

CANNELL CAPITAL LLC

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December 2, 2014

Mr. James J. Cramer  
Director  
TheStreet, Inc.  
14 Wall Street  
New York, NY 10005

Dear Mr. Cramer,

Cannell Capital LLC – that twenty-two-year-old SEC-registered investment advisor which manages sundry accounts that collectively owned 8.95% percent of TheStreet, Inc. (“TST” or the “Company”) as of December 2, 2014 - hereby amends its filing position as regards TST from passive to active because certain matters of governance concern it. The structure of your relationship with TST leads these concerns.

Allow me to review some facts.

1. The market capitalization of TST has declined from a peak of approximately \$1.7 billion in 1999 to \$75 million today. This represents the dissipation of about \$1.6 billion of shareholder value.
2. From May 1999 to December 2013, you have extracted more than \$14 million in cash payouts from TST, excluding millions more paid out as stock options. In addition, you have enjoyed considerable non-pecuniary compensation such as perfumed sedan driver(s) and assorted assistants who spray ionized lavender water on your barren cranium. Despite the long decline of TST’s share price your compensation continues to trend higher. The four year employment agreement you signed in November 2013 guarantees you total compensation of at least \$3.5 million per annum - nearly 5% of the market capitalization of TST and more than the cumulative dividends expected to be paid out this year to common shareholders.<sup>1</sup>

Now suffer my opinions and recommendations.

Were there to have been wealth *creation* we would characterize your robust compensation as accretive. But there has only been wealth *transfer*. We characterize this as *dilutive*.

Your brand is, and remains, tremendous. I commend you for your tenacity and intellect, but you are simultaneously an employee of CNBC and a director, major shareholder and employee of TST. To which entity do you ascribe your greater allegiance? There would appear to be a grand structural conflict.

You are 59. When you lie upon your deathbed, how will you reflect upon on your legacy? Once a \$70 stock, TST is now \$2.20. You have done well, but how has the common shareholder done?

We see several ways to solve the apparent conflicts of interest.

The first and easiest way, would be to join me in calling on your fellow directors to start a process to auction the Company. We shall call this Option One. The new CEO and CFO have, in my opinion, done a good to great job in "fixing" TST and diversifying it from the aforementioned structural conflict. In my opinion, the Company is worth substantially more today than two years ago due largely to their efforts. Kudos to Elisabeth DeMarse!

Since her anointment as CEO in June 2012, DeMarse has cut expenses without compromising revenue growth. We estimate that operating expenses in 2014 will be \$7.5 and \$8.6 million less versus 2012 and 2011, respectively, while revenues will by greater by \$8.4 and \$1.3 million, respectively.<sup>2</sup>

TST's acquisition of The Deal was a good one because it was financially accretive and diversified revenue. TST paid \$10.8 million for The Deal in late 2012. The Deal is now profitable, accounting for approximately 20% of TST's 2014 revenues. We think The Deal will grow 5% in 2015 and generate \$1.5 million of EBITDA. (Whilst too early to say, the November 3, 2014, BoardEx acquisition could be *considerably* more accretive.)

Despite these improvements TST trades at an enterprise value to 2015 estimated revenues of 1.3.<sup>3</sup> This compares to BC Partners Limited's acquisition of Mergermarket Group at three times revenue. Morningstar Inc. ("MORN" -- \$65.97) trades at 3.4 times 2015 consensus revenue estimate.<sup>4</sup> Allegedly, BoardEx competitor Relationship Science recently raised capital at a \$300 million valuation compared with its purported \$5 million revenue for 2013.

What we shall call Option Two would require you to muster more courage and honor. According to Nielsen Media Research, *Mad Money*'s ratings recently fell to an all-time low in the 25-54 age group.<sup>5</sup> By comparison, Action Alerts PLUS ("PLUS"), your lead product with TST, is now *growing*. Resign from CNBC and align your considerable energy and talents to helping your fellow shareholders crawl back from Hades.

We estimate that 41,500 customers pay roughly \$350 per annum (\$14.5 million *in totum*) for your newsletters. This is nothing to scoff at but a fraction of the 400,000 to 500,000 subscribers enjoyed, by (we believe) The Motley Fool Stock Advisor and Stansberry & Associates Investment Research - two wildly more profitable competitors which charge similar prices.<sup>6</sup> (We estimate that each of these competitors yield \$25 to \$45 million of pre-tax earnings for their private owners.) Given the strength of your brand, it both amazes and frustrates that subscriptions to your products are so paltry. Were you to de-couple from CNBC (where you are understandably prohibited from promoting PLUS) I would hope, nay expect, that subscriptions of PLUS would treble.

Also in connection with Option Two, I would suggest that you voluntarily reduce your compensation – both pecuniary and non-pecuniary by 70%.

You are a large shareholder. You have already extracted more than \$14 million dollars from TST. Think about your legacy. In the very best years for the shareholders of Apple Inc., Steve Jobs was paid only \$1.00 per year. Warren Buffett's salary has been \$100,000 for more than 25 years. Why in the very *worst* years for TST shareholders must you pay yourself more than \$3.5 million per year?

I imagine that this communication may be received with some frustration and perhaps a little embarrassment. Please rest assured that my intent is merely and solely to help *all* shareholders – not just one shareholder. Please review the facts for what they are.

I beseech you to please start a process to sell the Company (Option One) or (Option Two) collapse your inflated employment contract and conflicts and push to propel the business forward.

Best regards!

Sincerely,



J. Carlo Cannell

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<sup>1</sup> TheStreet Inc. Form 8-K, November 14, 2013, page 2

<sup>2</sup> Source: Company Filings. Operating Expenses are defined as the sum of “Sales and Marketing”, “General and administrative”, “Depreciation and amortization”, “Restructuring and other charges”, and “Loss (gain) on disposition of assets” in the fiscal year in question.

<sup>3</sup> Assumes 2015 revenue estimate from B. Riley & Co., LLC analysts Kara Anderson and Ian Corydon in their report on TST published November 7, 2014.

<sup>4</sup> As reported by Bloomberg LP intraday Dec 2, 2014.

<sup>5</sup> As reported in an article on DailyFinance.com entitled “CNBC is Dead: here’s Why Retail Investors Won’t Miss it” from July 1, 2014; <http://www.dailyfinance.com/2014/07/01/cnbc-is-dead-retail-investors-won-t-miss-it/>

<sup>6</sup> Stansberry subscriber numbers from <https://stansberrydisclosures.com/hoa/> and Motley Fool subscriber numbers from