

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL

OMB Number: 3235-0049
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Hours per response.....9.402

Name of Investment Adviser:					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:

This part of FORM ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any government authority.

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant:	SEC File Number: 801-	Date:
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1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|--------------------------|--|-------|---|
| <input type="checkbox"/> | (1) Provides investment supervisory services | _____ | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services..... | _____ | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above... | _____ | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above..... | _____ | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____ | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities... | _____ | % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above..... | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term?
- | | |
|--------------------------|--------------------------|
| Yes | No |
| <input type="checkbox"/> | <input type="checkbox"/> |

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input type="checkbox"/> A. Individuals | <input type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

Applicant:

SEC File Number:
801-

Date:

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <input type="checkbox"/> A. Equity securities | <input type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input type="checkbox"/> (3) Foreign issuers | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|--|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the
Securities and Exchange Commission |
| (3) <input type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

Applicant:	SEC File Number: 801-	Date:
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | | |
|--|--------------------------|--------------------------|--|
| (1) securities to be bought or sold? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |
| (2) amount of securities to be bought or sold? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |
| (3) broker or dealer to be used? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |
| (4) commission rates paid? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | | |
|---|--------------------------|--------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |
| B. directly or indirectly compensates any person for client referrals? | Yes | No | |
| | <input type="checkbox"/> | <input type="checkbox"/> | |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet?..... Yes No

**Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number: 801-	Date:
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
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Item of Form (identify)	Answer

(Complete amended pages in full, circle amended items and file with execution page (page 1)).

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THESTREET.COM, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 79,170,754	\$ 46,055,232
Accounts receivable, net of allowance for doubtful accounts of \$242,807 as of December 31, 2007 and \$216,077 as of December 31, 2006	11,848,252	6,314,553
Other receivables	512,849	368,496
Deferred taxes	5,800,000	—
Prepaid expenses and other current assets	1,652,608	1,436,618
Total current assets	98,984,463	54,174,899
Property and equipment, net of accumulated depreciation and amortization of \$17,493,847 as of December 31, 2007 and \$14,420,638 as of December 31, 2006	7,730,922	3,018,132
Other assets	328,117	178,396
Goodwill	40,245,413	4,509,666
Other intangibles, net	18,368,792	2,188,500
Deferred taxes	10,200,000	—
Restricted cash	576,951	500,000
Total assets	\$ 176,434,658	\$ 64,569,593
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 2,189,259	\$ 1,165,705
Accrued expenses	5,006,635	6,179,091
Deferred revenue	16,240,008	12,705,038
Current portion of note payable	—	22,146
Other current liabilities	214,654	83,800
Current liabilities of discontinued operations	232,242	222,425
Total current liabilities	23,882,798	20,378,205
Other liabilities	90,105	—
Total liabilities	23,972,903	20,378,205
Stockholders' Equity		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; 5,500 issued and outstanding at December 31, 2007 and none issued and outstanding at December 31, 2006; the aggregate liquidation preference as of December 31, 2007 totals \$55,096,424	55	—
Common stock; \$0.01 par value; 100,000,000 shares authorized; 36,006,137 shares issued and 30,254,137 shares outstanding at December 31, 2007, and 33,606,835 shares issued and 27,854,835 shares outstanding at December 31, 2006	360,061	336,068
Additional paid-in capital	270,752,308	193,556,899
Treasury stock at cost; 5,752,000 shares at December 31, 2007 and December 31, 2006	(9,033,471)	(9,033,471)

Accumulated deficit	(109,617,198)	(140,668,108)
Total stockholders' equity	152,461,755	44,191,388
Total liabilities and stockholders' equity	\$ 176,434,658	\$ 64,569,593

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

THESTREET.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Year Ended December 31,

	2007	2006	2005
Net revenue:			
Paid services	\$ 38,421,393	\$ 35,441,457	\$ 24,221,239
Marketing services	26,984,637	15,447,378	9,522,835
Total net revenue	65,406,030	50,888,835	33,744,074
Operating expense:			
Cost of services	25,559,409	18,450,110	12,727,057
Sales and marketing	12,208,648	9,616,491	7,264,114
General and administrative	12,215,797	10,673,705	8,176,442
Depreciation and amortization	2,528,042	1,088,679	673,967
Total operating expense	52,511,896	39,828,985	28,841,580
Operating income	12,894,134	11,059,850	4,902,494
Net interest income	2,476,266	2,037,496	852,676
Income from continuing operations before income taxes	15,370,400	13,097,346	5,755,170
Benefit (provision) for income taxes	15,693,339	(261,220)	(5,020)
Income from continuing operations	31,063,739	12,836,126	5,750,150
Discontinued operations:			
Loss from discontinued operations	—	—	(3,075,402)
(Loss) income on disposal of discontinued operations	(12,829)	32,321	(2,428,746)
(Loss) income from discontinued operations	(12,829)	32,321	(5,504,148)
Net income	31,050,910	12,868,447	246,002
Preferred stock deemed dividend	1,802,733	—	—
Preferred stock cash dividend	96,424	—	—
Preferred Stock Dividends	1,899,157	—	—
Net income attributable to common stockholders	\$ 29,151,753	\$ 12,868,447	\$ 246,002
Basic net income (loss) per share:			
Income from continuing operations	\$ 1.08	\$ 0.48	\$ 0.23
Loss from discontinued operations	—	—	(0.12)
(Loss) income on disposal of discontinued operations	(0.00)	0.00	(0.10)
(Loss) income from discontinued operations	(0.00)	0.00	(0.22)
Net income	1.08	0.48	0.01
Preferred Stock Dividends	(0.07)	—	—
Net income attributable to common stockholders	\$ 1.01	\$ 0.48	\$ 0.01
Diluted net income (loss) per share:			
Income from continuing operations	\$ 1.06	\$ 0.47	\$ 0.22
Loss from discontinued operations	—	—	(0.12)

(Loss) income on disposal of discontinued operations	(0.00)	0.00	(0.09)
(Loss) income from discontinued operations	(0.00)	0.00	(0.21)
Net income	1.06	0.47	0.01
Preferred Stock Dividends	(0.07)	—	—
Net income attributable to common stockholders	\$ 0.99	\$ 0.47	\$ 0.01
Weighted average basic shares outstanding	28,830,366	27,014,047	24,953,463
Weighted average diluted shares outstanding	29,387,727	27,546,137	26,164,880

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies

Organization and Nature of Business

TheStreet.com, Inc., together with its wholly owned subsidiaries (collectively, the “Company,” “our,” “we” or “us”) is a leading financial media company. We distribute our content through proprietary properties, including Web sites, email services, print publications and video programming. We also syndicate our content for distribution by other media companies. Our goal is to provide information and services that empower a growing audience of investors and consumers through our expanding network of properties to become the leading online destination where issues related to life and money intersect.

In June 2005, the Company committed to a plan to discontinue the operations of its wholly owned subsidiary, Independent Research Group LLC, which operated the Company’s securities research and brokerage segment. Accordingly, the operating results relating to this segment have been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations. See Note 2 to Notes to Consolidated Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Significant estimates include the allowance for doubtful accounts receivable, valuation allowance of deferred taxes, the useful lives of fixed assets, the valuation of goodwill and intangible assets, as well as accrued expense estimates, 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 revenue and expense 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 wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

The Company generates its revenue primarily from paid and marketing services.

Paid services include subscription fees paid by customers for access to particular services for the term of the subscription as well as syndication and licensing revenue. Subscriptions are generally charged to customers’ credit cards or are directly billed to corporate subscribers. These are generally billed in advance on a monthly or annual basis. The Company calculates net subscription revenue by deducting anticipated refunds from cancelled subscriptions and chargebacks of disputed credit card charges from gross revenue. Net subscription revenue is recognized ratably over the subscription periods. Deferred revenue relates to subscription fees for which amounts have been collected but for which revenue has not been recognized.

Subscription revenue is subject to estimation and variability due to the fact that, in the normal course of business, subscribers may for various reasons contact us or their credit card companies to request a refund or other adjustment for a previously purchased subscription. Accordingly, we maintain a provision for estimated future revenue reductions resulting from expected refunds and chargebacks related to subscriptions for which revenue was recognized in a prior period. The calculation of this provision is based upon historical trends and is reevaluated each quarter.

Marketing services include advertising revenue, which is derived from the sale of Internet sponsorship arrangements and from the delivery of banner, video and email advertisements on the Company’s Web sites, and is recognized ratably over the period the advertising is displayed, provided that no significant Company obligations remain and collection of the resulting receivable is reasonably assured. Although infrequent, Company obligations could include guarantees of a minimum number of times that users of the Company’s

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

Web sites “click-through” to the advertisers’ Web site, or take additional specified action, such as opening an account. In such cases, revenue is recognized as the guaranteed “click-throughs” or other relevant delivery criteria are fulfilled.

Marketing services also include revenue associated with Promotions.com, which the Company acquired as part of its acquisition of Corsis Technology Group II LLC in August 2007. Promotions.com revenues are derived principally from management contracts in which Promotions.com typically provides custom services for the creation, implementation, and administration of an online promotion on a customer’s website and for managing the customer’s information technology functions. Promotions.com recognizes revenue related to its services as the services are provided or ratably over the period of the contract, provided that no significant obligations remain and collection of the resulting receivable is reasonably assured.

Advertising revenue is subject to estimation and variability due to our policy of recognizing revenue only for arrangements with customers in which, among other things, management believes that collectibility of amounts due is reasonably assured. Accordingly, we estimate and record a provision for doubtful accounts for estimated losses resulting from the failure of our advertising customers to make required payments. This provision is recorded as a bad debt expense. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current credit-worthiness of each customer.

Promotions.com revenue is subject to estimation and variability due to the judgment involved in estimating the percentage of completion of a particular contract in determining the amount of revenue to be recognized.

Cash, Cash Equivalents and Restricted Cash

The Company considers all short-term investment grade securities with original maturities of three months or less from the date of purchase to be cash equivalents. The Company has a total of \$576,951 of cash invested in certificates of deposit that serve as collateral for outstanding letters of credit, and is therefore restricted. The letters of credit serve as security deposits for the Company’s office space in New York City. The office leases do not expire within the next 12 months, and the restricted cash is therefore classified as a noncurrent asset.

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, computer software and telephone equipment, and five years for furniture and fixtures. Capitalized software and Web site development costs can vary based upon the project). Leasehold improvements are amortized on a straight-line basis over the shorter of the respective lease term or the estimated useful life of the asset. If the useful lives of the assets differ materially from the estimates contained herein, additional costs could be incurred, which could have an adverse impact on the Company’s expenses.

Capitalized Software and Web Site Development Costs

The Company expenses all costs incurred in the preliminary project stage for software developed for internal use and capitalizes all external direct costs of materials and services consumed in developing or obtaining internal-use computer software in accordance with Statement of Position (“SOP”) 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” In addition, for employees who are directly associated with and who devote time to internal-use computer software projects, to the extent of the time spent directly on the project, the Company capitalizes payroll and payroll-related costs of such employees incurred once the development has reached the applications development stage. For

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

the years ended December 31, 2007, 2006 and 2005, the Company capitalized \$287,827, \$37,963, and \$19,605, respectively. All costs incurred for upgrades, maintenance and enhancements that do not result in additional functionality are expensed.

In December 1999, the Company adopted Emerging Issues Task Force Abstract (“EITF”) Issue number 00-2, “Accounting for Web Site Development Costs.” EITF 00-2 provides guidance on the accounting for the costs of development of company Web sites, dividing the Web site development costs into five stages: (1) the planning stage, during which the business and/or project plan is formulated and functionalities, necessary hardware and technology are determined, (2) the Web site application and infrastructure development stage, which involves acquiring or developing hardware and software to operate the Web site, (3) the graphics development stage, during which the initial graphics and layout of each page are designed and coded, (4) the content development stage, during which the information to be presented on the Web site, which may be either textual or graphical in nature, is developed, and (5) the operating stage, during which training, administration, maintenance and other costs to operate the existing Web site are incurred. The costs incurred in the Web site application and infrastructure stage, the graphics development stage and the content development stage are capitalized; all other costs are expensed as incurred. Amortization of capitalized costs will not commence until the project is completed and placed into service. For the year ended December 31, 2007, the Company capitalized Web site development costs totaling \$2,824,784. For the years ended December 31, 2006 and 2005, the Company did not capitalize any Web site development costs. Most of the costs capitalized during the year ended December 31, 2007 involve development projects that are expected to become functional in early 2008. As a result, amortization expense has not yet been recorded for these capitalized costs.

Capitalized software and Web site development costs are amortized using the straight-line method over the estimated useful life of the software or Web site. Total amortization expense was \$41,708, \$84,849 and \$134,991, for the years ended December 31, 2007, 2006 and 2005, respectively.

Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets.” SFAS No. 142 requires companies to stop amortizing goodwill and certain other intangible assets with indefinite useful lives. Instead, goodwill and other intangible assets deemed to have an indefinite useful life will be subject to an annual review for impairment. Separable intangible assets that are not deemed to have indefinite useful lives will continue to be amortized over their estimated useful lives (but with no maximum life).

Upon the adoption of SFAS No. 142 in the first quarter of 2002, the Company stopped the amortization of goodwill and certain other intangible assets with indefinite useful lives, and completed the required transitional fair value impairment test on its goodwill and certain other intangible assets, the results of which had no impact on the Company’s financial statements. The Company’s goodwill and intangible assets with indefinite useful lives is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Based upon annual impairment tests as of October 31, 2007, and September 30, 2006 and 2005, no impairment was indicated for the Company’s goodwill and intangible assets with indefinite lives.

Long-Lived Assets

The Company adopted SFAS No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets.” Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted cash flows of the assets. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. Management does not believe that there is any impairment of long-lived assets at December 31, 2007.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)****Income Taxes**

The Company accounts for its income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." 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. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized.

Deferred tax assets pertaining to windfall tax benefits on exercise of share awards and the corresponding credit to additional paid-in capital are recorded if the related tax deduction reduces tax payable. The Company has elected the "with-and –without approach" regarding ordering of windfall tax benefits to determine whether the windfall tax benefit did reduce taxes payable in the current year. Under this approach, the windfall tax benefits would be recognized in additional paid-in capital only if an incremental tax benefit is realized after considering all other tax benefits presently available to the Company.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable, accrued expenses, deferred revenue and note payable approximate fair value due to the short-term maturities of these instruments.

Business Concentrations and Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable. The Company maintains all of its cash, cash equivalents and restricted cash in five financial institutions and performs periodic evaluations of the relative credit standing of these institutions. The Company's customers 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, actual losses have been within management's expectations.

For the years ended December 31, 2007, 2006 and 2005, the Company's top five advertisers accounted for approximately 28%, 34% and 33%, respectively, of its total advertising revenue. For the years ended December 31, 2007 and 2005, no advertiser accounted for 10% or more of total advertising revenue, as compared to one advertiser accounting for approximately 14% for the year ended December 31, 2006.

Net Income or Loss Per Share of Common Stock

Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of restricted stock units (using the treasury stock method), the incremental common shares issuable upon the exercise of stock options (using the treasury stock method), and the conversion of the Company's convertible preferred stock and warrants (using the if-converted method). For 2007, 2006 and 2005, approximately 1.6 million, 0.3 million, and 0.1 million options and warrants to purchase common stock, respectively, were excluded from the calculation, as the exercise prices were greater than the average market price of the common stock during the respective years. In addition, 3,856,942 shares associated with the convertible preferred stock were also excluded from the calculation of diluted net income per share in 2007, as the results would have been antidilutive.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2007, 2006, and 2005, advertising costs were \$1,981,320, \$1,254,360 and \$988,683, respectively.

Stock-based Compensation

As of October 1, 2005, the Company elected early adoption of Statement of Financial Accounting Standards (“SFAS”) No. 123(R), “Share Based Payment: An Amendment of FASB Statements 123 and 95.” This statement requires that the cost resulting from all share-based payment transactions be recognized in the financial statements based upon estimated fair values. SFAS No. 123(R) supersedes the Company’s previous accounting under Accounting Principles Board No. 25, “Accounting for Stock Issued to Employees” (“APB 25”). In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (“SAB 107”) relating to SFAS No. 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS No. 123(R).

The Company adopted SFAS No. 123(R) using the modified prospective transition method. The accompanying consolidated statements of operations for the years ended December 31, 2007 and 2006 reflect the impact of SFAS No. 123(R). The consolidated statements of operations for the year ended December 31, 2005 only reflects the impact of SFAS No. 123(R) for the period October 1, 2005 to December 31, 2005. Stock-based compensation expense recognized under SFAS No. 123(R) for the years ended December 31, 2007, 2006 and 2005 were \$2,115,599, \$1,753,429 and \$332,175, respectively. As of December 31, 2007, there was approximately \$3.7 million of unrecognized stock-based compensation expense remaining to be recognized over a weighted-average period of 2.02 years.

SFAS No. 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant. The value of stock options granted to employees and directors is estimated using an option-pricing model. The value of each restricted stock unit, which the Company issued for the first time during the three-month period ended March 31, 2006, is equal to the closing price per share of the Company’s common stock on the trading day immediately prior to the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods. Prior to the adoption of SFAS No. 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation.” Under the intrinsic value method, no stock-based compensation expense had been recognized, as the exercise price of the Company’s stock options granted to employees and directors equaled the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized in the Company’s Consolidated Statements of Operations for the years ended December 31, 2007 and 2006 includes compensation expense for all share-based payment awards granted prior to, but not yet vested as of January 1, 2006, based upon the grant date fair value estimated in accordance with the pro forma provision of SFAS No. 123, and compensation expense for the share-based payment awards granted subsequent to January 1, 2006, based upon the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). The Company recognizes compensation expense for share-based payment awards on a straight-line basis over the requisite service period of the award. As stock-based compensation expense recognized in the years ended December 31, 2007 and 2006 is based upon awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

Upon adoption of SFAS No. 123(R), the Company continued its practice of estimating the value of employee stock options on the date of grant using the Black-Scholes option-pricing model. This determination is affected by the Company’s stock price as well as assumptions regarding expected volatility, risk-free interest rate, and expected dividends. The weighted-average fair value of employee stock options granted during the years ended December 31, 2007, 2006 and 2005 was \$4.15, \$3.50 and \$1.96, respectively, using the Black-Scholes model with the weighted-average assumptions presented below. Because option-pricing models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. The assumptions presented below represent the weighted-average value of the applicable assumption used to value stock options at their grant date. In determining the volatility assumption, the Company used a historical analysis of the volatility of the Company’s share price for the preceding period equal to the expected option lives. The expected option lives, which represent the period of time that options granted are expected to be outstanding, were estimated based upon the “simplified” method for “plain-vanilla” options. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of the Company’s employee stock options. The dividend yield assumption is based on the history and expectation of future dividend payouts. The periodic expense is determined based on the valuation of the options, and at that time an estimated forfeiture rate is used to reduce the expense recorded. The Company’s estimate of pre-vesting forfeitures is primarily based on the Company’s historical experience and is adjusted to reflect actual forfeitures as the options vest.

	For the Year Ended December 31,		
	2007	2006	2005
Expected option lives	3.5 years	3.5 years	4.0 years
Expected volatility	46.56%	44.84%	59.00%
Risk-free interest rate	4.62%	4.76%	3.45%
Expected dividends	0.94%	1.08%	0%

On November 10, 2005, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position No. FAS 123(R)-3 “Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards.” The Company has elected to adopt the alternative transition method provided in the FASB Staff Position for calculating the tax effects of stock-based compensation pursuant to SFAS No. 123(R). The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool (“APIC pool”) related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and cash flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of SFAS 123(R).

Had compensation for the Company’s outstanding share-based payment awards granted to employees and directors been determined consistent with the provisions of SFAS No. 123, the effect on the Company’s net income or loss and basic and diluted net income or loss per share for the year ended December 31, 2005 would have been as follows:

Net income, as reported.	\$	246,002
Add: noncash compensation, as reported.		332,175
Less: noncash compensation, pro forma		(1,333,082)
Net loss, pro forma.	\$	(754,905)
Basic net income per share, as reported.	\$	0.01
Basic net loss per share, pro forma	\$	(0.03)
Diluted net income per share, as reported	\$	0.01
Diluted net loss per share, pro forma	\$	(0.03)

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

Executive Incentive Plan

In 2007, the Company adopted an executive incentive plan, whereby executive officers and other key employees are eligible to receive cash performance awards based on set performance criteria.

In March 2007, the Compensation Committee granted such cash performance awards, payable to certain executive officers upon the Company's achievement of specified 2007 performance goals. The target short term and long term bonus opportunity for executive officers each range from 75% of salary for the CEO to 50% of salary for the other named executive officers.

The short-term incentive is based 50% on achievement of a revenue target and 50% on achievement of a net income target. Potential payout with respect to each measure ranges from 50% of the bonus opportunity for that measure for achievement of 80% of target performance to 200% of the bonus opportunity for achievement of 120% or more of target performance. As of December 31, 2007, no short-term incentive payments have been earned.

The long-term incentive is based on a comparison of the Company's Enterprise Multiple as compared to a peer group, on a sliding scale calculated within a range whose target is benchmarked at the Company's performance against the peer group in 2006. If the Company's 2007 performance is at 100% of the target performance, the executive will earn 100% of the target long-term incentive. If the Company's 2007 performance is within the range of 50% to 150% of the target level, the portion of the long-term incentive award payable to the executive will be calculated on a sliding scale using a one-to one relationship. Performance below the 50% level will result in no long-term incentive compensation being paid, and performance above it will result in payment of 150% of the target long-term incentive. The amount of long-term incentive earned will be determined following the end of the 2007 plan year and converted into phantom shares of the Company whereby the value of the grant in shares will be recorded as a liability until paid. The value of the liability will be adjusted each reporting period to equal the market value of the underlying shares until vested. The account will be credited with dividend equivalents, which will be converted into additional phantom shares. On December 31, 2008 (provided the executive is still employed by the Company), one-third of the phantom shares will vest, and the value thereof will be distributed to the executive in cash within 60 days. On December 31, 2009 (provided the executive is still employed by the Company), one-half of the remaining phantom shares will vest, and the value thereof will be distributed to the executive in cash within 60 days. Finally, on December 31, 2010 (provided the executive is still employed by the Company), the remaining phantom shares will vest, and the value thereof will be distributed to the executive in cash within 60 days.

As of December 31, 2007, \$431,783 in awards have been earned by key executives. The Company will amortize this amount to compensation expense over the three year vesting period.

Common Stock Purchase Warrants

The Company accounts for the issuance of common stock purchase warrants issued in connection with capital financing transactions in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue No. 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock." Based upon the provisions of EITF Issue No. 00-19, the Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) gives the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net-cash settle the contract if an event occurs and if that event is outside the control of the Company) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

The Company assessed the classification of its derivative financial instruments as of December 31, 2007, which consist of common stock purchase warrants, and determined that such derivatives meet the criteria for equity classification under EITF 00-19.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”) and EITF 00-19 “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock” (EITF 00-19).

SFAS 133 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments in accordance with EITF 00-19. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not remeasured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of SFAS 133. SFAS 133 and EITF 00-19 also provide an exception to this rule when the host instrument is deemed to be conventional (as that term is described in the implementation guidance to SFAS 133 and further clarified in EITF 05-2 “The Meaning of “Conventional Convertible Debt Instrument” in Issue No. 00-19).

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with the provisions of EITF 98-5 “Accounting for Convertible Securities with Beneficial Conversion Features,” (“EITF 98-5”) and EITF 00-27 “Application of FITF 98-5 to Certain Convertible Instruments.” Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

The Company evaluated the conversion option embedded in the Convertible Preferred Stock that it issued during the year ended December 31, 2007 and determined, in accordance with the provisions of these statements, that such conversion option does not meet the criteria requiring bifurcation of these instruments. The characteristics of the common stock that is issuable upon a holder’s exercise of the conversion option embedded in the Convertible Preferred Stock are deemed to be clearly related to the characteristics of the preferred shares (as that term is clarified in paragraph 61.1 of the implementation guidance included in Appendix A of SFAS 133). Additionally, the Company’s conversion options, if free standing, would not be considered derivatives subject to the accounting guidelines prescribed under SFAS 133.

Preferred Stock

The Company applies the guidance in SFAS No. 150 “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity” and EITF Topic D-98 “Classification and Measurement of Redeemable Securities,” when determining the classification and measurement of its convertible preferred shares. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

measured at fair value in accordance with SFAS 150. All other issuances of preferred stock are subject to the classification and measurement principles of EITF Topic D-98. Accordingly the Company classifies conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control, as temporary equity. At all other times, the Company classifies its preferred shares as a component of stockholders' equity.

The Company's convertible preferred shares do not feature any redemption rights within the holders' control or conditional redemption features not solely within the Company's control as of December 31, 2007. Accordingly, the Series B Convertible Preferred shares are presented as a component of stockholders' equity.

New Accounting Pronouncements

In June 2006, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached a consensus on Issue No. 06-3 ("EITF 06-3"), "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)". The consensus allows companies to choose between two acceptable alternatives based on their accounting policies for transactions in which the company collects taxes on behalf of a governmental authority, such as sales taxes. Under the gross method, taxes collected are accounted for as a component of sales revenue with an offsetting expense. Conversely, the net method allows a reduction to sales revenue. If such taxes are reported on a gross basis and are significant, companies should disclose the amount of those taxes. The guidance should be applied to financial reports through retrospective application for all periods presented, if amounts are significant, for interim and annual reporting periods beginning after December 15, 2006. The Company adopted the provisions of this EITF and accounts for the collection of sales taxes using the gross method. The implementation of EITF 06-3 did not have a material effect on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and accordingly, does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is in the process of evaluating the potential impact, if any, of the adoption of SFAS No. 157 will have on our results of operations, financial condition and cash flows.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of FIN 48.

The adoption of the provisions of FIN 48 did not have a material impact on the Company's consolidated financial position and results of operations. As of December 31, 2007, no liability for unrecognized tax benefits was required to be recorded.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

In accordance with FIN 48, interest costs related to unrecognized tax benefits are required to be calculated (if applicable) and would be classified as “Net interest income” in the consolidated statements of operations. Penalties would be recognized as a component of “General and administrative” expenses. There is no interest expense or penalty related to tax uncertainties reported in the consolidated statements of operations.

In many cases the Company’s uncertain tax positions are related to tax years that remain subject to examination by relevant tax authorities. The Company files income tax returns in the United States (federal) and in various state and local jurisdictions. In most instances, the Company is no longer subject to federal, state and local income tax examinations by tax authorities for years prior to 2004, and is not currently under examination by any federal, state or local jurisdiction. It is not anticipated that unrecognized tax benefits will significantly change in the next twelve months.

In February, 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS No. 159”). SFAS No. 159 provides Companies with an option to report selected financial assets and liabilities at fair value. SFAS No. 159’s objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between Companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires Companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the Company’s choice to use fair value on its earnings. It also requires entities to display the fair value of those assets and liabilities for which the Company has chosen to use fair value on the face of the balance sheet. SFAS No. 159 is effective as of the beginning of an entity’s first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157. The Company did not early adopt SFAS No. 159. The Company is in the process of evaluating the potential impact, if any, of the adoption of SFAS No. 159 will have on our results of operations, financial condition and cash flows.

In March 2007, the FASB ratified Emerging Issues Task Force No. 06-11 (“EITF 06-11”), “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards.” EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for nonvested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. The Company does not expect EITF 06-11 will have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141R, “Business Combinations” (“SFAS 141R”), which replaces SFAS No. 141, “Business Combinations.” SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including noncontrolling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R will have an impact on accounting for any businesses acquired after the effective date of this pronouncement.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51” (“SFAS 160”). SFAS 160 establishes accounting and

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(1) Organization, Nature of Business and Summary of Operations and Significant Accounting Policies – (continued)

reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company will be required to report any noncontrolling interests as a separate component of stockholders' equity. The Company will also be required to present any net income allocable to noncontrolling interests and net income attributable to the stockholders of the Company separately in its consolidated statement of operations. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 will have an impact on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses acquired in the future.

(2) Discontinued Operations

In June 2005, the Company committed to a plan to discontinue the operations of the Company's securities research and brokerage segment. Accordingly, the operating results relating to this segment have been segregated from continuing operations and reported as a separate line item in the accompanying Consolidated Statements of Operations. The Company has reclassified the accompanying Consolidated Statements of Operations and Statements of Cash Flows for the year ended December 31, 2005 to conform to the presentation as of and for the years ended December 31, 2007 and 2006.

For the years ended December 31, 2007, 2006 and 2005, net revenue and net loss from discontinued operations were as follows:

	For the Year Ended December 31,		
	2007	2006	2005
Net revenue	\$ —	\$ —	\$ 2,565,081
Loss from discontinued operations	\$ —	\$ —	\$ (3,075,402)
(Loss) income on disposal of discontinued operations	(12,829)	32,321	(2,428,746)
(Loss) income from discontinued operations.	\$ (12,829)	\$ 32,321	\$ (5,504,148)

For the year ended December 31, 2005, loss on disposal of discontinued operations includes actual losses from the date the Company committed to a plan to discontinue the operations of the segment, plus a provision for additional future costs to be incurred to complete the discontinuance process.

The fair market values of the remaining liabilities of the discontinued operation as of December 31, 2007 and 2006 are as follows:

	December 31,	
	2007	2006
Current liabilities.	\$ 232,242	\$ 222,425

As of December 31, 2007, current liabilities of discontinued operations consists of accrued shutdown costs.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(2) Discontinued Operations – (continued)

The following table displays the activity and balances of the provisions related to discontinued operations:

	Initial Charge	Year 2005 Activity	Year 2006 Activity	Balance 12/31/2006	Year 2007 Activity	Balance 12/31/2007
Net asset write-off	\$ 666,546	\$ (666,546)	\$ —	\$ —	\$ —	\$ —
Severance payments	1,134,323	(905,566)	(6,332)	222,425	—	222,425
Extinguishment of lease and other obligations	582,483	(531,310)	(51,173)	—	9,817	9,817
	<u>\$ 2,383,352</u>	<u>\$ (2,103,422)</u>	<u>\$ (57,505)</u>	<u>\$ 222,425</u>	<u>\$ 9,817</u>	<u>\$ 232,242</u>

(3) Acquisitions

Weiss Ratings, Inc.

On August 7, 2006, the Company, through its newly formed, wholly-owned subsidiary, TheStreet.com Ratings, Inc., acquired substantially all of the assets and certain liabilities of Weiss Ratings, Inc. (“Ratings”), a wholly owned subsidiary of Weiss Group, Inc. that provides independent ratings and evaluations of mutual funds, exchange-traded funds, stocks and financial institutions, including insurers, healthcare providers, banks and savings and loans. The Company paid cash consideration of \$3.2 million, equal to the total purchase price of \$4.7 million less the value of assumed deferred revenue liabilities totaling approximately \$1.5 million. The acquired deferred revenue was subsequently reduced by approximately \$125,000 with the offset being a reduction to goodwill.

The acquisition provides the Company with a rich new data set that will provide valuable information to our growing audience across our network of Web sites and subscription services, and provide new advertising and sponsorship opportunities for our advertisers. Ratings has proprietary quantitative models that have built an excellent reputation over the years. These models, and the data they produce on a daily basis, in collaboration with the Company’s distribution capabilities, provide significant growth opportunities for the Company. These factors contributed to a purchase price in excess of the fair value of net tangible and intangible assets acquired from Ratings, and as a result, the Company recorded goodwill in connection with this transaction.

The results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. Based on the Company’s evaluation, the allocation of the purchase price for the acquisition was as follows:

Assets acquired:

Property and equipment	\$ 348,411
Intangible assets (amortizable over 3 – 5 years)	1,902,000
Goodwill	2,394,691
Total assets acquired	<u>4,645,102</u>
Liabilities assumed:	
Deferred revenue	1,328,436
Total liabilities assumed	<u>1,328,436</u>
Total consideration (including legal fees of approximately \$150,000)	<u>\$ 3,316,666</u>

In accordance with the requirements of Statement of Financial Accounting Standards No. 141 (“SFAS No. 141”), “Business Combinations,” the Company recognized certain intangible assets acquired, primarily a syndication agreement, software models and a covenant not to compete. In accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets,” the syndication agreement of \$870,000, software

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(3) Acquisitions – (continued)

models of \$562,000 and covenant not to compete of \$470,000 will be amortized over their estimated useful lives ranging from three to five years. The goodwill recorded as a result of the acquisition is deductible for Federal, New York State and New York City income tax purposes over a period of 15 years. The estimated amortization expense of amortizable intangible assets for the next five years is as follows:

For the Year Ended December 31,	Amount	
2008	\$	496,400
2009		375,567
2010		206,400
2011		120,400
2012		—
Total	\$	<u>1,198,767</u>

Stockpickr.com

On January 3, 2007, the Company formed a joint venture with A.R. Partners, a New York-based media holding company, to operate a Web site called Stockpickr — “The Stock Idea Network.” Stockpickr, located at www.stockpickr.com, allows its members to compare their portfolios to others in the network, scan portfolios for investment ideas and open a dialogue with like-minded investors in a secure environment. A.R. Partners owned 50.1% and TheStreet.com 49.9% of the venture. On April 25, 2007, the Company announced the acquisition of the remaining 50.1% stake in Stockpickr.com business that it did not already own. The Company paid consideration of \$1.5 million in cash and issued 329,567 shares of unregistered shares of the Company’s common stock, having a value on the closing date of approximately \$3.5 million.

The acquisition provides the Company with several competitive advantages, including: a Web site that provides a Web 2.0 community to TheStreet.com network, engaging active investors in an ongoing dialog about the over 800 professional portfolios and thousands of individual investor portfolios on the site; a Web site that serves as an ongoing source of innovative audience engagement technologies and tools; and insight into advertiser demand for community generated content and user demand for ever evolving Web 2.0 tools and features. These factors contributed to a purchase price in excess of the fair value of net tangible and intangible assets acquired from Ratings, and as a result, the Company recorded goodwill in connection with this transaction.

The results of operations have been included in the accompanying consolidated financial statements from the date of acquisition. Based on the Company’s evaluation, the allocation of the purchase price for the acquisition was as follows:

Assets acquired:

Accounts receivable	\$	22,780
Intangible assets (amortizable over 5 years)		500,000
Goodwill		<u>4,560,907</u>
Total assets acquired		<u>5,083,687</u>
Liabilities assumed:		
Accounts payable		<u>11,581</u>
Total liabilities assumed		<u>11,581</u>
Total consideration (including legal fees of approximately \$72,000)	\$	<u>5,072,106</u>

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(3) Acquisitions – (continued)**

In accordance with the requirements of Statement of Financial Accounting Standards No. 141 (“SFAS No. 141”), “Business Combinations,” the Company recorded the estimated value of \$500,000 related to the software models acquired within intangible assets. In accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets,” the intangible asset will be amortized over its estimated useful life of five years. The goodwill recorded as a result of the acquisition is deductible for Federal, New York State and New York City income tax purposes over a period of 15 years. The estimated amortization expense of amortizable intangible assets for the next five years is as follows:

<u>For the Year Ended December 31,</u>	<u>Amount</u>
2008	\$ 100,000
2009	100,000
2010	100,000
2011	100,000
2012	33,333
Total	<u>\$ 433,333</u>

Corsis Technology Group II LLC

On August 2, 2007, the Company acquired, through a newly created subsidiary, 100% of the membership interests of Corsis Technology Group II LLC, a leading provider of custom solutions for advertisers, marketers and content publishers. The acquisition of Corsis also included the Promotions.com business, which is a full-service online promotions agency that implements interactive promotions campaigns for some of the largest brands in the world. The purchase price of the acquisition was approximately \$20.7 million, consisting of approximately \$12.5 million in cash and the issuance of 694,230 shares of unregistered common stock of TheStreet.com, having a value on the closing date of approximately \$8.2 million.

The acquisition provides the Company with several competitive advantages, including: the expertise to deliver the integrated interactive marketing and promotional campaigns that its advertisers are increasingly demanding; providing the Company with the promotional capabilities to engage its audience across the Company’s network of sites to increase page views and time spent on the sites through the use of the promotions engines developed by the acquired company; and a technology platform that will support the Company’s growing network of sites, providing greater scale and cost efficiencies than the Company could have achieved on its own. These factors contributed to a purchase price in excess of the fair value of net tangible and intangible assets acquired from Corsis and as a result, the Company recorded goodwill in connection with this transaction.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(3) Acquisitions – (continued)**

The results of operations were included in the accompanying consolidated financial statements from the date of acquisition. Based on the Company's evaluation, the allocation of the purchase price for the acquisition was as follows:

Assets acquired:

Cash	\$	3,257
Accounts receivable		2,432,137
Other receivables		715,222
Prepaid expenses		77,000
Property and equipment		440,812
Other assets		146,579
Goodwill		14,311,448
Other intangibles		5,000,000
Restricted cash		76,951
Total assets acquired		23,203,406
Liabilities assumed:		
Accounts payable		545,611
Accrued expenses		207,000
Deferred revenue		1,337,885
Other current liabilities		392,175
Total liabilities assumed		2,482,671
Total consideration (including legal fees of approximately \$134,300)	\$	20,720,735

In accordance with the requirements of Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business Combinations," the Company recorded the estimated value of \$3,040,000 related to the customer relationships, \$1,000,000 related to a noncompete agreement, \$660,000 related to software models and \$300,000 related to the Promotions.com trade name within intangible assets. In accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," the intangible assets will be amortized over their estimated useful lives of nine years (customer relationships), five years (noncompete agreement) and three years (software). The Promotions.com trade name was deemed to have an indefinite life. The goodwill recorded as a result of the acquisition is deductible for Federal, New York State and New York City income tax purposes over a period of 15 years. The estimated amortization expense of amortizable intangible assets for the next five years is as follows:

For the Year Ended December 31,	Amount
2008	\$ 757,778
2009	757,778
2010	666,111
2011	537,778
2012	454,444
Thereafter	1,210,370
Total	\$ 4,384,259

Bankers Financial Products Corporation

On November 2, 2007, the Company acquired, through a newly created subsidiary, 100% of the common stock of Bankers Financial Products Corporation ("Bankers"), Bankers, using its trade name RateWatch, offers pricing information (such as certificates of deposit, IRAs, money market accounts, savings accounts,

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(3) Acquisitions – (continued)**

checking accounts, home mortgages, home equity loans, credit cards, and auto loans) to more than 5,500 financial institutions (including banks, credit unions, internet banks and mortgage companies). The information is obtained from more than 70,000 financial institutions (including branches) through surveys, phone calls, data feeds, and online internet searches. The acquisition also includes *bankingMyway.com* (“BMW”), a wholly-owned subsidiary of Bankers. BMW is an online search engine that leverages the data set of RateWatch, allowing customers to perform searches of the rate information by zip code, city or state. BMW derives its revenue from advertising contracts with its financial institution clients and other advertisers. The purchase price of the acquisition was approximately \$25.4 million, consisting of approximately \$16.9 million in cash (net of \$3.9 million in debt repayment) and 636,081 shares of unregistered common stock of TheStreet.com, having a value on the payment date of approximately \$8.0 million. 79,510 of the common shares were issued to the sellers and 556,571 common shares were placed in escrow pursuant to the terms of an escrow agreement. 159,020 of the escrowed shares will be used to secure indemnity obligations until the earlier of two years from the closing date or the date of the last distribution from the escrow fund. The remaining 397,551 shares placed in escrow represent deferred stock to be released to the sellers under terms of the escrow agreement on each of the first, second and third anniversaries of the acquisition. In addition, the principal stockholder of Bankers received an option to purchase up to 175,600 shares of common stock priced at \$12.577, vesting ratably over three years, and valued at \$0.5 million.

The acquisition provides the Company with several competitive advantages, including: a rich data set of rate information from 70,000 financial institutions (including branches) through the Rate Watch business that serves as the foundation for BMW; the BMW domain name and web site, which as a part of the expanding *TheStreet.com* network of Web sites, presents a significant opportunity to expand our audience and advertisers; and new advertising models, including higher CPM and new hyperlink models to contribute to continued growth in the advertising side of our business and expanding margins. These factors contributed to a purchase price in excess of the fair value of net tangible and intangible assets acquired from Bankers and as a result, the Company recorded goodwill in connection with this transaction.

The results of operations were included in the accompanying consolidated financial statements from the date of acquisition. Based on the Company’s evaluation, the allocation of the purchase price for the acquisition was as follows:

Cash and cash equivalents	\$	90,057
Accounts receivable		93,538
Prepaid expenses and other current assets		48,104
Property and equipment		835,534
Deferred taxes		4,335,000
Goodwill		16,988,055
Other intangibles		11,787,000
Total assets acquired		34,177,288
Accounts payable		37,201
Accrued expenses		280,664
Deferred revenue		3,603,871
Current portion of note payable		39,953
Other current liabilities		94,008
Deferred taxes		4,335,000
Note payable		71,946
Other liabilities		20,718
Total liabilities acquired		8,483,361
Total consideration (including legal fees of approximately \$263,900)	\$	25,693,927

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(3) Acquisitions – (continued)

In accordance with the requirements of Statement of Financial Accounting Standards No. 141 (“SFAS No. 141”), “Business Combinations,” the Company recorded the estimated value of \$8,460,000 related to the customer relationships, \$2,000,000 related to a noncompete agreement, \$720,000 related to the trade name, \$470,000 related to software and \$137,000 related to the client data base within intangible assets. In accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets,” the intangible assets will be amortized over their estimated useful lives of ten years (customer relationships) and five years (noncompete agreement, software and client data base). The trade name was deemed to have an indefinite life. The estimated amortization expense of amortizable intangible assets for the next five years is as follows:

For the Year Ended December 31,	Amount
2008	\$ 1,367,400
2009	1,367,400
2010	1,367,400
2011	1,367,400
2012	1,280,500
Thereafter	4,089,000
Total	\$ 10,839,100

Proforma Information for all Acquisitions

Unaudited pro forma consolidated financial information is presented below as if all of the acquisitions had occurred as of the first day of the earliest period presented. The results have been adjusted to account for the amortization of acquired intangible assets. The pro forma information presented below does not purport to present what actual results would have been if the acquisitions had occurred at the beginning of such periods, nor does the information project results for any future period. The unaudited pro forma consolidated financial information should be read in conjunction with the historical financial information of the Company included in this report, as well as the historical financial information included in other reports and documents filed with the Securities and Exchange Commission. The unaudited pro forma consolidated financial information for the years ended December 31, 2007, 2006 and 2005 is as follows:

	For the Year Ended December 31,		
	2007	2006	2005
Total net revenue	\$ 77,178,492	\$ 70,517,706	\$ 51,635,201
Net income (loss)	\$ 25,901,386	\$ 10,373,196	\$ (3,320,669)
Basic net income (loss) per share	\$ 0.90	\$ 0.37	\$ (0.13)
Diluted net income (loss) per share	\$ 0.89	\$ 0.36	\$ (0.12)
Weighted average basic shares outstanding	28,830,366	28,344,358	26,283,774
Weighted average diluted shares outstanding	29,387,727	28,876,448	27,495,191

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(4) Net Income (Loss) Per Share

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

	For the Year Ended December 31,		
	2007	2006	2005
Numerator:			
Income from continuing operations	\$ 31,063,739	\$ 12,836,126	\$ 5,750,150
Loss from discontinued operations	—	—	(3,075,402)
(Loss) income on disposal of discontinued operations	(12,829)	32,321	(2,428,746)
Preferred stock deemed dividends	(1,802,733)	—	—
Preferred stock cash dividends	(96,424)	—	—
Numerator for basic and diluted earnings per share — Net income available to common stockholders	\$ 29,151,753	\$ 12,868,447	\$ 246,002
Denominator:			
Weighted average basic shares outstanding	28,830,366	27,014,047	24,953,463
Weighted average effect of dilutive securities:			
Employee stock options and restricted stock units	557,361	532,090	1,211,417
Weighted average diluted shares outstanding	29,387,727	27,546,137	26,164,880
Net income (loss) per share-basic:			
Continuing operations	\$ 1.08	\$ 0.48	\$ 0.23
Discontinued operations	—	—	(0.12)
Disposal of discontinued operations	(0.00)	0.00	(0.10)
Preferred stock	(0.07)	—	—
Net income per share	\$ 1.01	\$ 0.48	\$ 0.01
Net income (loss) per share-diluted:			
Continuing operations	\$ 1.06	\$ 0.47	\$ 0.22
Discontinued operations	—	—	(0.12)
Disposal of discontinued operations	(0.00)	0.00	(0.09)
Preferred stock	(0.07)	—	—
Net income per share	\$ 0.99	\$ 0.47	\$ 0.01

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(5) Property and Equipment**

Property and equipment as of December 31, 2007 and 2006 consists of the following:

	December 31,	
	2007	2006
Computer equipment	\$ 19,844,869	\$ 13,605,255
Furniture and fixtures	2,218,862	1,266,232
Leasehold improvements	3,161,038	2,567,283
	25,224,769	17,438,770
Less accumulated depreciation and amortization	17,493,847	14,420,638
Property and equipment, net	\$ 7,730,922	\$ 3,018,132

Included in computer equipment are capitalized software and Web site development costs of \$4,351,635 and \$1,239,024 at December 31, 2007 and 2006, respectively. A summary of the activity of capitalized software and Web site development costs is as follows:

Balance December 31, 2006	\$ 1,239,024
Additions	3,112,611
Balance December 31, 2007	\$ 4,351,635

Depreciation and amortization expense for the above noted property and equipment aggregated \$1,542,804, \$1,005,158 and \$868,098 for the years ended December 31, 2007, 2006, and 2005, respectively. The Company does not include depreciation and amortization expense in cost of services.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(6) Goodwill and Other Intangible Assets**

The Company's goodwill and other intangible assets and related accumulated amortization as of December 31, 2007 and 2006 consists of the following:

	December 31,	
	2007	2006
Goodwill not subject to amortization:		
SmartPortfolio.com, Inc. goodwill	\$ 1,990,312	\$ 1,990,312
TheStreet.com Ratings, Inc. goodwill	2,394,691	2,519,354
Stockpickr.com goodwill	4,560,907	—
Promotions.com goodwill	14,311,448	—
Bankers Financial Products goodwill	16,988,055	—
Total goodwill not subject to amortization	<u>\$ 40,245,413</u>	<u>\$ 4,509,666</u>
Other intangible assets not subject to amortization:		
SmartPortfolio.com, Inc. trade name	\$ 493,333	\$ 493,333
Promotions.com trade name	300,000	—
Bankers Financial Products Corporation trade name	720,000	—
Total other intangible assets not subject to amortization	<u>1,513,333</u>	<u>493,333</u>
Other intangible assets subject to amortization:		
SmartPortfolio.com, Inc. customer list	1,250,000	1,250,000
SmartPortfolio.com, Inc. technology	730,000	730,000
TheStreet.com Ratings, Inc. syndication agreement	870,000	870,000
TheStreet.com Ratings, Inc. software models	562,000	562,000
TheStreet.com Ratings, Inc. noncompete agreement	470,000	470,000
Stockpickr.com software models	500,000	—
Promotions.com customer relationships	3,040,000	—
Promotions.com noncompete	1,000,000	—
Promotions.com software models	660,000	—
Bankers Financial Products Corporation customer relationships	8,460,000	—
Bankers Financial Products Corporation noncompete agreement	2,000,000	—
Bankers Financial Products software models	470,000	—
Bankers Financial Products database	137,000	—
Total other intangible assets subject to amortization	<u>20,149,000</u>	<u>3,882,000</u>
Less accumulated amortization	<u>(3,293,541)</u>	<u>(2,186,833)</u>
Net other intangible assets subject to amortization	<u>16,855,459</u>	<u>1,695,167</u>

Total other intangible assets	\$	<u>18,368,792</u>	\$	<u>2,188,500</u>
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THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(6) Goodwill and Other Intangible Assets – (continued)**

Amortization expense totaled \$1,106,707 and \$206,833 for the years ended December 31, 2007 and 2006. There was no amortization expense recorded for the year ended December 31, 2005. The estimated amortization expense for the next five years is as follows:

For the Year Ended December 31,	Amount
2008	\$ 2,721,578
2009	2,600,745
2010	2,339,911
2011	2,125,578
2012	1,768,277
Thereafter	5,299,370
Total	<u>\$ 16,855,459</u>

(7) Accrued Expenses

Accrued expenses as of December 31, 2007 and 2006 consists of the following:

	December 31,	
	2007	2006
Bonuses	\$ 1,001,885	\$ 2,795,650
Other liabilities	940,170	867,597
Professional fees	830,831	580,146
Payroll and related costs	821,529	742,320
Tax related costs	331,198	127,432
Distribution fees	270,378	197,751
Advertising fees	242,242	261,457
Third party content and data costs	197,319	310,874
Insurance	222,207	52,114
Statistical services fees	109,644	107,793
Consulting fees	39,232	135,957
Total accrued expenses	<u>\$ 5,006,635</u>	<u>\$ 6,179,091</u>

(8) Note Payable

In connection with the termination of the Company's lease obligation for 50% of its principal office space in October 2001, the Company was required to dispose of the furniture associated with that portion of the space. As this furniture was leased, the Company required the consent of the leasing company to sell the furniture. Pursuant to a restructuring arrangement with the leasing company, dated October 19, 2001, the furniture was permitted to be sold, and the lease amount corresponding to that portion of the furniture was converted to a note in the amount of \$486,259, bearing interest at a rate of 6.79% per annum. The monthly payment of principal plus interest totaled \$9,022. The final payment under the note was made in March 2007.

(9) Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

For the year ended December 31, 2006, the Company recorded a full valuation allowance against the deferred tax asset. During

the quarter ended September 30, 2007, the valuation allowance was reduced by \$16 million, as management concluded that it was more likely than not that the Company would realize the

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(9) Income Taxes – (continued)

benefits of this portion of its deferred tax asset through taxable income to be generated in future years. Due to the reversal of the valuation allowance, this amount was reflected as a benefit to the current year's tax provision.

The Company recognized a deferred tax asset of approximately \$47 million and \$53 million as of December 31, 2007 and 2006, respectively, primarily relating to net operating loss carryforwards of approximately \$128 million and \$132 million as of December 31, 2007 and 2006, respectively, available to offset future taxable income through 2025. The net operating loss carryforward as of December 31, 2007 and 2006 includes approximately \$19 million and \$6 million, respectively, related to windfall tax benefits for which a benefit would be recorded in additional paid in capital when realized. The Company also has a capital loss carryforward of approximately \$4 million as of December 31, 2007 and 2006 available to offset future capital gains through 2009.

In accordance with Section 382 of the Internal Revenue Code, the usage of the Company's net operating loss carryforward could be limited in the event of a change in ownership. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon a study that analyzed the Company's stock ownership activity from inception to December 31, 2007, a change of control was deemed to have occurred in August, 2000. The change of control created an annual limitation on the usage of \$35 million of pre-change losses which will become available over the years of 2008 to 2018.

In evaluating the reasonableness of the valuation allowance, management assessed whether it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. Ultimately, the realization of deferred tax assets is dependant upon the generation of future taxable income during those periods in which the temporary differences become deductible and/or credits can be utilized. To this end, management considered that the Company had taxable income in 2007 and anticipates continued taxable income through the year ended December 31, 2010. Based on these considerations management believes it is more likely than not that the Company will not realize all of the benefits of its deferred tax asset as of the December 31, 2007, and therefore a partial valuation allowance was established.

The current year's Federal and State income tax benefit consists substantially of the change in the valuation allowance as a result of the utilization of prior year net operating loss carryforwards. The principal reasons for the variation between income taxes at the statutory federal rate and that shown in the statement of operations for the years ended December 31, 2007, 2006 and 2005 were as follows:

	For the Year Ended December 31,		
	2007	2006	2005
Statutory federal income tax rate	34%	34%	34%
State income taxes, net of federal tax benefit	6%	6%	6%
Effect of permanent differences	1%	2%	17%
Change to valuation allowance	(144%)	(40%)	(55%)
Other	(1%)	—	—
Net tax rate	<u>(102%)</u>	<u>2%</u>	<u>2%</u>

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(9) Income Taxes – (continued)**

Temporary differences between the financial statement and tax basis of assets and liabilities may give rise to deferred tax assets and deferred tax liabilities. The composition of deferred taxes is primarily as follows:

	For the Year Ended December 31,	
	2007	2006
Deferred tax assets:		
Operating loss carryforward	\$ 52,000,000	\$ 53,000,000
Windfall tax benefits carryforward	(7,000,000)	(3,000,000)
Capital loss carryforward	1,000,000	1,000,000
Depreciation and amortization	—	1,000,000
Accrued expenses	1,000,000	1,000,000
Total deferred tax assets	47,000,000	53,000,000
Deferred tax liabilities:		
Purchased intangible assets	(4,000,000)	—
Deferred tax liabilities	(4,000,000)	—
Less: valuation allowance	(27,000,000)	(53,000,000)
Net tax assets	\$ 16,000,000	\$ —

(10) Equity Investments**Preferred Stock****Securities Purchase Agreement**

On November 15, 2007, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with TCV VI, L.P., a Delaware limited partnership, and TCV Member Fund, L.P., a Delaware limited partnership. TCV VI, L.P. and TCV Member Fund, L.P. are referred to as the “Purchasers.”

Pursuant to the Purchase Agreement the Company sold the Purchasers an aggregate of 5,500 shares of its newly-created Series B preferred stock, par value \$0.01 per share (“Series B Preferred Stock”), that are immediately convertible into an aggregate of 3,856,942 shares of its common stock, par value \$0.01 per share (“Common Stock”) at a conversion price of \$14.26 per share, and warrants (the “Warrants”) to purchase an aggregate of 1,157,083 shares of Common Stock for \$15.69 per share. The consideration paid for the Series B Preferred Stock and the Warrants was \$55 million.

The issuance of the Series B Preferred Stock and Warrants to the Purchasers was completed through a private placement to accredited investors and is exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”). The shares of the Series B Preferred Stock, the shares of the Common Stock issuable upon the conversion of the Series B Preferred Stock, the Warrants and the shares of the Common Stock issuable upon the exercise of the Warrants have not been registered under the Securities Act or any state securities laws. Unless so registered, such securities may not be offered or sold in the United States absent an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act and any applicable state securities laws.

Investor Rights Agreement

On November 15, 2007, the Company also entered into an Investor Rights Agreement with the Purchasers (the “Investor Rights Agreement”) pursuant to which, among other things, the Company has agreed to grant the Purchasers certain registration rights including the right to require the Company to file a registration statement within 30 days to register the Common Stock issuable upon conversion of the Series B Preferred Stock and upon exercise of the Warrants and to use its reasonable best efforts to cause the registration to be declared effective within 90 days after the date the registration is filed.

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(10) Equity Investments – (continued)

Certificate of Designation

On November 15, 2007, the Company also filed a Certificate of Designation for the Series B Preferred Stock (the “Certificate of Designation”) with the Secretary of State of the State of Delaware. The Certificate of Designation authorizes the Company to issue 5,500 of its 10,000,000 authorized shares of preferred stock as shares of Series B Preferred Stock.

The Series B Preferred Stock has a purchase price per share equal to \$10,000 (the “Original Issue Price”). In the event of any Liquidation Event (as defined in the Certificate of Designation), the holders of shares of Series B Preferred Stock are entitled to receive, prior to any distribution to the holders of the Common Stock, an amount per share equal to the Original Issue Price, plus any declared and unpaid dividends.

The holders of the Series B Preferred Stock have the right to vote on any matter submitted to a vote of the stockholders of the Company and are entitled to vote that number of votes equal to the aggregate number of shares of Common Stock issuable upon the conversion of such holders’ shares of Series B Preferred Stock. For so long as 40% of the shares of Series B Preferred Stock remain outstanding, the holders of a majority of such shares will have the right to elect one person to the Company’s board of directors.

The Series B Preferred Stock automatically converts into an aggregate of 3,856,942 shares of Common Stock in the event that the Common Stock trades on a trading market at or above a closing price equal to \$28.52 per share for 90 consecutive trading days and any demand registration previously requested by the holders of the Series B Preferred Stock has become effective.

Warrants

As discussed above, the Warrants entitle the Purchasers to purchase an aggregate of 1,157,083 shares of Common Stock for \$15.69 per share. The Warrants expire on the fifth anniversary of the date they were first issued, or earlier in certain circumstances.

Treasury Stock

In December 2000 the Company’s Board of Directors authorized the repurchase of up to \$10 million worth of the Company’s common stock, from time to time, in private purchases or in the open market. In February 2004, the Company’s Board of Directors approved the resumption of the stock repurchase program under new price and volume parameters, leaving unchanged the maximum amount available for repurchase under the program. During the years ended December 31, 2007 and 2006, the Company did not purchase any shares of common stock under the program. Since inception of the program, the Company has purchased a total of 5,453,416 shares of common stock at an aggregate cost of \$7,321,122. In addition, pursuant to the terms of the Company’s 1998 Stock Incentive Plan, as amended (the “Plan”) and certain additional stock option exercise procedures adopted by the Compensation Committee of the Board of Directors, in connection with the exercise of stock options by certain of the Company’s executive officers in November 2005 and February 2006, the Company withheld 231,602 and 66,982 shares, respectively, issuable upon the exercise of stock options, in lieu of payment of the exercise price and the minimum amount of applicable withholding taxes then due. These shares have been recorded as treasury stock.

Stock Options

Under the terms of the Company’s 1998 Stock Incentive Plan, as amended (the “1998 Plan”), 8,900,000 shares of common stock of the Company were reserved for awards of incentive stock options, nonqualified stock options (incentive and nonqualified stock options are collectively referred to as “Options”), restricted stock, deferred stock (also referred to as restricted stock units, or RSUs), or any combination thereof. At the Company’s annual stockholders’ meeting in May 2007, stockholders of the Company approved TheStreet.com, Inc. 2007 Performance Incentive Plan (the “2007 Plan”). Under the terms of the 2007 Plan, 1,250,000 shares

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(10) Equity Investments – (continued)

of common stock of the Company were reserved for awards of incentive stock options, nonqualified stock options, stock appreciation rights (SARs), restricted stock, restricted stock units (RSUs) or other stock-based awards. The plan also authorized cash performance awards. Additionally, under the terms of the 2007 Plan, unused shares authorized for award under the 1998 Plan are available for issuance under the 2007 Plan. No further awards will be made under the 1998 Plan. 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. Awards generally vest over a three-year period and have terms of five years. As of December 31, 2007, there remained 1,316,105 shares available for future awards under the 2007 Plan.

A stock option represents the right, once the option has vested and become exercisable, to purchase a share of the Company's common stock at a particular exercise price set at the time of the grant. An RSU represents the right to receive one share of the Company's common stock on the applicable vesting date for such RSU. Until the stock certificate for a share of common stock represented by an RSU is delivered, the holder of an RSU does not have any of the rights of a stockholder with respect to the common stock. However, the grant of an RSU includes the grant of dividend equivalents with respect to such RSU. The Company records cash dividends for RSUs to be paid in the future at an amount equal to the rate paid on a share of common stock for each then-outstanding RSU granted. The accumulated dividend equivalents vest on the applicable vesting date for the RSU with respect to which such dividend equivalents were credited, and are paid in cash at the time a stock certificate evidencing the shares represented by such vested RSU is delivered.

A summary of the activity of the 1998 and 2007 Stock Incentive Plans is as follows:

	Shares Underlying Awards	Weighted Average Exercise Price	Aggregate Intrinsic Value (\$000)	Weighted Average Remaining Contractual Life (In Years)
Awards outstanding, December 31, 2004	4,992,655	\$ 2.93		
Options granted	1,203,000	\$ 4.08		
Options exercised	(1,066,979)	\$ 2.49		
Options cancelled	(1,159,527)	\$ 4.55		
Awards outstanding, December 31, 2005	3,969,149	\$ 2.93		
Options granted	644,500	\$ 9.76		
Restricted stock units granted	129,500	\$ 0.00		
Options exercised	(2,386,712)	\$ 2.26		
Options cancelled	(131,848)	\$ 4.39		
Restricted stock units cancelled	(18,500)	\$ 0.00		
Awards outstanding, December 31, 2006	2,206,089	\$ 5.40		
Options granted	566,900	\$ 11.28		
Restricted stock units granted	247,210	\$ 0.00		
Options exercised	(692,428)	\$ 4.36		
Restricted stock units issued	(46,996)	\$ 0.00		
Options cancelled	(307,253)	\$ 9.37		
Restricted stock units cancelled	(47,168)	\$ 0.00		
Awards outstanding, December 31, 2007	1,926,354	\$ 6.45	\$ 18,246	2.61
Awards vested and expected to vest at	1,801,315	\$ 6.30	\$ 17,338	1.58

Options exercisable at December 31, 2007	723,232	\$	4.78	\$	8,058	1.57
Restricted stock units exercisable at December 31, 2007	0	\$	0.00	\$	0	1.86

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December 31, 2007

(10) Equity Investments – (continued)

The following table summarizes information about options outstanding at December 31, 2007:

Range of Exercise Price	Options Outstanding	Options Outstanding Weighted Average Remaining Contractual Life	Options Outstanding Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price of Options Exercisable
\$4.06 – \$4.71	810,406	1.5	\$ 4.10	641,567	\$ 4.10
\$7.97 – \$11.94	572,502	3.8	\$ 9.75	48,332	\$ 8.24
\$11.99 – \$13.19	279,400	4.1	\$ 12.60	33,333	\$ 12.78
Total	<u>1,662,308</u>	2.7	\$ 7.47	<u>723,232</u>	\$ 4.78

A summary of the status of the Company's unvested share-based payment awards as of December 31, 2007 and changes in the year then ended is as follows:

Unvested Awards	Awards	Weighted Average Grant Date Fair Value
Shares underlying awards unvested at January 1, 2007	1,369,320	\$ 3.20
Shares underlying options granted	556,900	\$ 4.15
Shares underlying restricted stock units granted	247,210	\$ 8.71
Shares underlying options vested	(579,135)	\$ 2.46
Shares underlying restricted stock units issued	(46,996)	\$ 7.90
Shares underlying unvested options cancelled	(297,004)	\$ 3.47
Shares underlying unvested restricted stock units cancelled	(47,168)	\$ 8.55
Shares underlying awards unvested at December 31, 2007	<u>1,203,127</u>	\$ 4.66

For the years ended December 31, 2007 and 2006, the total fair value of share-based awards vested were \$1,448,986 and \$1,365,896, respectively. For the years ended December 31, 2007 and 2006, the total intrinsic value of options exercised was \$4,906,279 and \$15,388,676, respectively.

(11) Commitments and Contingencies

Operating Leases and Employment Agreements

The Company is committed under operating leases, principally for office space. Certain leases are subject to rent reviews and require payment of expenses under escalation clauses. Rent and equipment rental expenses were \$1,876,735, \$1,717,158 and \$1,575,462 for the years ended December 31, 2007, 2006 and 2005, respectively. Additionally, the Company has employment agreements with certain of its employees and outside contributors, whose future minimum payments are dependent on the future fulfillment of their services thereunder. As of December 31, 2007, total future minimum cash payments are as follows:

Payments Due by Year

Contractual Obligations:	Total	2008	2009	2010	2011	2012	After 2012
Operating leases	\$ 4,810,382	\$ 1,750,492	\$ 1,492,763	\$ 480,055	\$ 354,784	\$ 201,671	\$ 530,617
Employment agreements	6,112,413	3,340,292	2,155,454	616,667	—	—	—
Outside contributors	520,791	474,958	45,833	—	—	—	—
Leases payable	173,081	82,976	70,249	19,856	—	—	—
Total contractual cash obligations	\$ 11,616,667	\$ 5,648,718	\$ 3,764,299	\$ 1,116,578	\$ 354,784	\$ 201,671	\$ 530,617

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007

(11) Commitments and Contingencies – (continued)

Concentration of Credit Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable. The Company maintains all of its cash, cash equivalents and restricted cash in five financial institutions and performs periodic evaluations of the relative credit standing of these institutions. The Company's customers 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, actual losses have been within management's expectations.

For the years ended December 31, 2007, 2006 and 2005, the Company's top five advertisers accounted for approximately 28%, 34% and 33%, respectively, of its total advertising revenue. For the years ended December 31, 2007 and 2005, no advertiser accounted for 10% or more of total advertising revenue, as compared to one advertiser accounting for approximately 14% for the year ended December 31, 2006.

Legal Proceedings

In December 2001, the Company was named as a defendant in a securities class action filed in United States District Court for the Southern District of New York related to its initial public offering ("IPO") in May 1999. The lawsuit also named as individual defendants certain of its former officers and directors, James J. Cramer, a current director, and certain of the underwriters of the IPO, including The Goldman Sachs Group, Inc., Hambrecht & Quist LLC (now part of JP Morgan Chase & Co.), Thomas Weisel Partners LLC, Robertson Stephens Inc. (an investment banking subsidiary of BankBoston Corp., later FleetBoston Corp., which ceased operations in 2002), and Merrill Lynch Pierce Fenner & Smith, Inc. Approximately 300 other issuers and their underwriters have had similar suits filed against them, all of which are included in a single coordinated proceeding in the District (the "IPO Litigations"). The complaints allege that the prospectus and the registration statement for the IPO failed to disclose that the underwriters allegedly solicited and received "excessive" commissions from investors and that some investors in the IPO allegedly agreed with the underwriters to buy additional shares in the aftermarket in order to inflate the price of the Company's stock. An amended complaint was filed April 19, 2002. The Company and the officers and directors were named in the suits pursuant to Section 11 of the Securities Act of 1933, Section 10(b) of the Exchange Act of 1934, and other related provisions. The complaints seek unspecified damages, attorney and expert fees, and other unspecified litigation costs.

On July 1, 2002, the underwriter defendants in the consolidated actions moved to dismiss all of the IPO Litigations, including the action involving the Company. On July 15, 2002, the Company, along with other non-underwriter defendants in the coordinated cases, also moved to dismiss the litigation. On February 19, 2003, the district court ruled on the motions. The district court granted the Company's motion to dismiss the claims against it under Rule 10b-5, due to the insufficiency of the allegations against the Company. The motions to dismiss the claims under Section 11 of the Securities Act were denied as to virtually all of the defendants in the consolidated cases, including the Company. In addition, the individual defendants in the IPO Litigations, including Mr. Cramer, signed a tolling agreement and were dismissed from the action without prejudice on October 9, 2002.

In June 2003, a proposed collective settlement of this litigation was structured between the plaintiffs, the issuer defendants in the consolidated actions, the issuer officers and directors named as defendants, and the issuers' insurance companies. On or about June 25, 2003, a committee of the Company's Board of Directors conditionally approved the proposed settlement. The settlement agreements collectively provide as follows:

The Company and the other issuer defendants would assign their interests in claims against the underwriters for excess compensation in connection with their IPOs to the plaintiffs, and agree not to assert certain other claims against the underwriters, such as underpricing, indemnification and antitrust claims, except

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007**(11) Commitments and Contingencies – (continued)**

in certain defined circumstances. A number of issuers' assigned claims have been asserted already; these were dismissed by the district court on February 24, 2006. The dismissal is currently on appeal to the Second Circuit Court of Appeals, although the plaintiffs have indicated their intent to withdraw the appeal in light of recent events, detailed below. The Company and the other issuer defendants would also cooperate with the plaintiffs to provide the plaintiffs with informal discovery as the litigation continues as to the underwriter defendants. Further, the plaintiffs would receive an undertaking from the insurers of the Company and the other issuer defendants guaranteeing that the plaintiff class would recover, in the aggregate, \$1 billion from their various suits against the underwriters (including the claims assigned by the issuer defendants). The Company's per capita portion of the maximum amount payable to the plaintiffs under the settlement, assuming the entire \$1 billion is payable, would be approximately \$3–4 million. The plaintiffs' actual recoveries from the underwriter defendants (through settlements or damages assessed as a result of litigation) would be applied against the guarantee; and to the extent that the underwriter defendants settle all of the cases for at least \$1 billion, no payment would be required under the issuer defendants' settlement. In exchange for the consideration described above, the plaintiffs would release the non-bankrupt issuer defendants from all claims against them (the bankrupt issuers would receive a covenant not to sue) and their individual defendants. Under the terms of the settlement agreements, all costs and expenses of the settlement (including legal expenses after June 1, 2003) would be borne by the insurance carriers of the Company and the other issuer defendants using each issuer defendant's existing insurance coverage, with deductibles waived.

The plaintiffs have continued to litigate against the underwriter defendants. The district court directed that the litigation proceed within a number of "focus cases" rather than in all of the 310 cases that have been consolidated. The Company's case is not one of these focus cases. On October 13, 2004, the district court certified the focus cases as class actions. The underwriter defendants appealed that ruling, and on December 5, 2006, the Court of Appeals for the Second Circuit reversed the district court's class certification decision. On April 6, 2007, the Second Circuit denied plaintiffs' petition for rehearing. In light of the Second Circuit opinion, counsel to the issuers has informed the district court that the settlement with the plaintiffs described above cannot be approved because the defined settlement class, like the litigation class, cannot be certified with the Court of Appeals. The settlement was terminated pursuant to a Stipulation and Order dated June 25, 2007.

In light of the termination of the settlement, Plaintiffs subsequently submitted Second Amended Complaints for each of the class certification focus cases including the Amended Master Allegations and then moved for certification of the redefined classes identified in their Second Amended Complaints. In response, Defendants moved to dismiss Plaintiffs' Second Amended Complaints on November 13, 2007. On December 21, 2007 Plaintiffs filed an Opposition to Defendants' Motion to Dismiss the Second Amended Complaints. On January 28, 2008, Defendants filed a reply brief in further support of their Motion to Dismiss Plaintiffs' Second Amended Complaints. The court has not yet ruled on the pending motion.

We cannot predict whether we will be able to renegotiate a settlement that complies with the Second Circuit's mandate. We are presently defending the action vigorously. Any unfavorable outcome of this litigation could have an adverse impact on the Company's business, financial condition, results of operations, and cash flows.

(12) 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, through June 30, 2006, was funded solely by employee contributions. Effective July 1, 2006, the Company modified the 401(k) plan to provide an employer match of 50% of employee

THESTREET.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(12) Employee Benefit Plan – (continued)

contributions, up to a maximum of 4% of each employee’s total compensation. The Company’s matching contribution totaled \$266,742 and \$84,729 for the years ended December 31, 2007 and December 31, 2006, respectively.

(13) Selected Quarterly Financial Data (Unaudited)

	For the Year Ended December 31, 2007			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In Thousands, Except Per Share Data)			
Total revenue	\$ 14,508	\$ 14,899	\$ 16,118	\$ 19,881
Total operating expense	12,043	11,902	12,848	15,719
Income from continuing operations before income taxes	3,065	3,622	3,842	4,841
(Provision) benefit for income tax	(61)	(72)	15,923	(96)
Income from continuing operations	3,004	3,550	19,765	4,745
(Loss) income on disposal of discontinued operations	(1)	0	(1)	(11)
Net income	3,003	3,550	19,764	4,734
Preferred stock dividends	—	—	—	1,899
Net income attributable to common stockholders	\$ 3,003	\$ 3,550	\$ 19,764	\$ 2,835
Basic net income (loss) per share:				
Income from continuing operations	0.11	0.12	0.68	0.16
(Loss) income on disposal of discontinued operations	(0.00)	0.00	(0.00)	(0.00)
Net income	0.11	0.12	0.68	0.16
Preferred stock dividends	—	—	—	(0.07)
Net income attributable to common stockholders	\$ 0.11	\$ 0.12	\$ 0.68	\$ 0.09
Diluted net income (loss) per share:				
Income from continuing operations	\$ 0.11	\$ 0.12	\$ 0.67	\$ 0.16
(Loss) income on disposal of discontinued operations	(0.00)	0.00	(0.00)	(0.00)
Net income	0.11	0.12	0.67	0.16
Preferred stock dividends	—	—	—	(0.07)
Net income attributable to common stockholders	\$ 0.11	\$ 0.12	\$ 0.67	\$ 0.09

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December 31, 2007

(13) Selected Quarterly Financial Data (Unaudited) – (continued)

	For the Year Ended December 31, 2006			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In Thousands, Except Per Share Data)			
Total net revenue	\$ 11,147	\$ 12,396	\$ 12,950	\$ 14,396
Total operating expense	8,853	9,638	10,375	10,963
Income from continuing operations before income taxes	2,634	3,277	3,159	4,027
Provision for income tax	52	67	63	79
Income from continuing operations	2,582	3,210	3,096	3,948
(Loss) income on disposal of discontinued operations	(6)	18	—	20
Net income	2,576	3,228	3,096	3,968
Basic net income (loss) per share:				
Income from continuing operations	\$ 0.10	\$ 0.12	\$ 0.11	\$ 0.14
(Loss) income on disposal of discontinued operations	(0.00)	0.00	—	0.00
Net (loss) income	<u>\$ 0.10</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ 0.14</u>
Diluted net income (loss) per share:				
Income from continuing operations	\$ 0.09	\$ 0.12	\$ 0.11	\$ 0.14
(Loss) income on disposal of discontinued operations	(0.00)	0.00	—	0.00
Net (loss) income	<u>\$ 0.09</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ 0.14</u>