, the Rights Agreement shall remain in full force and effect and shall be otherwise unaffected hereby.

Section 4. COUNTERPARTS. This Amendment may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

Section 5. GOVERNING LAW. This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such State.

Section 6. DESCRIPTIVE HEADINGS. Descriptive headings of the several Sections of the Amendment are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

Attest: THESTREET.COM, INC.

/s/ Jordan Goldstein

Name: Jordan Goldstein
Title: Vice President, General Counsel

By: /s/ Thomas J. Clarke

Name: Thomas J. Clarke
Title: Chief Executive Officer

Attest: AMERICAN STOCK TRANSFER &
TRUST COMPANY, as Rights Agent

/s/ Susan Silber

Name: Susan Silber
Title: Assistant Secretary

By: /s/ Herbert J. Lemmer

Name: Herbert J. Lemmer
Title: Vice President

THESTREET.COM, INC.
1998 STOCK INCENTIVE PLAN

AS AMENDED AND RESTATED AS OF JULY 12, 2000

SECTION 1 Purposes

The purpose of TheStreet.com, Inc. 1998 Stock Incentive Plan, as amended and restated as of July 12, 2000 (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

(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

2

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 6,900,000. 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

3

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

(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.

5

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.

6

(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.

7

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;

8

(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.

9

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.

10