THEGLOBE COM INC
Form 10-K
March 27, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2007

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from ____________ to ___________

COMMISSION FILE NO. 0-25053

THEGLOBE.COM, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

STATE OF DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	14-1782422 (I.R.S. EMPLOYER IDENTIFICATION NO.)

110 EAST BROWARD BOULEVARD, SUITE 1400, FORT LAUDERDALE, FL. 33301
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

Registrant's telephone number, including area code (954) 769 - 5900

Securities registered pursuant to Section 12(b) of the Act: None

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

Common Stock, par value $.001 per share

Preferred Stock Purchase Rights

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
o Yes x No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer (do not check if a smaller reporting company) o	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
o Yes x No

Aggregate market value of the voting Common Stock held by non-affiliates of the registrant as of the close of business as of the last business day of the registrant’s most recently completed second fiscal quarter, June 29, 2007: $4,227,395*.

*Includes voting stock held by third parties, which may be deemed to be beneficially owned by affiliates, but for which such affiliates have disclaimed beneficial ownership.

The number of shares outstanding of the Registrant's Common Stock, $.001 par value (the "Common Stock") as of March 5, 2008 was 172,484,838.

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theglobe.com, inc.

FORM 10-K

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FORWARD LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of the federal securities laws that relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology, such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "intend," "potential" or "continue" or the negative of such terms or other comparable terminology, although not all forward-looking statements contain such terms. In addition, these forward-looking statements include, but are not limited to, statements regarding:

- executing our business plans;
- our ability to increase revenue levels;
- our ability to control and reduce operating expenses;
- potential governmental regulation and taxation;
- the outcome of pending litigation;
- our ability to successfully resolve disputed liabilities;
- our estimates or expectations of continued losses;
- our expectations regarding future revenue and expenses;
- attracting and retaining customers and employees;
- our ability to sell our Tralliance business;
- our ability to raise sufficient capital; and
- our ability to continue to operate as a going concern.

These statements are only predictions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are not required to and do not intend to update any of the forward-looking statements after the date of this Form 10-K or to conform these statements to actual results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-K might not occur. Actual results, levels of activity, performance, achievements and events may vary significantly from those implied by the forward-looking statements. A description of risks that could cause our results to vary appears under "Risk Factors" and elsewhere in this Form 10-K.

In this Form 10-K, we refer to information regarding our potential markets and other industry data. We believe that we have obtained this information from reliable sources that customarily are relied upon by companies in our industry, but we have not independently verified any of this information.

PART I

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

As of December 31, 2007, theglobe.com, inc. (the “Company” or “theglobe”) managed a single line of business, Internet services, consisting of Tralliance Corporation (“Tralliance”) which is the registry for the “.travel” top-level Internet domain. We acquired Tralliance on May 9, 2005. See Note 16, “Subsequent Events” of the Notes to Consolidated Financial Statements regarding a proposed transaction whereby the Company would sell its Tralliance business and issue approximately 269 million shares of its common stock to a company controlled by Michael S. Egan, the Company’s Chairman and Chief Executive Officer.

In March 2007, management made the decision to shutdown the operations of both its computer games and VoIP telephony services lines of business and to focus 100% of its resources and efforts to further develop its Internet services business. Results of operations for the computer games and VoIP telephony services businesses have been reported separately as “Discontinued Operations” in the accompanying consolidated statements of operations for all periods presented. The assets and liabilities of the computer games and VoIP telephony services businesses have been included in “Assets of Discontinued Operations” and “Liabilities of Discontinued Operations” in the accompanying consolidated balance sheets for all periods presented.

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On October 31, 2005, the Company completed the sale of all of the business and substantially all of the net assets of SendTec, Inc. (“SendTec”), its direct response marketing services and technology business, for approximately $39,850,000 in cash. Results of operations for SendTec have been reported separately as “Discontinued Operations” in the accompanying consolidated statement of operations for the year ended December 31, 2005.

HISTORICAL OVERVIEW

theglobe was incorporated on May 1, 1995 (inception) and commenced operations on that date. Originally, theglobe.com was an online community with registered members and users in the United States and abroad. That product gave users the freedom to personalize their online experiences by publishing their own content and by interacting with others having similar interests. However, due to the deterioration of the online advertising market, the Company was forced to restructure and ceased the operations of its online community on August 15, 2001. The Company then sold most of its remaining online and offline properties. The Company continued to operate its Computer Games print magazine and the associated CGOnline website, as well as the e-commerce games distribution business of Chips & Bits. On June 1, 2002, Chairman Michael S. Egan and Director Edward A. Cespedes became Chief Executive Officer and President of the Company, respectively.

On November 14, 2002, the Company acquired certain Voice over Internet Protocol ("VoIP") assets. In exchange for the assets, the Company issued warrants to acquire 1,750,000 shares of its Common Stock and an additional 425,000 warrants as part of an earn-out structure upon the attainment of certain performance targets. The earn-out performance targets were not achieved and the 425,000 earn-out warrants expired on December 31, 2003.

On February 25, 2003, theglobe entered into a Loan and Purchase Option Agreement, as amended, with Tralliance, an Internet related business venture, pursuant to which it agreed to fund, in the form of a loan, at the discretion of the Company, Tralliance's operating expenses and obtained the option to acquire all of the outstanding capital stock of Tralliance in exchange for, when and if exercised, $40,000 in cash and the issuance of an aggregate of 2,000,000 unregistered restricted shares of theglobe’s Common Stock. On May 5, 2005, Tralliance and the Internet Corporation for Assigned Names and Numbers ("ICANN") entered into an agreement designating Tralliance as the registry for the ".travel" top-level domain. On May 9, 2005, the Company exercised its option to acquire all of the outstanding capital stock of Tralliance. The purchase price consisted of the issuance of 2,000,000 shares of theglobe’s Common Stock, warrants to acquire 475,000 shares of theglobe’s Common Stock and $40,000 in cash. The warrants are exercisable for a period of five years at an exercise price of $0.11 per share. The Common Stock issued as a result of the acquisition of Tralliance is entitled to certain "piggy-back" registration rights.

On May 28, 2003, the Company acquired Direct Partner Telecom, Inc. ("DPT"), a company engaged in VoIP telephony services in exchange for 1,375,000 shares of the Company’s Common Stock and the issuance of warrants to acquire 500,000 shares of the Company’s Common Stock. DPT was a specialized international communications carrier providing VoIP communications services to lesser developed countries. The DPT network had provided "next generation" packet-based telephony and value added data services to carriers and businesses in the United States and internationally. The Company acquired all of the physical assets and intellectual property of DPT and originally planned to continue to operate the company as a subsidiary and engage in the provision of VoIP services to other telephony businesses on a wholesale transactional basis. In the first quarter of 2004, the Company decided to suspend DPT’s wholesale business and dedicate the DPT physical and intellectual assets to its retail VoIP business. As a result, the Company wrote-off the goodwill associated with the purchase of DPT as of December 31, 2003, and employed DPT’s physical assets in the build out of its VoIP network.

On September 1, 2004, the Company closed upon an Agreement and Plan of Merger dated August 31, 2004, pursuant to which the Company acquired all of the issued and outstanding shares of capital stock of SendTec, Inc., (“SendTec”), a direct response marketing services and technology company. Pursuant to the terms of the Merger, in consideration for the acquisition of SendTec, theglobe paid consideration consisting of: (i) $6,000,000 in cash, excluding transaction

costs, (ii) the issuance of an aggregate of 17,500,024 shares of theglobe’s Common Stock, (iii) the issuance of an aggregate of 175,000 shares of Series H Automatically Converting Preferred Stock (which was converted into 17,500,500 shares of theglobe’s Common Stock on December 1, 2004, the effective date of the amendment to the Company's certificate of incorporation increasing its authorized shares of Common Stock from 200,000,000 shares to 500,000,000 shares), and (iv) the issuance of a subordinated promissory note in the amount of $1 million. The Company also issued an aggregate of 3,974,165 replacement options to acquire theglobe’s Common Stock for each of the issued and outstanding options to acquire SendTec shares held by the former employees of SendTec.

On August 10, 2005, the Company entered into an Asset Purchase Agreement with RelationServe Media, Inc. ("RelationServe") whereby the Company agreed to sell all of the business and substantially all of the net assets of the SendTec marketing services subsidiary to RelationServe for $37,500,000 in cash, subject to certain net working capital adjustments. On August 23, 2005, the Company entered into Amendment No. 1 to the Asset Purchase Agreement with RelationServe (the “1st Amendment” and together with the original Asset Purchase Agreement, the “Purchase Agreement”). On October 31, 2005, the Company completed the asset sale. Including preliminary adjustments to the purchase price related to estimated excess working capital of SendTec as of the date of sale, the Company received an aggregate of approximately $39,850,000 in cash pursuant to the Purchase Agreement.

Additionally, as contemplated by the Purchase Agreement, immediately following the asset sale, the Company completed the redemption of approximately 28,879,000 million shares of theglobe's Common Stock owned by six members of the former management of SendTec for approximately $11,604,000 in cash pursuant to a Redemption Agreement dated August 23, 2005. Pursuant to a separate Termination Agreement, the Company also terminated and canceled approximately 1,276,000 stock options and the contingent interest in approximately 2,063,000 earn-out warrants held by the six members of the former management in exchange for approximately $400,000 in cash. The Company also terminated stock options of certain other non-management employees of SendTec and entered into bonus arrangements with a number of other non-management SendTec employees for amounts totaling approximately $600,000.

In March 2007, management and the Board of Directors of the Company made the decision to cease all activities related to its computer games businesses, including discontinuing the operations of its magazine publications, games distribution business and related websites. The Company's decision to shutdown its computer games businesses was based primarily on the historical losses sustained by these businesses during the recent past and management's expectations of continued future losses. As of December 31, 2007, all significant elements of its computer games business shutdown plan have been completed by the Company, except for the collection and payment of remaining outstanding accounts receivables and payables.

In addition, in March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of the business.   The Company's decision to discontinue the operations of its VoIP telephony services business was based primarily on the historical losses sustained by the business during the past several years, management's expectations of continued losses for the foreseeable future and estimates of the amount of capital required to attempt to successfully monetize its business. On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide certain security and credit enhancements in connection with the MySpace litigation Settlement Agreement (See Note 13, "Litigation," in the accompanying Notes to Consolidated Financial Statements for further discussion). The Company had previously written off the value of the VoIP intellectual property as a result of its evaluation of the VoIP telephony services business' long-lived assets in connection with the preparation of the Company's 2004 year-end consolidated financial statements. As of December 31, 2007, all significant elements of its VoIP telephony services business shutdown plan have been completed by the Company, except for the resolution of certain vendor disputes and the payment of remaining outstanding vendor payables.

On December 13, 2007, the Company and its subsidiary, Tralliance Corporation ("Tralliance") entered into an Assignment, Conveyance and Bill of Sale Agreement with Search.Travel, LLC ("Search.Travel"). Pursuant to the Agreement, Tralliance sold all of its rights relating to the "www.search.travel" domain name and website related assets to Search.Travel for a purchase price of $380,000 paid in cash. Search.Travel is controlled by the Company's Chairman and Chief Executive Officer, Michael Egan. The purchase price was determined by the Board of Directors taking into account the valuation given to the assets by an independent investment banking firm.

DESCRIPTION OF BUSINESS - CONTINUING OPERATIONS

OUR INTERNET SERVICES BUSINESS

Tralliance was incorporated in 2002 to develop products and services to enhance online commerce between consumers and the travel and tourism industries, including administration of the ".travel" top-level domain. In February 2003, theglobe entered into a Loan and Purchase Option Agreement, as amended, with Tralliance in which theglobe agreed to fund, in the form of a loan, at the discretion of theglobe, Tralliance's operating expenses and obtained the option to acquire all of the outstanding capital stock of Tralliance. On May 5, 2005, the Internet Corporation for Assigned Names and Numbers ("ICANN") and Tralliance entered into a contract whereby Tralliance was designated as

the exclusive registry for the “.travel” top-level domain for an initial period of ten years. Renewal of the ICANN contract beyond the initial ten year term is conditioned upon the negotiation of renewal terms reasonably acceptable to ICANN. Additionally, we have agreed to engage in good faith negotiations at regular intervals throughout the term of our contract (at least once every three years) regarding possible changes to the provisions of the contract, including changes in the fees and payments that we are required to make to ICANN. In the event that we materially and fundamentally breach the contract and fail to cure such breach within thirty days of notice, ICANN has the right to immediately terminate our contract. Effective May 9, 2005, theglobe exercised its option to purchase Tralliance.

The establishment of the “.travel” top-level domain enables businesses, organizations, governmental agencies and other enterprises that operate within the travel and tourism industry to establish a unique Internet domain name from which to communicate and conduct commerce. An Internet domain name is made up of a top-level domain and a second-level domain. For example, in the domain name “companyX.travel”, “companyX” is the second-level domain and “.travel” is the top-level domain. As the registry for the “.travel” top-level domain, Tralliance is responsible for maintaining the master database of all second-level “.travel” domain names and their corresponding Internet Protocol (“IP”) addresses.

To facilitate the “.travel” domain name registration process, Tralliance has entered into contracts with a number of registrars. These registrars act as intermediaries between Tralliance and customers (referred to as registrants) seeking to register “.travel” domain names. The registrars handle the billing and collection of registration fees, customer service and technical management of the registration database. Registrants can register “.travel” domain names for terms of one year (minimum) up to 10 years (maximum). For standard name registration transactions (which exclude name registrations under our newly established bulk registration program, which is discussed below), registrars retain a portion of the registration fee collected by them as their compensation and remit the remainder, presently $80 per domain name per year, of the registration fee to Tralliance.

In order to register a ".travel" domain name, a registrant must first be verified as being eligible ("authenticated") by virtue of being a valid participant in the travel industry. Additionally, eligibility data is required to be updated and reviewed annually, subsequent to initial registration. Once authenticated, a registrant is only permitted to register ".travel" domain names that are associated with the registrant's business or organization. Tralliance has entered into contracts with a number of travel associations and other independent organizations ("authentication providers") whereby, in consideration for the payment of fixed and/or variable fees, all required authentication procedures are performed by such authentication providers. Tralliance has also outsourced various other registry operations, database maintenance and policy formulation functions to certain other independent businesses or organizations in consideration for the payment of certain fixed and/or variable fees.

In launching the ".travel" top-level domain registry, Tralliance adopted a phased approach consisting of three distinct stages. During the third quarter of 2005, Tralliance implemented phase one, which consisted of a pre-authentication of a limited group of potential registrants. During the fourth quarter of 2005, Tralliance implemented phase two, which involved the registration of the limited group of registrants who had been pre-authenticated. It was during this limited registration phase that Tralliance initially began collecting registration fees from its ".travel" registrars. Finally, in January 2006, Tralliance commenced the final phase of its launch, which culminated in live ".travel" registry operations.

On August 15, 2006, the Company introduced its online search engine dedicated to the travel industry, www.search.travel. The search engine was developed by Tralliance to benefit both consumers at large and ".travel" domain name registrants, as the search engine delivers qualified search results from the entire World Wide Web, giving priority to destinations and businesses that are authenticated ".travel" registrants. During August 2006, the Company launched a national television campaign to promote the new search engine and website and began to market the www.search.travel website to potential advertisers interested in targeting the travel consumer. Due to various technical and operational website problems, revenue generated from the sale of advertising sponsorships on "www.search.travel" in 2006 and 2007 was significantly less than initial expectations. Since the costs of remediating the website problems was deemed to be substantial and based upon the Company's lack of cash resources, the Company was unable to continue to fund the operations of www.search.travel. As discussed earlier, on December 13, 2007, all of the Company's rights relating to the www.search.travel domain name and website and related assets were sold to Search.Travel LLC, a company controlled by the Company's Chairman and Chief Executive Officer, Michael Egan, for a purchase price of $380,000 paid in cash.

During the fourth quarter of 2007, Tralliance announced the development of a bulk purchase program designed to rapidly accelerate ".travel" name registration growth and to promote wide-spread use of the ".travel" domain name. The bulk purchase program allows eligible travel businesses that commit to a minimum purchase of 25,000 ".travel" domain names within one year to purchase these names at significantly discounted rates and on favorable payment terms in comparison with standard name registration pricing and terms.

In connection with the establishment of its bulk purchase program, in October 2007, Tralliance entered into an additional registry operator agreement (the "New Agreement") with its existing registry operator (the "Registry Operator"). The New Agreement was effective on October 1, 2007 and has an initial term of three (3) years excluding optional renewal periods. The Registry Operator has provided and continues to provide registry operation services to Tralliance since the start-up of its ".travel" internet services business under a predecessor Master Services Agreement dated as of October 11, 2005. Under the New Agreement, the Company paid the Registry Operator a start-up fee of $37,500 and a registration minimum fee of $225,000 in November 2007, and is also obligated to pay an additional registration minimum fee of $112,500 in October 2008. The registration minimum fees represent pre-payments of registry operator fees related to Tralliance's planned bulk purchase of ".travel" domain names. In the event that certain registration minimum levels are exceeded, Tralliance is also obligated to pay additional registry operator fees on a "per transaction" basis. Additionally, the Registry Operator is also entitled to receive a certain percentage of future revenue related to ".travel" domain names purchased under the New Agreement. Further, under the New Agreement, Tralliance

committed to ensuring that a pre-determined number of ".travel" websites are launched by no later than September 30, 2008.

On December 20, 2007, Tralliance entered into a Bulk Registration Co-Marketing Agreement (the "Co-Marketing Agreement") with Labigroup Holdings, LLC ("Labigroup"), under Tralliance's bulk purchase program. Labigroup is a private entity controlled by the Company's Chairman and our remaining directors own a minority interest in Labigroup. Under the Co-Marketing Agreement, Labigroup committed to purchase a predetermined minimum number of ".travel" domain names on a bulk basis from an accredited ".travel" registrar of its own choosing and to establish a predetermined minimum number of related ".travel" websites. As consideration for the ".travel" domain names to be purchased under the Co-Marketing Agreement, Labigroup agreed to pay certain fixed fees and make certain other payments including, but not limited to, an ongoing royalty calculated as a percentage share of its net revenue, as defined in the Co-Marketing Agreement (the "Labigroup Royalties"), to Tralliance. The Co-Marketing Agreement has an initial term which expires September 30, 2010 after which it may be renewed for successive periods of two and three years, respectively. During the period from December 20, 2007 through December 31, 2007, Labigroup registered 164,708 ".travel" domain names under the Co-Marketing Agreement. As of December 31, 2007, Labigroup has paid $262,500 and is obligated to pay an additional $412,050 in fees and costs to Tralliance under the Co-Marketing Agreement. Such amounts, which are equal to the amount of incremental fees and costs incurred by Tralliance in registering these bulk purchase names, have been treated as a reimbursement of these incremental fees and costs in the Company's financial statements. The Company plans to recognize revenue related to this Co-Marketing Agreement only to the extent that Labigroup Royalties are earned. No such revenue has been recorded as of December 31, 2007.

All significant Tralliance operations and assets are based in the United States and all registration transactions are denominated in U.S. dollars. Although Tralliance markets ".travel" name registrations on a world-wide basis, net revenue generated from customers domiciled in any single international country have not been significant to date.

As of March 15, 2008, the total number of ".travel" domain names registered was 199,040, of which 168,114 or 85% were registered under our bulk purchase program.

DESCRIPTION OF BUSINESS—DISCONTINUED OPERATIONS

COMPUTER GAMES BUSINESS

In February 2000, the Company entered the computer games business by acquiring Computer Games Magazine, a print publication for personal computer ("PC") gamers; CGOnline, the online counterpart to Computer Games magazine; and Chips & Bits, an e-commerce games distribution business. Historically, content of Computer Games Magazine and CGOnline focused primarily on the PC games market niche.

During 2004, the Company developed and began to implement plans to expand its business beyond games and into other areas of the entertainment industry. In Spring 2004, a new magazine, Now Playing began to be delivered within Computer Games Magazine and in March 2005, Now Playing began to be distributed as a separate publication. Now Playing covered movies, DVD's, television, music, games, comics and anime, and was designed to fulfill the wider pop culture interests of readers and to attract a more diverse group of advertisers: autos, television, telecommunications and film to name a few. During 2005, the Now Playing online website (www.nowplaying.com), the online counterpart for Now Playing magazine, was implemented and costs were also incurred to develop a new corporate website (www.theglobe.com), also targeted at the broader entertainment marketplace.

In August 2005, based upon a re-evaluation of the capital requirements and risks/rewards related to completing the transition to a broader-based entertainment business, the Company decided to abort its diversification efforts and refocus its strategy back to operating and improving its traditional games-based businesses. During the remainder of 2005, the Company implemented a number of revenue enhancement programs, including establishing a used game auction website (www.gameswapzone.com), introducing a digital version of its Computer Games Magazine, and entering into several marketing partnership affiliate programs. Additionally, during the latter part of 2005, the Company completed the implementation of a number of cost-reduction programs related to facility consolidations, headcount reductions and decreases in magazine publishing and sales costs. In January 2006, the Company completed the sale of all assets related to Now Playing Magazine and the Now Playing Online website for approximately $130,000.

The premiere issue of a new quarterly print publication, Massive Magazine (renamed MMOGames Magazine in 2007), was released in September 2006. The new magazine was dedicated solely to "massively multiplayer online" games ("MMO" games) and included features on the culture of MMO games, focusing on players, guilds and communities. The editorial staff of Computer Games Magazine produced the content for the new magazine. The new magazine was also accompanied by a complementary website (www.mmogamesmag.com).

In March 2007, management and the Board of Directors of the Company made the decision to cease all activities related to its Computer Games businesses, including discontinuing the operations of its magazine publications, games distribution business and related websites. The Company's decision to shutdown its Computer Games businesses was based primarily on the historical losses sustained by these businesses during the recent past and management's expectations of continued future losses. As of December 31, 2007, all significant elements of its computer games business shutdown plan have been completed by the Company, except for the collection and payment of remaining outstanding accounts receivables and payables.

VOIP TELEPHONY BUSINESS

During the third quarter of 2003, the Company launched its first suite of consumer and business level VoIP services. The Company launched its browser-based VoIP product during the first quarter of 2004. These services allowed customers to communicate using VoIP technology for dramatically reduced pricing compared to traditional telephony networks. The services also offered traditional telephony features such as voicemail, caller ID, call forwarding, and call waiting for no additional cost to the customer, as well as incremental services that were not then supported by the public switched telephone network ("PSTN") like the ability to use numbers remotely and voicemail to email services. In the fourth quarter of 2004, the Company announced an "instant messenger" or "IM" related application which enabled users to chat via voice or text across multiple platforms using their preferred instant messenger service. During the second quarter of 2005, the Company released a number of new VoIP products and features which allowed users to communicate via mobile phones, traditional land line phones and/or computers. From the initial launch of its VoIP services in 2003 through 2005, the Company continued to expand its VoIP network, which was comprised of switching hardware and software, servers, billing and inventory systems, and telecommunication carrier contractual relationships. Throughout this period, the capacity of our VoIP network greatly exceeded usage.

The Company's retail VoIP service plans had included both "peer-to-peer" plans, for which subscribers were able to place calls free of charge over the Internet to other subscribers' Internet connections, and "paid" plans which involved interconnection with the PSTN and for which subscribers were charged certain fixed and/or variable service charges.

During 2003 through 2005, the Company attempted to market and distribute its VoIP retail products through various direct and indirect sales channels including Internet advertising, structured customer referral programs, network marketing, television infomercials and partnerships with third party national retailers. None of the marketing and sales programs implemented during these years were successful in generating a significant number of "paid" plan customers or revenue. The Company's marketing efforts during this period of time achieved only limited success in developing a "peer-to-peer" subscriber base of free service plan users.

During 2006, the Company re-focused its efforts on VoIP product development. During the first quarter of 2006, the Company developed a plan to reconfigure, phase out and eliminate certain components of its existing VoIP network. During the second quarter of 2006, the Company discontinued offering service to its small existing "paid" plan customer base and completed the implementation of its plan to significantly reduce the excess capacity and operating costs of its VoIP network.

In March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of the business. On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide certain security and credit enhancements in connection with the MySpace litigation Settlement Agreement (See Note 13, "Litigation," in the accompanying Notes to Consolidated Financial Statements for further discussion). The Company had previously written off the value of the VoIP intellectual property as a result of its evaluation of the VoIP telephony services business' long-lived assets in connection with the preparation of the Company's 2004 year-end consolidated financial statements. The Company's decision to discontinue the operations of its VoIP telephony services business was based primarily on the historical losses sustained by the business during the past several years, management's expectations of continued losses for the foreseeable future and estimates of the amount of capital required to attempt to successfully monetize its business. As of December 31, 2007, all significant elements of its VoIP telephony services business shutdown plan have been completed by the Company, except for the resolution of certain vendor disputes and the payment of remaining outstanding vendor payables.

MARKETING SERVICES BUSINESS

As previously discussed, based upon the Company's sale of substantially all of the net assets and the business of its SendTec subsidiary which was completed on October 31, 2005, the results of operations of SendTec have been reported separately as "Discontinued Operations" in the accompanying consolidated statement of operations for the year ended December 31, 2005.

On September 1, 2004, the Company acquired SendTec, a direct response marketing services and technology company. SendTec provided clients a complete offering of direct marketing products and services to help their clients market their products both on the Internet ("online") and through traditional media channels such as television, radio and print advertising ("offline"). SendTec was organized into two primary product line divisions: the DirectNet Advertising Division, which provided digital marketing services; and the Creative South Division, which provided creative production and media buying services. Additionally, its proprietary iFactz technology provided software tracking solutions that benefited both the DirectNet Advertising and Creative South businesses.

- DirectNet Advertising ("DNA") - DNA delivered results based interactive marketing programs for advertisers through a network of online distribution partners including websites, search engines and email publishers. SendTec's proprietary software technology was used to track, optimize and report results of marketing campaigns to advertising

clients and distribution partners. Pricing options for DNA's services included cost-per-action ("CPA"), cost per-click ("CPC") and cost-per-thousand impressions ("CPM"), with most payments resulting from CPA agreements.

- Creative South - Creative South provided online and offline agency marketing services including creative development, campaign management, creative production, post production, media planning and media buying services. Most service provided by Creative South were priced on a fee-per-project basis, where the client paid an agreed upon fixed fee for a designated scope of work. Creative South also received monthly retainer fees from clients for service to such clients as their Agency of Record.

- iFactz - iFactz was SendTec's Application Service Provider ("ASP") technology that tracked and reported on a real time basis the online responses generated from offline direct response advertising, such as television, radio, print advertising and direct mail. iFactz' Intelligent Sourcing (TM) was a patent-pending media technology that informed the user where online customers come from, and what corresponding activity they produced on the user's website. The iFactz patent application was filed in November 2001. iFactz was licensed to clients based on a monthly fixed license fee, with license terms ranging from three months to one year.

COMPETITION

Internet Services Business

We face competition from a number of businesses and organizations that have longer operating histories, greater name recognition and more advanced and complete technical systems. Additionally, our competitors are larger enterprises that have greater financial, technical and marketing resources than we have.

While we do not face direct competition for the registry of ".travel" domain names because of the exclusive nature of our ICANN contract, we compete with other companies that maintain the registries for different domain names, including Verisign, Inc., which manages the ".com" and ".net" registries; Afilias Limited, which manages the ".info" registry; and a number of country-specific domain name registries (such as ".uk" for domain names in the United Kingdom). In seeking the renewal of our existing contract or obtaining new ICANN contracts, we expect to face competition from multiple businesses.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

We regard certain elements of our websites and underlying technology as proprietary. We pursue the registration of our trademarks in the United States and internationally. We attempt to protect these assets by relying on intellectual property laws. We also generally enter into confidentiality agreements with our employees and consultants and in connection with various other agreements with third parties. We also seek to control access to and distribution of our technology, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our proprietary information without authorization.

Effective trademark, service mark, and trade secret protection may not be available in every country in which our services are made available through the Internet. Policing unauthorized use of our proprietary information is difficult. Existing or future trademarks or service marks applied for or registered by other parties and which are similar to ours may prevent us from expanding the use of our trademarks and service marks into other areas. In the fourth quarter of 2005, we were sued by Sprint Communications Company, L.P. ("Sprint") for alleged unauthorized use of "inventions" described and claimed in seven patents held by Sprint. In August 2006, we entered into a settlement agreement with Sprint which resolved the pending patent infringement lawsuit.

GOVERNMENT REGULATION AND LEGAL UNCERTAINTIES

In General

We are subject to laws and regulations that are applicable to various Internet activities. There are an increasing number of federal, state, local and foreign laws and regulations pertaining to the Internet. In addition, a number of federal, state, local and foreign legislative and regulatory proposals are under consideration. Laws and regulations have been and will likely continue to be adopted with respect to the Internet relating to, among other things, liability for information retrieved from or transmitted over the Internet, online content regulation, user privacy, data protection, pricing, content, copyrights, distribution, email solicitation, "spam", electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access, and the characteristics and quality of products and services. On June 1, 2006, we were sued by MySpace, Inc. ("MySpace") for alleged violations of the CAN-SPAM Act, the Lanham Act and the California Business & Professions Code § 17529.5 (the "California Act"), as well as trademark infringement, false advertising, breach of contract, breach of the covenant of good faith and fair dealing, and unfair competition. On February 28, 2007, the United States District Court for the Central District of California entered an order granting in part MySpace's motion for summary judgment, finding that we were liable for violation of the CAN-SPAM Act and the California Business & Professions Code, and for breach

of contract. On March 15, 2007, the Company entered into a Settlement Agreement with MySpace whereby, among other things, the Company agreed to pay MySpace approximately $2,550,000 on or before April 5, 2007 in exchange for a mutual release of all claims against one another, including any claims against the Company’s directors and officers. On April 18, 2007, theglobe paid MySpace $2,550,000 in cash in settlement of the claims, MySpace and theglobe filed a consent judgment and stipulated permanent injunction with the court on April 19, 2007, which among other things, dismissed all claims alleged in the lawsuit with prejudice.

Changes in tax laws relating to electronic commerce could materially affect our business, prospects and financial condition. One or more states or foreign countries may seek to impose sales or other tax collection obligations on out-of-jurisdiction companies that engage in electronic commerce. A successful assertion by one or more states or foreign countries that we should collect sales or other taxes on services could result in substantial tax liabilities for past sales, decrease our ability to compete with other entities involved in the industries in which we participate, and otherwise harm our business.

Currently, decisions of the U.S. Supreme Court restrict the imposition of obligations to collect state and local sales and use taxes with respect to electronic commerce. However, a number of states, as well as the U.S. Congress, have been considering various initiatives that could limit or supersede the Supreme Court's position regarding sales and use taxes on electronic commerce. If any of these initiatives addressed the Supreme Court's constitutional concerns and resulted in a reversal of its current position, we could be required to collect sales and use taxes. The imposition by state and local governments of various taxes upon electronic commerce could create administrative burdens for us and could adversely affect our business operations, and ultimately our financial condition, operating results and future prospects.

Regardless of the type of state tax imposed, the threshold issue involving state taxation of any transaction is always whether sufficient nexus, or contact, exists between the taxing entity and the taxpayer or the transaction to which the tax is being applied. The concept of nexus is constantly changing and no bright line exists that would sufficiently alert a business as to whether it is subject to tax in a specific jurisdiction. All states which have attempted to tax Internet access or online services have done so by asserting that the sale of such information services, data processing services or other type of transaction is subject to tax in that particular state.

A handful of states impose taxes on computer services, data processing services, information services and other similar types of services. Some of these states have asserted that Internet access and/or online information services are subject to these taxes.

Moreover, the applicability to the Internet of existing laws governing issues such as intellectual property ownership and infringement, copyright, trademark, trade secret, obscenity, libel, employment and personal privacy is uncertain and developing. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, libel, and personal privacy apply to the Internet and electronic commerce. Any new legislation or regulation, or the application or interpretation of existing laws or regulations, may decrease the growth in the use of the Internet, may impose additional burdens on electronic commerce or may alter how we do business.

Certain Other Regulation Affecting the Internet Generally

New laws and regulations affecting the Internet generally may increase our costs of compliance and doing business, decrease the growth in Internet use, decrease the demand for our services or otherwise have a material adverse effect on our business.

Today, there are still relatively few laws specifically directed towards online services. However, due to the increasing popularity and use of the Internet and online services, many laws and regulations relating to the Internet are being debated at all levels of governments around the world and it is possible that such laws and regulations will be adopted. It is not clear how existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel and defamation, obscenity, and personal privacy apply to online businesses. The vast majority of these laws were adopted prior to the advent of the Internet and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. In the United States, Congress has adopted legislation that regulates certain aspects of the Internet, including online content, user privacy and taxation. In addition, Congress and other federal entities are considering other legislative and regulatory proposals that would further regulate the Internet.

Various states have adopted and are considering Internet-related legislation. Increased U.S. regulation of the Internet, including Internet tracking technologies, may slow its growth, particularly if other governments follow suit, which may negatively impact the cost of doing business over the Internet and materially adversely affect our business, financial condition, results of operations and future prospects. The Company has no way of knowing whether legislation will pass or what form it might take. Domain names have been the subject of significant trademark litigation in the United States and internationally. The current system for registering, allocating and managing domain names has been the subject of litigation and may be altered in the future. The regulation of domain names in the United States and in foreign countries may change. Regulatory bodies are anticipated to establish additional top-level domains and may appoint additional domain name registrars or modify the requirements for holding domain names, any or all of which may dilute the strength of our names. We may not acquire or maintain our domain names in all of the countries in which our websites may be accessed, or for any or all of the top-level domain names that may be introduced.

International Regulation of Internet Services

Internationally, the European Union has enacted several directives relating to the Internet. The European Union has, for example, adopted a directive that imposes restrictions on the collection and use of personal data. Under the directive, citizens of the European Union are guaranteed rights to access their data, rights to know where the data originated, rights to have inaccurate data rectified, rights to recourse in the event of unlawful processing and rights to withhold permission to use their data for direct marketing. The directive could, among other things, affect U.S. companies that collect or transmit information over the Internet from individuals in European Union member states, and will impose restrictions that are more stringent than current Internet privacy standards in the U.S. In particular, companies with offices located in European Union countries will not be allowed to send personal information to countries that do not maintain adequate standards of privacy. Compliance with these laws is both necessary and difficult. Failure to comply could subject us to lawsuits, fines, criminal penalties, statutory damages, adverse publicity, and other losses that could harm our business. Changes to existing laws or the passage of new laws intended to address these privacy and data protection and retention issues could directly affect the way we do business or could create uncertainty on the Internet. This could reduce demand for our services, increase the cost of doing business as a result of litigation costs or increased service or delivery costs, or otherwise harm our business.

Other laws that reference the Internet, such as the European Union's Directive on Distance Selling and Electronic Commerce has begun to be interpreted by the courts and implemented by the European Union member states, but their applicability and scope remain somewhat uncertain. Regulatory agencies or courts may claim or hold that we or our users are either subject to licensure or prohibited from conducting our business in their jurisdiction, either with respect to our services in general, or with respect to certain categories or items of our services. As we expand our international activities, we become obligated to comply with the laws of the countries in which we operate. Laws regulating Internet companies outside of the U.S. may be less favorable than those in the U.S., giving greater rights to consumers, content owners and users. Compliance may be more costly or may require us to change our business practices or restrict our service offerings relative to those in the U.S. Our failure to comply with foreign laws could subject us to penalties ranging from criminal prosecution to bans on our services.

EMPLOYEES

As of March 20, 2008, we had approximately 15 active full-time employees. Our future success depends, in part, on our ability to continue to attract, retain and motivate highly qualified technical and management personnel. Competition for these persons is intense. From time to time, we also employ independent contractors to support our operations, marketing, sales and support and administrative organizations. Our employees are not represented by any collective bargaining unit and we have never experienced a work stoppage. We believe that our relations with our employees are good.

ITEM 1A. RISK FACTORS

In addition to the other information in this report, the following factors should be carefully considered in evaluating our business and prospects.

RISKS RELATING TO OUR BUSINESS GENERALLY

WE MAY NOT BE ABLE TO CONTINUE AS A GOING CONCERN.

We have received a report from our independent accountants, relating to our December 31, 2007 audited financial statements containing an explanatory paragraph stating that our recurring losses from operations and our accumulated deficit raise substantial doubt about our ability to continue as a going concern. For the reasons described below, Company management does not believe that cash on hand and cash flow generated internally by the Company will be adequate to fund the operation of its businesses beyond a short period of time. These reasons raise significant doubt about the Company’s ability to continue as a going concern.

During the year ended December 31, 2007, the Company was able to continue operating as a going concern due principally to funding of $1.25 million received from the sale of secured convertible demand promissory notes to an entity controlled by Michael Egan, its Chairman and Chief Executive Officer. Also, in December 2007, additional funding of $380 thousand was provided from the sale of all of the Company’s rights related to its www.search.travel domain name and website to an entity also controlled by Mr. Egan. At December 31, 2007, the Company had a net working capital deficit of approximately $9.4 million, inclusive of a cash and cash equivalents balance of approximately $631 thousand. Such working capital deficit included an aggregate of $4.65 million in secured convertible demand debt and related accrued interest of approximately $955 thousand due to entities controlled by Mr. Egan (See Note 8, “Debt” and Note 14, “Related Party Transactions” in the accompanying Notes to Consolidated Financial Statements for further details). Additionally, such working capital deficit included approximately $1.9 million of net liabilities of discontinued operations, with a significant portion of such liabilities related to charges which have been disputed by the Company.

Notwithstanding previous cost reduction actions taken by the Company and its decision to shutdown its unprofitable computer games and VoIP telephony services businesses in March 2007 (see Note 3, “Discontinued Operations” in the accompanying Notes to Consolidated Financial Statements), the Company continues to incur substantial consolidated net losses, although reduced in comparison with prior periods, and management believes that the Company will continue to be unprofitable in the foreseeable future. Based upon the Company’s current financial condition, as discussed above, and without the infusion of additional capital, management does not believe that the Company will be able to fund its operations beyond the end of the second quarter of 2008.

As more fully discussed in Note 16, “Subsequent Events” in the accompanying Notes to the Consolidated Financial Statements, on February 1, 2008, the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269 million shares of its common stock to an entity controlled by Mr. Egan (the “Proposed Tralliance Transaction”). In the event that this Proposed Tralliance Transaction is consummated, all of the Company’s remaining secured and unsecured debt owed to entities controlled by Mr. Egan (which was approximately $5.6 million and $400 thousand at December 31, 2007, respectively) will be exchanged or cancelled. Additionally, the consummation of the Proposed Tralliance Transaction would also result in significant reductions in the Company’s cost structure, based upon the elimination of Tralliance’s operating expenses. Although substantially all of Tralliance’s revenue would also be eliminated, approximately 10% of Tralliance’s future net revenue through May 5, 2015 would essentially be retained through the contemplated net revenue earn-out provisions of the Proposed Tralliance Transaction. Additionally, the consummation of the Proposed Tralliance Transaction would increase Mr. Egan’s ownership in the Company to approximately 84% (assuming exercise of all outstanding stock options and warrants) and would significantly dilute all other existing shareholders. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement.

Management expects that the consummation of the Proposed Tralliance Transaction will significantly reduce the amount of net losses currently being sustained by the Company. However, management does not believe that the consummation of the Proposed Tralliance Transaction will, in itself, allow the Company to become profitable and generate operating cash flows sufficient to fund its operations and pay its existing current liabilities (including those liabilities related to its discontinued operations) in the foreseeable future. Accordingly, assuming that the Proposed Tralliance Transaction is consummated, management believes that additional capital infusions (although reduced in comparison with the amounts of capital required during the Company's recent past) will continue to be needed in order for the Company to continue to operate as a going concern.

In the event that the Proposed Tralliance Transaction is not consummated, management expects that significantly more capital will need to be invested in the Company in the near term than would be required in the event that the Proposed Tralliance Transaction is consummated. Also, inasmuch as substantially all of the assets of the Company and its subsidiaries secure the convertible demand debt owed to entities controlled by Mr. Egan, in connection with any resulting proceeding to collect this debt, such entities could seize and sell the assets of the Company and it subsidiaries, any or all of which would have a material adverse effect on the financial condition and future operations of the Company, including the potential bankruptcy or cessation of business of the Company.

It is our preference to avoid filing for protection under the U.S. Bankruptcy Code. However, in order to continue operating as a going concern for any length of time beyond the second quarter of 2008, we believe that we must quickly raise capital. Although there is no commitment to do so, any such funds would most likely come from Michael Egan or affiliates of Mr. Egan or the Company as the Company currently has no access to credit facilities with traditional third parties and has historically relied upon borrowings from related parties to meet short-term liquidity needs. Any such capital raised would not be registered under the Securities Act of 1933 and would not be offered or sold in the United States absent registration requirements. Further, any securities issued (or issuable) in connection with any such capital raise will likely result in very substantial dilution of the number of outstanding shares of the Company's Common Stock.

The amount of capital required to be raised by the Company will be dependent upon a number of factors, including (i) whether or not the Proposed Tralliance Transaction is consummated; (ii) our ability to increase Tralliance net revenue levels; (iii) our ability to control and reduce operating expenses; and (iv) our ability to successfully settle disputed and other outstanding liabilities related to our discontinued operations. There can be no assurance that the Proposed Tralliance Transaction will be consummated nor that the Company will be successful in raising a sufficient amount of capital, executing any of its current or future business plans or in continuing to operate as a going concern on a long-term basis.

WE HAVE A HISTORY OF NET LOSSES AND EXPECT TO CONTINUE TO INCUR LOSSES.

Since our inception, we have incurred net losses each year and we expect that we will continue to incur net losses for the foreseeable future. We had net losses of approximately $6.2 million, $17.0 million and $11.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. The principal causes of our losses are likely to continue to be:

- costs resulting from the operation of our business;
- failure to generate sufficient revenue; and
- selling, general and administrative expenses.

Although we have restructured our businesses, including the discontinuance of the operations of our computer games and VoIP telephony services businesses, we still expect to continue to incur losses as we attempt to improve the performance and operating results of our Internet services business.

WE MAY NOT BE SUCCESSFUL IN SETTLING DISPUTED VENDOR CHARGES.

Our balance sheet at December 31, 2007 includes certain estimated liabilities related to disputed vendor charges incurred primarily as the result of the failure and subsequent shutdown of our discontinued VoIP telephony services business. The legal and administrative costs of resolving these disputed charges may be expensive and divert management's attention from day-to-day operations. Although we are seeking to resolve and settle these disputed charges for amounts substantially less than recorded amounts, there can be no assurances that we will be successful in this regard. An adverse outcome in any of these matters could materially and adversely affect our financial position, utilize a significant portion of our cash resources and adversely affect our ability to continue to operate as a going concern. See Note 3, "Discontinued Operations" in the Notes to Consolidated Financial Statements for future details.

OUR NET OPERATING LOSS CARRYFORWARDS MAY BE SUBSTANTIALLY LIMITED.

As of December 31, 2007, we had net operating loss carryforwards which may be potentially available for U.S. tax purposes of approximately $167 million. These carryforwards expire through 2026. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Due to various significant changes in our ownership interests, as defined in the Internal Revenue Code of 1986, as amended, we have substantially limited the availability of our net operating loss carryforwards. There can be no assurance that we will be able to utilize any net operating loss carryforwards in the future. These net operating carryforwards may be further adversely impacted if the Proposed Tralliance Transaction is consummated.

WE DEPEND ON THE CONTINUED GROWTH IN THE USE AND COMMERCIAL VIABILITY OF THE INTERNET.

Our Internet services business is substantially dependent upon the continued growth in the general use of the Internet. Internet and electronic commerce growth may be inhibited for a number of reasons, including:

· inadequate network infrastructure;

· security and authentication concerns;

· general economic and business downturns; and

· catastrophic events, including war and terrorism.

As web usage grows, the Internet infrastructure may not be able to support the demands placed on it by this growth or its performance and reliability may decline. Websites have experienced interruptions in their service as a result of outages and other delays occurring throughout the Internet network infrastructure. If these outages or delays frequently occur in the future, web usage, as well as usage of our services, could grow more slowly or decline. Also, the Internet's commercial viability may be significantly hampered due to:

· delays in the development or adoption of new operating and technical standards and performance improvements required to handle increased levels of activity;

· increased government regulation;

· potential governmental taxation of such services; and

· insufficient availability of telecommunications services which could result in slower response times and adversely affect usage of the Internet.

WE MAY FACE INCREASED GOVERNMENT REGULATION, TAXATION AND LEGAL UNCERTAINTIES IN OUR INDUSTRY, BOTH DOMESTICALLY AND INTERNATIONALLY, WHICH COULD NEGATIVELY IMPACT OUR FINANCIAL CONDITION AND/OR OUR RESULTS OF OPERATIONS.

There are an increasing number of federal, state, local and foreign laws and regulations pertaining to the Internet. In addition, a number of federal, state, local and foreign legislative and regulatory proposals are under consideration. Laws and regulations have been and will likely continue to be adopted with respect to the Internet relating to, among

other things, liability for information retrieved from or transmitted over the Internet, online content regulation, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services.

Changes in tax laws relating to electronic commerce could materially affect our business, prospects and financial condition. One or more states or foreign countries may seek to impose sales or other tax collection obligations on out-of-jurisdiction companies that engage in electronic commerce. A successful assertion by one or more states or foreign countries that we should collect sales or other taxes on services could result in substantial tax liabilities for past sales, decrease our ability to compete with other entities involved in the industries in which we participate, and otherwise harm our business.

Moreover, the applicability to the Internet of existing laws governing issues such as intellectual property ownership and infringement, copyright, trademark, trade secret, obscenity, libel, employment and personal privacy is uncertain and developing. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, libel, and personal privacy apply to the Internet and electronic commerce. Any new legislation or regulation, or the application or interpretation of existing laws or regulations, may decrease the growth in the use of the Internet, may impose additional burdens on electronic commerce or may alter how we do business. This could decrease the demand for our existing or proposed services, increase our cost of doing business, increase the costs of products sold through the Internet or otherwise have a material adverse effect on our business, plans, prospects, results of operations and financial condition.

WE RELY ON INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS.

We regard certain elements of our websites and underlying technology as proprietary and attempt to protect them by relying on intellectual property laws and restrictions on disclosure. We also generally enter into confidentiality agreements with our employees and consultants. In connection with our license agreements with third parties, we generally seek to control access to and distribution of our technology and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our proprietary information without authorization or to develop similar technology independently. Thus, we cannot assure you that the steps taken by us will prevent misappropriation or infringement of our proprietary information, which could have an adverse effect on our business.

We pursue the registration of our trademarks in the United States and, in some cases, internationally. However, effective intellectual property protection may not be available in every country in which our services are distributed or made available through the Internet. Policing unauthorized use of our proprietary information is difficult. Legal standards relating to the validity, enforceability and scope of protection of proprietary rights in Internet related businesses are also uncertain and still evolving. We cannot assure you about the future viability or value of any of our proprietary rights.

The regulation of domain names in the United States and in foreign countries may change. Regulatory bodies could establish and have established additional top-level domains, could appoint additional domain name registries or could modify the requirements for holding domain names, any or all of which may dilute the strength of our names or our ".travel" domain registry business. We may not acquire or maintain our domain names in all of the countries in which our websites may be accessed, or for any or all of the top-level domain names that may be introduced. The relationship between regulations governing domain names and laws protecting proprietary rights is unclear. Therefore, we may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights.

OUR QUARTERLY OPERATING RESULTS FLUCTUATE.

Due to our significant change in operations, including the entry into new lines of business and disposition of other lines of business, our historical quarterly operating results are not necessarily reflective of future results. The factors that will cause our quarterly operating results to fluctuate in the future include:

- the outcome and costs related to defending and settling outstanding claims and disputes;
- changes in the number of marketing or technical employees;
- the level of traffic on our websites;
- the overall demand for Internet travel services;
- the addition or loss of ".travel" domain name registrants**;**
- overall usage and acceptance of the Internet;
- costs relating to the implementation or cessation of marketing plans for our business;
- other costs relating to the maintenance of our operations;
- the restructuring of our business; including potential sales of businesses or assets

- failure to generate significant revenues and profit margins from new and/or existing products and services; and
- competition from others providing services similar to ours.

OUR LIMITED OPERATING HISTORY MAKES FINANCIAL FORECASTING DIFFICULT. OUR INEXPERIENCE IN THE INTERNET SERVICES BUSINESS WILL MAKE FINANCIAL FORECASTING EVEN MORE DIFFICULT.

We have a limited operating history for you to use in evaluating our prospects and us, particularly as it pertains to our Internet services business. Our prospects should be considered in light of the risks encountered by companies operating in new and rapidly evolving markets like ours. We may not successfully address these risks. For example, we may not be able to:

· generate and maintain adequate levels of ".travel" domain name registrations;

· adapt to meet changes in our markets and competitive developments; and

· identify, attract, retain and motivate qualified personnel.

OUR MANAGEMENT TEAM IS INEXPERIENCED IN THE MANAGEMENT OF A LARGE OPERATING COMPANY.

Only our Chairman has had experience managing a large operating company. Accordingly, we cannot assure you that:

· our key employees will be able to work together effectively as a team;

· we will be able to retain the remaining members of our management team;

· we will be able to hire, train and manage our employee base;

· our systems, procedures or controls will be adequate to support our operations; and

· our management will be able to achieve the rapid execution necessary to fully exploit the market opportunity for our products and services.

WE DEPEND ON QUALIFIED MANAGERIAL, TECHNICAL AND MARKETING PERSONNEL.

Our future success also depends on our continuing ability to attract, retain and motivate qualified managerial, technical and marketing personnel necessary to operate our businesses. We may need to give bonuses and other incentives to certain employees to keep them, which can be costly to us. The loss of the services of members of our management team or other key personnel could harm our business. We do not maintain key person life insurance on any of our executive officers and do not intend to purchase any in the future.

Our deteriorating financial performance creates uncertainty that may result in departures of key employees and our inability to attract suitable replacements and/or additional managerial personnel in the future. Wages for managerial, technical, and marketing employees are increasing and are expected to continue to increase in the future. We have from time to time in the past experienced, and could continue to experience in the future difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If we were unable to attract and retain the technical and managerial personnel necessary to support and grow our businesses, our businesses would likely be materially and adversely affected.

OUR OFFICERS, INCLUDING OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND PRESIDENT HAVE OTHER INTERESTS AND TIME COMMITMENTS; WE HAVE CONFLICTS OF INTEREST WITH OUR DIRECTORS; ALL OF OUR DIRECTORS ARE EMPLOYEES OR STOCKHOLDERS OF

THE COMPANY OR AFFILIATES OF OUR LARGEST STOCKHOLDER.

Because our Chairman and Chief Executive Officer, Mr. Michael Egan, is an officer or director of other companies, we have to compete for his time. Mr. Egan became our Chief Executive Officer effective June 1, 2002. Mr. Egan is also the controlling investor of Dancing Bear Investments, Inc., E&C Capital Partners LLLP, and E&C Capital Partners II, LLC which are our largest stockholders. Mr. Egan has not committed to devote any specific percentage of his business time with us. Accordingly, we compete with Dancing Bear Investments, Inc., E&C Capital Partners LLLP, E&C Capital Partners II, LLC and Mr. Egan's other related entities for his time.

Our President, Treasurer and Chief Financial Officer and Director, Mr. Edward A. Cespedes, is also an officer or director of other companies. Accordingly, we must compete for his time. Mr. Cespedes is an officer or director of various privately held entities and is also affiliated with Dancing Bear Investments, Inc.

Our Vice President of Finance and Director, Ms. Robin Lebowitz is also affiliated with Dancing Bear Investments, Inc. She is also an officer or director of other companies or entities controlled by Mr. Egan and Mr. Cespedes.

Due to the relationships with his related entities, Mr. Egan will have an inherent conflict of interest in making any decision related to transactions between the related entities and us, including investment in our securities. Furthermore, the Company's Board of Directors presently is comprised entirely of individuals which are employees of theglobe, and therefore are not "independent." We intend to review related party transactions in the future on a case-by-case basis.

WE RELY ON THIRD PARTY OUTSOURCED HOSTING FACILITIES OVER WHICH WE HAVE LIMITED CONTROL.

Certain of our principal servers are located at third party outsourced hosting facilities. Our operations depend on the ability to protect our systems against damage from unexpected events, including fire, power loss, water damage, telecommunications failures and vandalism. Any disruption in our Internet access could have a material adverse effect on us. In addition, computer viruses, electronic break-ins or other similar disruptive problems could also materially adversely affect our businesses. Our reputation and/or the brands of our business could be materially and adversely affected by any problems experienced by our websites, databases or our supporting information technology networks. We may not have insurance to adequately compensate us for any losses that may occur due to any failures or interruptions in our systems. We do not presently have any secondary off-site systems or a formal disaster recovery plan.

WE MAY BE EXPOSED TO LIABILITY FOR INFORMATION RETRIEVED FROM OR TRANSMITTED OVER THE INTERNET.

Users may access content on our websites or the websites of our distribution partners or other third parties through website links or other means, and they may download content and subsequently transmit this content to others over the Internet. This could result in claims against us based on a variety of theories, including defamation, obscenity, negligence, copyright infringement, trademark infringement or the wrongful actions of third parties. Other theories may be brought based on the nature, publication and distribution of our content or based on errors or false or misleading information provided on our websites. Claims have been brought against online services in the past and we have received inquiries from third parties regarding these matters. Such claims could be material in the future.

OUR INTERNAL CONTROL OVER FINANCIAL REPORTING WAS NOT EFFECTIVE AS OF DECEMBER 31, 2007.

Based upon an evaluation and assessment completed by Company management, we have concluded that our internal control over financial reporting was not effective as of December 31, 2007. Our conclusion was based upon the existence of certain "material weaknesses" related to the reporting of ".travel" name registration data as of December 31, 2007 (see Item 9A. CONTROLS AND PROCEDURES of this report for further details). Because we are a smaller company, we are not yet required to have our internal control over financial reporting audited by our independent public accountants. At the present time, this audit will be first required in connection with our annual report as of December 31, 2009.

We cannot assure you that we will be able to adequately remediate the material weaknesses that we have identified as of December 31, 2007. Additionally, we cannot assure you that other material weaknesses will not be identified by either management or independent public accountants in the future. Our failure to remediate our existing material weaknesses, or to adequately protect against the occurance of additional material weaknesses, could result in material misstatements of our financial statement, subject the Company to regulatory scrutiny and/or cause investors to lose

confidence in our reported financial information. Such failure could also adversely affect the Company's operating results or cause the Company to fail to meet its reporting obligations.

RISKS RELATING TO OUR INTERNET SERVICES BUSINESS

OUR CONTRACT TO SERVE AS THE REGISTRY FOR THE ".TRAVEL" TOP-LEVEL DOMAIN MAY BE TERMINATED EARLY, WHICH WOULD LIKELY DO IRREPARABLE HARM TO OUR DEVELOPING INTERNET SERVICES BUSINESS.

Our contract with the Internet Corporation for Assigned Names and Numbers ("ICANN") to serve as the registry for the ".travel" top-level Internet domain is for an initial term of ten years. Additionally, we have agreed to engage in good faith negotiations at regular intervals throughout the term of our contract (at least once every three years) regarding possible changes to the provisions of the contract, including changes in the fees and payments that we are required to make to ICANN. In the event that we materially and fundamentally breach the contract and fail to cure such breach within thirty days of notice, ICANN has the right to immediately terminate our contract. Additionally, in the event that Tralliance becomes subject to a bankruptcy proceeding, and such proceeding is not dismissed within sixty (60) days, our contract will be automatically early terminated.

Should our ".travel" registry contract be terminated early, we would likely permanently shutdown our Internet services business. Further, we could be held liable to pay additional fees or financial damages to ICANN or certain of our related subcontractors and, in certain limited circumstances, to pay punitive, exemplary or other damages to ICANN. Any such developments could have a material adverse effect on our financial condition and results of operations.

OUR BUSINESS COULD BE MATERIALLY HARMED IF IN THE FUTURE THE ADMINISTRATION AND OPERATION OF THE INTERNET NO LONGER RELIES UPON THE EXISTING DOMAIN NAME SYSTEM.

The domain name registration industry continues to develop and adapt to changing technology. This development may include changes in the administration or operation of the Internet, including the creation and institution of alternate systems for directing Internet traffic without the use of the existing domain name system. The widespread acceptance of any alternative systems could eliminate the need to register a domain name to establish an online presence and could materially adversely affect our business, financial condition and results of operations.

WE OUTSOURCE CERTAIN OPERATIONS WHICH EXPOSES US TO RISKS RELATED TO OUR THIRD PARTY VENDORS.

We do not develop and maintain all of the products and services that we offer. We offer most of our services to our customers through various third party service providers engaged to perform these services on our behalf and also outsource most of our operations to third parties. Accordingly, we are dependent, in part, on the services of third party service providers, which may raise concerns by our customers regarding our ability to control the services we offer them if certain elements are managed by another company. In the event that these service providers fail to maintain adequate levels of support, do not provide high quality service, discontinue their lines of business, cease or reduce operations or terminate their contracts with us, our business, operations and customer relations may be impacted negatively and we may be required to pursue replacement third party relationships, which we may not be able to obtain on as favorable terms or at all. If a problem should arise with a provider, transitioning services and data from one provider to another can often be a complicated and time consuming process and we cannot assure that if we need to switch from a provider we would be able to do so without significant disruptions, or at all. If we were unable to complete a transition to a new provider on a timely basis, or at all, we could be forced to either temporarily or permanently discontinue certain services which may disrupt services to our customers. Any failure to provide services would have a negative impact on our revenue, profitability and financial condition and could materially harm our Internet services business.

REGULATORY AND STATUTORY CHANGES COULD HARM OUR INTERNET SERVICES BUSINESS.

We cannot predict with any certainty the effect that new governmental or regulatory policies, including changes in consumer privacy policies or industry reaction to those policies, will have on our domain name registry business. Additionally, ICANN’s limited resources may seriously affect its ability to carry out its mandate or could force ICANN to impose additional fees on registries. Changes in governmental or regulatory statutes or policies could cause decreases in future revenue and increases in future costs which could have a material adverse effect on the development of our domain name registry business.

OUR INTERNET SERVICES BUSINESS IS DEPENDENT ON THE TRAVEL INDUSTRY. OUR BUSINESS MAY BE AFFECTED BY EVENTS WHICH AFFECT THE TRAVEL INDUSTRY IN GENERAL.

Revenue and cash flows of our Internet services business principally result from the registrations of domain names in the “.travel” top level domain. The ability to register such domain names is only available to businesses which are involved in the travel industry. Events such as terrorist attacks, military actions and natural disasters have had a significant adverse affect on the travel industry in the past. In addition, recessions or other economic pressures, such as the level of employment in the U.S or abroad have also had negative impacts on the travel industry. The overall demand for advertising, as well as the level of consumer travel may also be linked to such events or economic conditions. If such events result in a negative impact on the travel industry, such impact could have a material adverse effect on our business, results of operations and financial condition.

WE MAY BE UNSUCCESSFUL IN ESTABLISHING AND MAINTAINING BRAND AWARENESS; BRAND IDENTITY IS CRITICAL TO OUR ".TRAVEL" BUSINESS.

Our success in operating and promoting the ".travel" registry will depend on our ability to create and maintain brand awareness for our product offerings. This has in some cases required, and may continue to require, a significant amount of capital to allow us to market our products and establish brand recognition and customer loyalty. Many of our competitors are larger than us and have substantially greater financial resources.

If we fail to promote and maintain our brand or our brand values are diluted, our business, operating results, and financial condition could be materially adversely affected. To promote our brand, we may be required to continue to increase our financial commitment to creating and maintaining brand awareness. We may not generate a corresponding increase in revenue to justify these costs.

RISKS RELATING TO OUR COMMON STOCK

THE VOLUME OF SHARES AVAILABLE FOR FUTURE SALE IN THE OPEN MARKET COULD DRIVE DOWN THE PRICE OF OUR STOCK OR KEEP OUR STOCK PRICE FROM IMPROVING, EVEN IF OUR FINANCIAL PERFORMANCE IMPROVES.

As of March 5, 2007, we had issued and outstanding approximately 172.5 million shares, of which approximately 88.7 million shares were freely tradable over the public markets. There is limited trading volume in our shares and we are now traded only in the over-the-counter market. Most of our outstanding restricted shares of Common Stock were issued more than one year ago and are therefore eligible to be resold over the public markets pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended.

Sales of significant amounts of Common Stock in the public market in the future, the perception that sales will occur or the registration of additional shares pursuant to existing contractual obligations could materially and adversely drive down the price of our stock. In addition, such factors could adversely affect the ability of the market price of the Common Stock to increase even if our business prospects were to improve. Substantially all of our stockholders holding restricted securities, including shares issuable upon the exercise of warrants or the conversion of convertible notes to acquire our Common Stock (which are convertible into 193 million shares), have registration rights under various conditions and are or will become available for resale in the future.

In addition, as of December 31, 2007, there were outstanding options to purchase approximately 16.3 million shares of our Common Stock, which become eligible for sale in the public market from time to time depending on vesting and the expiration of lock-up agreements. The shares issuable upon exercise of these options are registered under the Securities Act and consequently, subject to certain volume restrictions as to shares issuable to executive officers, will be freely tradable.

Also as of March 5, 2008, we had issued and outstanding warrants to acquire approximately 16.9 million shares of our Common Stock. Many of the outstanding instruments representing the warrants contain anti-dilution provisions pursuant to which the exercise prices and number of shares issuable upon exercise may be adjusted.

OUR CHAIRMAN MAY CONTROL US.

Michael S. Egan, our Chairman and Chief Executive Officer, beneficially owns or controls, directly or indirectly, approximately 274.7 million shares of our Common Stock as of March 5, 2008, which in the aggregate represents approximately 72.1% of the outstanding shares of our Common Stock (treating as outstanding for this purpose the shares of Common Stock issuable upon exercise and/or conversion of the options, convertible promissory notes and warrants owned by Mr. Egan or his affiliates). If the proposed sale of substantially all of the business and net assets of Tralliance and the issuance of approximately 269 million shares of the Company's common stock to an entity controlled by Mr. Egan, is consummated, Mr. Egan's beneficial ownership percentage would then be increased to approximately 84% of fully diluted shares outstanding (see Note 16, "Subsequent Events" in the Notes to Consolidated Financial Statements for further details). Accordingly, Mr. Egan will be able to exercise significant influence over, if not control, any stockholder vote.

DELISTING OF OUR COMMON STOCK MAKES IT MORE DIFFICULT FOR INVESTORS TO SELL SHARES. THIS MAY POTENTIALLY LEAD TO FUTURE MARKET DECLINES.

The shares of our Common Stock were delisted from the NASDAQ national market in April 2001 and are now traded in the over-the-counter market on what is commonly referred to as the electronic bulletin board or "OTCBB." As a result, an investor may find it more difficult to dispose of or obtain accurate quotations as to the market value of the securities. The delisting has made trading our shares more difficult for investors, potentially leading to further declines

in share price and making it less likely our stock price will increase. It has also made it more difficult for us to raise additional capital. We may also incur additional costs under state blue-sky laws if we sell equity due to our delisting.

OUR COMMON STOCK IS SUBJECT TO CERTAIN "PENNY STOCK" RULES WHICH MAY MAKE IT A LESS ATTRACTIVE INVESTMENT.

Since the trading price of our Common Stock is less than $5.00 per share and our net tangible assets are less than $2.0 million, trading in our Common Stock is subject to the requirements of Rule 15g-9 of the Exchange Act. Under Rule 15g-9, brokers who recommend penny stocks to persons who are not established customers and accredited investors, as defined in the Exchange Act, must satisfy special sales practice requirements, including requirements that they make an individualized written suitability determination for the purchaser; and receive the purchaser's written consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosures in connection with any trades involving a penny stock, including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated with that market. Such requirements may severely limit the market liquidity of our Common Stock and the ability of purchasers of our equity securities to sell their securities in the secondary market. For all of these reasons, an investment in our equity securities may not be attractive to our potential investors.

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

Provisions of our charter, by-laws and stockholder rights plan and provisions of applicable Delaware law may:

- have the effect of delaying, deferring or preventing a change in control of our Company;
- discourage bids of our Common Stock at a premium over the market price; or
- adversely affect the market price of, and the voting and other rights of the holders of, our Common Stock.

Certain Delaware laws could have the effect of delaying, deterring or preventing a change in control of our Company. One of these laws prohibits us from engaging in a business combination with any interested stockholder for a period of three years from the date the person became an interested stockholder, unless various conditions are met. In addition, provisions of our charter and by-laws, and the significant amount of Common Stock held by our current executive officers, directors and affiliates, could together have the effect of discouraging potential takeover attempts or making it more difficult for stockholders to change management. In addition, the employment contracts of our Chairman and CEO, President and Vice President of Finance provide for substantial lump sum payments ranging from 2 (for the Vice President) to 10 times (for each of the Chairman and President) of their respective average combined salaries and bonuses (together with the continuation of various benefits for extended periods) in the event of their termination without cause or a termination by the executive for "good reason," which is conclusively presumed in the event of a "change-in-control" (as such terms are defined in such agreements).

OUR STOCK PRICE IS VOLATILE AND MAY DECLINE.

The trading price of our Common Stock has been volatile and may continue to be volatile in response to various factors, including:

- the performance and public acceptance of our product lines;
- quarterly variations in our operating results;
- competitive announcements;
- sales of any of our businesses and/or components of their assets;
- the operating and stock price performance of other companies that investors may deem comparable to us; and
- news relating to trends in our markets.

The market price of our Common Stock could also decline as a result of unforeseen factors. The stock market has experienced significant price and volume fluctuations, and the market prices of technology companies, particularly Internet related companies, have been highly volatile. Our stock is also more volatile due to the limited trading volume and the high number of shares eligible for trading in the market.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Fort Lauderdale, Florida, where we sublease on a month-to-month basis approximately 7,500 square feet of office space, at a rate of $15 thousand per month, from a company which is controlled by our Chairman. Total accrued rent owing under this sublease and a predecessor sublease at December 31, 2007 was approximately $329 thousand. Additionally, we currently utilize space in various third-party data centers located in several states which is used to house certain computer equipment.

ITEM 3. LEGAL PROCEEDINGS

On and after August 3, 2001 six putative shareholder class action lawsuits were filed against the Company, certain of its current and former officers and directors (the “Individual Defendants”), and several investment banks that were the underwriters of the Company's initial public offering and secondary offering. The lawsuits were filed in the United States District Court for the Southern District of New York. A Consolidated Amended Complaint, which is now the operative complaint, was filed in the Southern District of New York on April 19, 2002.

The lawsuits purport to be class actions filed on behalf of purchasers of the stock of the Company during the period from November 12, 1998 through December 6, 2000. Plaintiffs allege that the underwriter defendants agreed to allocate stock in the Company's initial public offering and its secondary offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases of stock in the aftermarket at pre-determined prices. Plaintiffs allege that the Prospectuses for the Company's initial public offering and its secondary offering were false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, a motion to dismiss all claims against the Company was denied by the Court. On December 5, 2006, the Second Circuit vacated a decision by the district court granting class certification in six of the coordinated cases, which are intended to serve as test, or “focus,” cases. The plaintiffs selected these six cases, which do not include the Company. On April 6, 2007, the Second Circuit denied a petition for rehearing filed by the plaintiffs, but noted that the plaintiffs could ask the district court to certify more narrow classes than those that were rejected.

Prior to the Second Circuit’s December 5, 2006 ruling, the majority of issuers, including the Company, and their insurers had submitted a settlement agreement to the district court for approval. In light of the Second Circuit opinion, the parties agreed that the settlement could not be approved because the defined settlement class, like the litigation class, could not be certified. On June 25, 2007, the district court approved a stipulation filed by the plaintiffs and the issuers which terminated the proposed settlement. On August 14, 2007, the plaintiffs filed amended complaints in the six focus cases. The amended complaints include a number of changes, such as changes to the definition of the purported class of investors, and the elimination of the individual defendants as defendants. On September 27, 2007, the plaintiffs filed a motion for class certification in the six focus cases. On November 14, 2007, the issuers and the underwriters named as defendants in the six focus cases filed motions to dismiss the amended complaints against them. We are awaiting the Court’s decision on these motions.

Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of the matter. We cannot predict whether we will be able to renegotiate a settlement that complies with the Second Circuit’s mandate. If the Company is found liable, we are unable to estimate or predict the potential damages that might be awarded, whether such damages would be greater than the Company’s insurance coverage, and whether such damages would have a material impact on our results of operations or financial condition in any future period.

The Company is currently a party to certain other claims and disputes arising in the ordinary course of business, including certain disputes related to vendor charges incurred primarily as the result of the failure and subsequent shutdown of its discontinued VoIP telephony services business. The Company believes that it has recorded adequate accruals on its balance sheet to cover such disputed charges and is seeking to resolve and settle such disputed charges for amounts substantially less than recorded amounts. An adverse outcome in any of these matters, however, could materially and adversely effect our financial position, utilize a significant portion of our cash resources and adversely affect our ability our ability to continue as a going concern (see Note 3, “Discontinued Operations”).

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

None.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The shares of our Common Stock trade in the over-the-counter market on what is commonly referred to as the electronic bulletin board, under the symbol "TGLO.OB". The following table sets forth the range of high and low bid prices of our Common Stock for the periods indicated as reported by the over-the-counter market (the electronic bulletin board). The quotations below reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions:

	2007		2006		2005	
	High	Low	High	Low	High	Low
Fourth Quarter	$ 0.03	$ 0.01	$ 0.09	$ 0.05	$ 0.49	$ 0.24
Third Quarter	$ 0.05	$ 0.02	$ 0.27	$ 0.08	$ 0.45	$ 0.10
Second Quarter	$ 0.05	$ 0.03	$ 0.31	$ 0.09	$ 0.16	$ 0.08
First Quarter	$ 0.10	$ 0.03	$ 0.44	$ 0.30	$ 0.43	$ 0.12

The market price of our Common Stock is highly volatile and fluctuates in response to a wide variety of factors. (See "Risk Factors-Our Stock Price is Volatile and May Decline.")

HOLDERS OF COMMON STOCK

We had approximately 665 holders of record of Common Stock as of March 5, 2008. This does not reflect persons or entities that hold Common Stock in nominee or "street" name through various brokerage firms.

DIVIDENDS

We have not paid any cash dividends on our Common Stock since our inception and do not intend to pay dividends in the foreseeable future. Our board of directors will determine if we pay any future dividends.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS OF DECEMBER 31, 2007

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation plans approved by security holders	9,119,660	$	0.64	2,799,560
Equity Compensation plans not approved by security holders	7,221,000	$	0.11	3,844,141
Total	16,340,660	$	0.40	6,643,701

Equity compensation plans not approved by security holders consist of the following:

- 1,750,000 shares of Common Stock of theglobe.com, inc., issued to Edward A. Cespedes pursuant to the Non-Qualified Stock Option Agreement dated August 12, 2002 at an exercise price of $0.02 per share. These stock options vested immediately and have a life of ten years from date of grant.

- 2,500,000 shares of Common Stock of theglobe.com, inc., issued to Michael S. Egan pursuant to the Non-Qualified Stock Option Agreement dated August 12, 2002 at an exercise price of $0.02 per share. These stock options vested immediately and have a life of ten years from date of grant.

- 500,000 shares of Common Stock of theglobe.com, inc., issued to Robin S. Lebowitz pursuant to the Non-Qualified Stock Option Agreement dated August 12, 2002 at an exercise price of $0.02 per share. These stock options vested immediately and have a life of ten years from date of grant.

- The Company's 2003 Amended and Restated Non-Qualified Stock Option Plan (the "2003 Plan"). The purpose of the 2003 Plan is to strengthen theglobe.com, inc. by providing an incentive to certain employees and consultants (or in certain circumstances, individuals who are the principals of certain consultants) of the Company or any subsidiary of the Company, with a view toward encouraging them to devote their abilities and industry to the success of the Company's business enterprise. The 2003 Plan is administered by a Committee appointed by the Board to administer the Plan, which has the power to determine those eligible individuals to whom options shall be granted under the 2003 Plan and the number of such options to be

granted and to prescribe the terms and conditions (which need not be identical) of each such option, including the exercise price per share subject to each option and vesting schedule of options granted thereunder, and make any amendment or modification to any agreement consistent with the terms of the 2003 Plan. The maximum number of shares that may be made the subject of options granted under the 2003 Plan is 1,000,000 and no option may have a term in excess of ten years. Options to acquire an aggregate of 41,000 shares of Common Stock have been issued to various independent sales agents at a weighted average exercise price of $1.54. These stock options vested immediately and have a life of ten years from date of grant. Options to acquire an aggregate of 65,000 shares of Common Stock have been issued to various employees at a weighted average exercise price of $1.00. These stock options vested immediately and have a life of ten years from date of grant. Options to acquire an aggregate of 110,000 shares of Common Stock have been issued to two independent contractors at a weighted average exercise price of $1.22. These stock options vested immediately and have a life of five years from date of grant.

- The Company's 2004 Stock Incentive Plan (the "2004 Plan"). The purpose of the 2004 Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer eligible employees, consultants and non-employee directors stock-based and other incentives, thereby creating a means to raise the level of equity ownership by such individuals in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. The 2004 Plan is administered by a Committee appointed by the Board to administer the Plan, which has the power to determine those eligible individuals to whom stock options, stock appreciation rights, restricted stock awards, performance awards, or other stock-based awards shall be granted under the 2004 Plan and the number of such options, rights or awards to be granted and to prescribe the terms and conditions (which need not be identical) of each such option, right or award, including the exercise price per share subject to each option and vesting schedule of options granted thereunder, and make any amendment or modification to any agreement consistent with the terms of the 2004 Plan. The maximum number of shares that may be made the subject of options, rights or awards granted under the 2004 Plan is 7,500,000 and no option may have a term in excess of ten years. In October of 2004, options to acquire 250,000 shares of Common Stock were issued to an employee at an exercise price of $0.52, of which 62,500 of these stock options vested immediately and the balance vested ratably on a quarterly basis over three years. These options have a life of ten years from date of grant. In August of 2006, options to acquire 2,050,000 shares of Common Stock were issued to 10 employees at an exercise price of $0.14, of which 25% of these options vested immediately and the balance vests ratably on a quarterly basis over three years. These options have a life of ten years from date of grant.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total return on theglobe’s common stock during the last five fiscal years with the NASDAQ Stock Market Index and the AMEX Interactive Week Internet Index during the same period. The graph shows the value, at the end of each of the last five fiscal years, of $100 invested in theglobe common stock or the indices on December 31, 2002, and assumes the reinvestment of all dividends. Historical stock price performance is not necessarily indicative of future stock price performance.

	At December 31					
	2002	2003	2004	2005	2006	2007
theglobe	$ 100	$ 2,217	$ 700	$ 650	$ 100	$ 17
NASDAQ	$ 100	$ 150	$ 163	$ 167	$ 184	$ 202
AMEX Internet	$ 100	$ 173	$ 209	$ 212	$ 241	$ 277

The shares of our common stock were delisted from the NASDAQ national market in April 2001 and now trade in the over-the-counter market on what is commonly referred to as the electronic bulletin board or "OTCBB", under the symbol "TGLO.OB".

RECENT SALES OF UNREGISTERED SECURITIES

None.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA OF THEGLOBE.COM, INC. (1)

The selected consolidated balance sheet data as of December 31, 2007 and 2006 and the selected consolidated operating data for the years ended December 31, 2007, 2006 and 2005 have been derived from our audited consolidated financial statements included elsewhere herein. The selected consolidated balance sheet data as of December 31, 2005, 2004 and 2003 and the selected consolidated operating data for the years ended December 31, 2004 and 2003 have been derived from our audited consolidated financial statements not included herein. The nature of our business has changed significantly from 2003 to 2007. As a result, our historical results are not necessarily comparable. Additionally, our historical results are not necessarily indicative of results for any future period. You should read these selected consolidated financial data, together with the accompanying notes, in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this 10-K and our consolidated financial statements and the related notes.

	Year Ended December 31,				
	2007	2006	2005(2)	2004	2003
	(In thousands, except per share date)				
Operating Data:					
Continuing Operations:					
Net revenue	$ 2,230	$ 1,409	198	$ -	$ -
Operating expenses	6,451	8,298	7,449	3,675	3,818
Loss from continuing operations	(5,422)	(6,871)	(3,874)	(4,823)	(6,066)
Discontinued operations, net of tax	(729)	(10,102)	(7,636)	(19,450)	(4,968)
Net loss	(6,151)	(16,974)	(11,510)	(24,273)	(11,034)
Net loss applicable to common stockholders	(6,151)	(16,974)	(11,510)	(24,273)	(19,154)
Basic and diluted net loss per common share:					
Loss from continuing operations	$ (0.03)	$ (0.04)	$ (0.02)	$ (0.04)	$ (0.37)
Net loss	(0.04)	(0.10)	(0.06)	(0.19)	(0.49)
Balance Sheet Data (at end of period):					
Total assets	$ 1,713	$ 7,405	$ 21,411	$ 34,017	$ 7,172
Long-term debt	-	-	-	-	100

(1) Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the net losses as previously reported by the Company. Significant events affecting our historical performance in 2005 through 2007 are described in Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) 2005 consolidated financial data include transactions related to (i) the sale of the business and substantially all of the net assets of SendTec, Inc. to RelationServe Media, Inc. on October 31, 2005 (the "SendTec Asset Sale") and the resultant gain on sale of approximately $1.8 million, and (ii) the repurchase of Common Stock and termination of stock options and warrants in accordance with certain SendTec Asset Sale ancillary agreements, including the Redemption Agreement and the Termination Agreement.

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

BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS; GOING CONCERN

Certain matters discussed below under "Liquidity and Capital Resources" raise substantial doubt about our ability to continue as a going concern. In addition, we have received a report from our independent registered public accountants, relating to our December 31, 2007 audited financial statements containing an explanatory paragraph stating that our recurring losses from operations and our accumulated deficit raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, our consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.

OVERVIEW

As of December 31, 2007, theglobe.com, inc. (the “Company”” or “theglobe”) managed a single line of business, Internet services, consisting of Tralliance Corporation (“Tralliance”) which is the registry for the “.travel” top-level Internet domain. We acquired Tralliance on May 9, 2005.

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In March 2007, management made the decision to shutdown the operation of both its computer games and VoIP telephony services lines of business and to focus 100% of its resources and efforts to further develop its Internet services business. Results of operations for the computer games and VoIP telephony services businesses have been reported separately as “Discontinued Operations” in the accompanying consolidated statements of operations for all periods presented. The assets and liabilities of the computer games and VoIP telephony services businesses have been included in “Assets of Discontinued Operations” and “Liabilities of Discontinued Operations” in the accompanying consolidated balance sheets for all periods presented.

On October 31, 2005, we completed the sale of all of the business and substantially all of the net assets of SendTec, Inc. (“SendTec”), our direct response marketing services and technology business, for approximately $39.9 million in cash. Results of operations for SendTec have been reported separately as “Discontinued Operations” in the accompanying consolidated statement of operations for the years ended December 31, 2005.

PROPOSED TRALLIANCE TRANSACTION

As more fully discussed in Note 16, “Subsequent Events” in the accompanying Notes to Consolidated Financial Statements, on February 1, 2008 the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269 million shares of its common stock, to The Registry Management Company, LLC, a privately held entity controlled by Michael S. Egan, theglobe.com’s Chairman, CEO and controlling investor (the “Proposed Tralliance Transaction”).

As part of the purchase consideration for the Proposed Tralliance Transaction, Mr. Egan and certain of his affiliates will exchange and surrender all of their right, title and interest to secured convertible demand promissory notes, accrued and unpaid interest thereon, as well as outstanding rent and miscellaneous fees that are due and outstanding as of the Closing Date of the Proposed Tralliance Transaction. Such liabilities totaled approximately $6.0 million at December 31, 2007.

The Proposed Tralliance Transaction is subject to the negotiation and closing of a definitive purchase agreement, receipt of an independent fairness opinion, and shareholder approval. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement. The Proposed Tralliance Transaction is expected to close no earlier than the second quarter of 2008.

RESULTS OF OPERATIONS

The nature of our business has significantly changed from 2005 through 2007. In March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of our VoIP telephony service and terminated all of the remaining employees of the business. Management and the Board of Directors also decided in March 2007 to cease all activities related to our Computer Games businesses, including discontinuing the operation of our magazine publications, games distribution business and related websites. The Company’s decision to shutdown its Computer Games businesses was primarily based on historic losses sustained by these businesses in the recent past and management’s expectation of continued future losses. As a result of management’s decision to shutdown the operations of both our VoIP and Computer Games businesses, the results of operations of these businesses have been reported as “Discontinued Operations” for the years ended December 31, 2007, 2006 and 2005. We entered into two new business lines, marketing services and Internet services, as a result of our acquisitions of SendTec on September 1, 2004 and Tralliance on May 9, 2005, respectively. In addition, we sold the business and substantially all of the net assets of SendTec effective October 31, 2005, and as a result have reported SendTec’s results of operations as “Discontinued Operations” for the years ended December 31, 2007, 2006 and 2005. The results of operations of Tralliance are included in the Company's consolidated operating results only from its date of acquisition. Consequently, and primarily as a result of these factors, the results of operations for each of the years

ended December 31, 2007, 2006 and 2005 are not necessarily comparable.

YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006

Continuing Operations

NET REVENUE. Net revenue from continuing operations totaled $2.2 million for the year ended December 31, 2007 as compared to $1.4 million for the year ended December 31, 2006; an increase of approximately $821 thousand. Approximately $294 thousand or 36% of the total increase in net revenue as compared to the year ended December 31, 2006 resulted from net revenue attributable to the sale of advertising on our search.travel website. The search.travel website was introduced in August 2006 as a travel related portal and search engine. As discussed in Note 14, "Related Party Transactions" in the Notes to Consolidated Financial Statements, the search.travel website was sold to an entity controlled by the Company's Chairman in December 2007. Total net revenue attributable to domain name registrations for the year ended December 31, 2007 was approximately $1.9 million versus $1.4 million in 2006. Total domain names registered as of December 31, 2007 and 2006 approximated 29.7 thousand and 22.1 thousand, respectively (excluding bulk names). Net revenue attributable to such domain name registrations is recognized as revenue on a straight-line basis over the term of the registrations.

COST OF REVENUE. Cost of revenue totaled $420 thousand for the year ended December 31, 2007 as compared to $455 thousand for the year ended December 31, 2006. Cost of revenue consists primarily of fees paid to third party service providers which furnish outsourced services, including verification of registration eligibility, maintenance of the ".travel" directory of consumer-oriented registrant travel data, as well as other services related to domain registrations. Fees for some of these services vary based on transaction levels or transaction types. Fees incurred for outsourced services are generally deferred and amortized to cost of revenue over the term of the related domain name registration. The principal factor contributing to the $35 thousand decrease in cost of revenue as compared to the prior year was due to Tralliance performing more verifications of registration eligibility in-house during 2007. Cost of revenue as a percent of net revenue attributable to domain name registrations was approximately 21.7% for 2007 as compared to 32.3 % for 2006.

SALES AND MARKETING. Sales and marketing expenses consist primarily of salaries and related expenses of sales and marketing personnel, commissions, advertising and marketing costs, public relations expenses and promotional activities. Sales and marketing expenses totaled $1.9 million for the year ended December 31, 2007, a decrease of $1.2 million from the $3.1 million reported for 2006. Beginning in August 2006 Tralliance incurred certain significant expenses, including $533 thousand related to a targeted television and internet advertising campaign introducing its travel related search engine www.search.travel. Also on November 22, 2006, the Company entered into certain marketing services agreements with two entities and issued 10,000,000 warrants to the controlling shareholder of the entities as consideration. The fair value attributable to the warrants of $515 thousand, as calculated using the Black Scholes model, was charged to sales and marketing expenses of Tralliance as this is where the two entities agreed to focus their marketing efforts. Further contributing to the decrease in sales and marketing expense in the year ended December 31, 2007 from the prior year was a decrease of approximately $337 thousand in public relations expense.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist primarily of salaries and other personnel costs related to management, finance and accounting functions, facilities, outside legal and professional fees, information-technology consulting, directors and officers insurance, bad debt expenses and general corporate overhead costs. Consolidated general and administrative expenses for the year ended December 31, 2007 declined approximately $586 thousand as compared to the prior year. This decrease was principally due to a $411 thousand decrease in stock compensation expense and a $298 thousand decrease in travel and entertainment expense. These decreases were partially offset by an increase of approximately $144 thousand in personnel expense.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense totaled $240 thousand for the year ended December 31, 2007 as compared to $262 thousand for the prior year.

INTEREST INCOME (EXPENSE), NET. Net interest expense of $1.6 million reported for 2007 included $1.25 million of non-cash interest expense related to the beneficial conversion features of the $1.25 million of secured convertible demand promissory notes issued by the Company in 2007, $399 thousand of interest expense related to interest accruals on both the Company's 2007 and 2005 secured demand convertible promissory notes and interest income of $62 thousand. Net interest income, net of $121,000 reported for 2006 included interest income of $473 thousand and interest expense of $340 thousand related to accruals on the secured demand convertible promissory notes issued by the Company in 2005. Interest income decreased by $411 thousand in 2007 compared to 2006 due principally to lower levels of funds available for investment during 2007 compared to 2006.

OTHER INCOME (EXPENSE), NET. Other income, net, of $390 thousand reported for 2007 included a $380 thousand net gain on the sale of our search.travel portal and search engine. Other income, net, of $21 thousand was reported for 2006.

INCOME TAXES. No tax benefit was recorded for the losses incurred for the years ended December 31, 2007 or 2006 as we recorded a 100% valuation allowance against our otherwise recognizable deferred tax assets due to the

uncertainty surrounding the timing or ultimate realization of the benefits of our net operating loss carryforwards in future periods. The income tax provision of $124 thousand recognized for continuing operations for the year ended December 31, 2006, resulted from additional state income taxes due upon the finalization of the Company’s 2005 consolidated tax returns. As of December 31, 2007, the Company had net operating loss carryforwards available for U.S. tax purposes of approximately $167 million. These carryforwards expire through 2026. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Due to various significant changes in our ownership interests, as defined in the Internal Revenue Code of 1986, as amended, we have substantially limited the availability of our net operating loss carryforwards. These net operating loss carryforwards may be further adversely impacted if the Proposed Tralliance Transaction is consummated. There can be no assurance that we will be able to utilize any net operating loss carryforwards in the future.

DISCONTINUED OPERATIONS

The loss from discontinued operations totaled approximately $729 thousand for the year ended December 31, 2007 as compared to a loss of $10.1 million for the year ended December 31, 2006, and is summarized as follows:

	Computer Games	VoIP Telephony Services	Total
Year ended December 31, 2007:			
Net revenue	$ 634,164.00	$ 630.00	$ 634,794.00
Operating expenses	$ 783,458.00	$ 707,567.00	$ 1,491,025.00
Other income, net	$ 34,556.00	$ 92,435.00	$ 126,991.00
Loss from discontinued operations	$ (114,738.00)	$ (614,502.00)	$ (729,240.00)

	Computer Games	VoIP Telephony Services	Total
Year ended December 31, 2006:			
Net revenue	$ 2,038,649.00	$ 34,638.00	$ 2,073,287.00
Operating expenses	$ 2,762,146.00	$ 9,409,967.00	$ 12,172,113.00
Other income (expense), net	$ 130,000.00	$ (133,435.00)	$ (3,435.00)
Loss from discontinued operations	$ (593,497.00)	$ (9,508,764.00)	$ (10,102,261.00)

YEAR ENDED DECEMBER 31, 2006 COMPARED TO YEAR ENDED DECEMBER 31, 2005

CONTINUING OPERATIONS

NET REVENUE. Net revenue from continuing operations totaled $1.4 million for the year ended December 31, 2006 as compared to $198 thousand for the year ended December 31, 2005. Tralliance, which was acquired in May 2005, began collecting fees for Internet domain name registrations in October 2005. Thus, the results of operations for 2006 include a full year of revenue recognition related to the operations of Tralliance versus three months of revenue recognition during 2005.

COST OF REVENUE. Cost of revenue totaled $455 thousand for the year ended December 31, 2006 as compared to $86 thousand for the year ended December 31, 2005. Cost of revenue consists primarily of fees paid to third party service providers which furnish outsourced services, including verification of registration eligibility, maintenance of the ".travel" directory of consumer-oriented registrant travel data, as well as other services. Fees for some of these services vary based on transaction levels or transaction types. The results of operations for 2006 include a full year of cost of revenue related to the operations of Tralliance versus three months of costs during 2005, the principal factor contributing to the $368 thousand increase in cost of revenue as compared to the prior year. Cost of revenue as a percent of net revenue was approximately 32% for 2006 as compared to 44% for 2005. This was due in part to Tralliance performing more verifications of registration eligibility in-house during the last half of 2006.

SALES AND MARKETING. Sales and marketing expenses consist primarily of salaries and related expenses of sales and marketing personnel, commissions, advertising and marketing costs, public relations expenses and promotional activities. Sales and marketing expenses totaled $3.1 million for the year ended December 31, 2006, versus the $488 thousand reported for 2005. On November 22, 2006, the Company entered into certain marketing services agreements with two entities and issued 10,000,000 warrants to the controlling shareholder of the entities as consideration. The fair value attributable to the warrants of $515 thousand, as calculated using the Black Scholes model, was charged to

sales and marketing expenses of Tralliance as this is where the two entities have agreed to focus their marketing efforts. Excluding the charge related to the warrants, sales and marketing expenses of Tralliance totaled $2.6 million for the year ended December 31, 2006. During August 2006, Tralliance introduced its web portal and search engine, www.search.travel , through the use of a targeted television and Internet advertising campaign. As a result, total 2006 advertising costs of Tralliance increased $619 thousand from 2005 to a total of $678 thousand. In addition, during the third quarter of 2006, Tralliance engaged several outside parties to promote its registry operations and the www.search.travel website internationally, which resulted in the recognition of $442 thousand of consulting fees and related costs. The Company also reassigned personnel from its VoIP telephony services division during 2006 to perform marketing functions for Tralliance which resulted in a $508 thousand increase in sales and marketing personnel costs of Tralliance as compared to 2005. The remaining $538 thousand increase in Tralliance's sales and marketing expenses as compared to the year ended December 31, 2005, consisted primarily of higher public relations, trade show and promotional costs.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist primarily of salaries and other personnel costs related to management, finance and accounting functions, facilities, outside legal and professional fees, information-technology consulting, directors and officers insurance, bad debt expenses and general corporate overhead costs. General and administrative expenses for the year ended December 31, 2006 were $4.5 million compared to $6.8 million in 2005. The decrease is principally due to $3.0 million in lower bonus awards to executive officers. General and administrative expenses of Tralliance increased $937 thousand a compared to 2005 due to increases in personnel costs of $340 thousand and travel and entertainment costs of $356 thousand. During 2006, we reassigned employees from the VoIP telephony services division in order to accommodate the increase in authentication and registration activity experienced by Tralliance. In order to increase awareness of the ".travel" top-level domain, we have increased our participation in travel industry meetings and conferences, both nationally and internationally, since the October 2005 launch of our ".travel" domain registry operations which was the principal factor contributing to the increase in travel and entertainment costs.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense totaled $262 thousand for the year ended December 31, 2006 as compared to $124 thousand for the prior year.

INTEREST INCOME (EXPENSE), NET. Interest income, net of interest expense, totaled $121 thousand for the year ended December 31, 2006. During the year ended December 31, 2005, we reported a total of $4.1 million of net interest expense. A total of $4.0 million of non-cash interest expense was recorded during 2005 related to the beneficial conversion features of the $4.0 million of secured demand convertible promissory notes issued by the Company during 2005.

OTHER INCOME (EXPENSE), NET. Other income, net, of $21 thousand was reported for 2006. Other expense, net, of $280 thousand reported for 2005 as a result of reserves provided against amounts loaned by the Company to Tralliance prior to its acquisition in May 2005.

INCOME TAXES. The income tax provision of $124 thousand recognized for continuing operations for the year ended December 31, 2006, resulted from additional state income taxes due upon the finalization of the Company's 2005 consolidated tax returns. An income tax benefit of $7.8 million was recognized for continuing operations for the year ended December 31, 2005, as we were able to utilize our 2005 losses incurred by continuing operations, as well as losses from prior years, to partially offset the 2005 income and gain on sale of our discontinued operations.

DISCONTINUED OPERATIONS

The loss from discontinued operations totaled approximately $10.1 million for the year ended December 31, 2006 as compared to a loss of $7.6 million for the year ended December 31, 2005, and is summarized as follows:

	Computer Games	VoIP Telephony Services	Total
Year ended December 31, 2006:			
Net revenue	$ 2,038,649	$ 34,368	$ 2,073,287
Operating expenses	2,762,146	9,409,967	12,172,113
Other income (expense), net	130,000	(133,435)	(3,435)
Loss from discontinued operations	$ (593,497)	$ (9,508,764)	$ (10,102,261)

	Computer Games	VoIP Telephony Services	SendTec	Total
Year ended December 31, 2005:				
Net revenue	$ 1,948,716	$ 248,789	$ 32,196,946	$ 34,394,451
Operating expenses	4,095,807	13,395,482	31,221,281	48,712,570
Other income (expense), net	2,481	(1,011)	38,765	40,235
Income tax provision (benefit)	(813,687)	(5,004,313)	945,629	(4,872,371)
Loss from operations, net of tax	(1,330,923)	(8,143,391)	68,801	(9,405,513)
Gain on SendTec sale, net of tax	-	-	1,769,531	1,769,531
Loss from discontinued operations	$ (1,330,923)	$ (8,143,391)	$ 1,838,332	$ (7,635,982)

During 2006, the Company implemented various cost reduction programs which decreased the operating expenses and operating losses incurred by its computer games and VoIP telephony services for the year ended December 31, 2006 compared to the year ended December 31, 2005. On October 31, 2005, the Company sold its SendTec marketing services business resulting in a gain on sale of approximately $1.8 million, net of an income tax provision of approximately $13.2 million. Such income tax provision was related to the utilization of operating losses to partially offset income taxes that would have otherwise been due on the gain. In this connection, income tax benefits totaling approximately $5.8 million were also allocated to the Company's computer games and VoIP telephony services businesses during 2005.

LIQUIDITY AND CAPITAL RESOURCES

FUTURE AND CRITICAL NEED FOR CAPITAL

For the reasons described below, Company management does not believe that cash on hand and cash flow generated internally by the Company will be adequate to fund the operation of its businesses beyond a short period of time. Additionally, we have received a report from our independent registered public accountants, relating to our December 31, 2007 audited financial statements, containing an explanatory paragraph stating that our recurring losses from operations and our accumulated deficit raise substantial doubts about our ability to continue as a going concern.

During the year ended December 31, 2007, the Company was able to continue operating as a going concern due principally to funding of $1.25 million received from the sale of secured convertible demand promissory notes to an entity controlled by Michael Egan, its Chairman and Chief Executive Officer. Additionally, in December 2007, funding of $380 thousand was provided from the sale of all of the Company's rights related to its www.search.travel domain name and website to an entity controlled by Mr. Egan. At December 31, 2007, the Company had a net

working capital deficit of approximately $9.4 million, inclusive of a cash and cash equivalents balance of approximately $631 thousand. Such working capital deficit included an aggregate of $4.65 million in secured convertible demand debt and related accrued interest of approximately $955 thousand due to entities controlled by Mr. Egan (See Note 8, “Debt” and Note 14, “Related Party Transactions” in the accompanying Notes to Consolidated Financial Statements for further details). Additionally, such working capital deficit included approximately $1.9 million of net liabilities of discontinued operations, with a significant portion of such liabilities related to charges which are disputed by the Company.

Notwithstanding previous cost reduction actions taken by the Company and its decision to shutdown its unprofitable computer games and VoIP telephony services businesses in March 2007 (see Note 3, “Discontinued Operations” in the accompanying Notes to Consolidated Financial Statements), the Company continues to incur substantial consolidated net losses, although reduced in comparison with prior periods, and management believes that the Company will continue to be unprofitable in the foreseeable future. Based upon the Company’s current financial condition, as discussed above, and without the infusion of additional capital, management does not believe that the Company will be able to fund its operations beyond the end of the second quarter of 2008.

As more fully discussed in Note 16, "Subsequent Events" in the Notes to Consolidated Financial Statements, on February 1, 2008, the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269 million shares of its common stock to an entity controlled by Mr. Egan (the "Proposed Tralliance Transaction"). In the event that this Proposed Tralliance Transaction is consummated, all of the Company's remaining secured and unsecured debt owed to entities controlled by Mr. Egan (which was approximately $5.6 million and $400 thousand at December 31, 2007, respectively) will be exchanged or cancelled. Additionally, the consummation of the Proposed Tralliance Transaction would result in significant reductions in the Company's cost structure, based upon the elimination of Tralliance's operating expenses. Although substantially all of Tralliance's revenue would also be eliminated, approximately 10% of Tralliance's future net revenue through May 5, 2015 would essentially be retained through the contemplated net revenue earn-out provisions of the Proposed Tralliance Transaction. Additionally, the consummation of the Proposed Tralliance Transaction would increase Mr. Egan's ownership in the Company to approximately 84% (assuming exercise of all outstanding stock options and warrants) and would significantly dilute all other existing shareholders. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement.

Management expects that the consummation of the Proposed Tralliance Transaction will significantly reduce the amount of net losses currently being sustained by the Company. However, management does not believe that the consummation of the Proposed Tralliance Transaction will, in itself, allow the Company to become profitable and generate operating cash flows sufficient to fund its operations and pay its existing current liabilities (including those liabilities related to its discontinued operations) in the foreseeable future. Accordingly, assuming that the Proposed Tralliance Transaction is consummated, management believes that additional capital infusions (although reduced in comparison with the amounts of capital required during the Company's recent past) will continue to be needed in order for the Company to continue to operate as a going concern.

In the event that the Proposed Tralliance Transaction is not consummated, management expects that significantly more capital will need to be invested in the Company in the near term than would be required in the event that the Proposed Tralliance Transaction is consummated. Also, inasmuch as substantially all of the assets of the Company and its subsidiaries secure the convertible demand debt owed to entities controlled by Mr. Egan, in connection with any resulting proceeding to collect this debt, such entities could seize and sell the assets of the Company and it subsidiaries, any or all of which would have a material adverse effect on the financial condition and future operations of the Company, including the potential bankruptcy or cessation of business of the Company.

It is our preference to avoid filing for protection under the U.S. Bankruptcy Code. However, in order to continue operating as a going concern for any length of time beyond the second quarter of 2008, we believe that we must quickly raise capital. Although there is no commitment to do so, any such funds would most likely come from Michael Egan or affiliates of Mr. Egan or the Company as the Company currently has no access to credit facilities with traditional third parties and has historically relied upon borrowings from related parties to meet short-term liquidity needs. Any such capital raised would not be registered under the Securities Act of 1933 and would not be offered or sold in the United States absent registration requirements. Further, any securities issued (or issuable) in connection with any such capital raise will likely result in very substantial dilution of the number of outstanding shares of the Company's common stock.

The amount of capital required to be raised by the Company will be dependent upon a number of factors, including (i) whether or not the Proposed Tralliance Transaction is consummated; (ii) our ability to increase Tralliance net revenue levels; (iii) our ability to control and reduce operating expenses; and (iv) our ability to successfully settle disputed and other outstanding liabilities related to our discontinued operations. There can be no assurance that the Proposed Tralliance Transaction will be consummated nor that the Company will be successful in raising a sufficient amount of capital, executing any of its current or future business plans or in continuing to operate as a going concern on a long-term basis.

The shares of our Common Stock were delisted from the NASDAQ national market in April 2001 and are now traded in the over-the-counter market on what is commonly referred to as the electronic bulletin board or OTCBB. Since the trading price of our Common Stock is less than $5.00 per share and our net tangible assets are less than $2.0 million, trading in our Common Stock is also subject to the requirements of Rule 15g-9 of the Exchange Act.. Under Rule 15g-9, brokers who recommend penny stocks to persons who are not established customers and accredited investors, as defined in the Exchange Act, must satisfy special sales practice requirements, including requirements that they make an individualized written suitability determination for the purchaser; and receive the purchaser's written consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosures in connection with any trades involving a penny stock, including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated with that market. Such requirements may severely limit the market liquidity of our Common Stock and the ability of purchasers of our equity securities to sell their securities in the secondary market. We may also incur additional costs under state blue sky laws if we sell equity due to our delisting.

CASH FLOW ITEMS

YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006

As of December 31, 2007, we had approximately $631 thousand in cash and cash equivalents as compared to $5.3 million as of December 31, 2006. Net cash and cash equivalents used in operating activities of continuing operations were $3.3 million and $5.8 million for the years ended December 31, 2007 and 2006, respectively. The period-to-period decrease in net cash and cash equivalents used in operating activities of continuing operations resulted primarily from the impact of lower net losses from continuing operations in 2007 compared to 2006, as well as higher non-cash expenses and favorable working capital changes in 2007 compared to 2006. The operating activities of discontinued operations used approximately $3.2 million of net cash and cash equivalents during 2007 compared to a use of $6.5 million in 2006, with such cash usage decrease due primarily to the shutdown of the unprofitable operations of the Company's Computer Games and VoIP telephony services businesses in March 2007.

Net cash and cash equivalents provided by investing activities were $520 thousand during the year ended December 31, 2007 resulting from proceeds of $380 thousand received from the sale of search.travel in December 2007 as well as proceeds received from the sale of property and equipment of discontinued operations throughout 2007. In the year ended December 31, 2006 $1.2 million was generated from investing activities As a result of the October 2005 sale of the SendTec business, we were required to place $1.0 million of cash in an escrow account to secure our indemnification obligations. In March 2006, pursuant to the related escrow agreement, $750 thousand of the escrow funds were released to the Company, with the remaining $250 thousand released in December 2006. The remaining $32 thousand in escrow funds released during 2006 represented funds which had been held in escrow in connection with sweepstakes promotions conducted by the VoIP telephony services division. In addition, during 2006, we received proceeds of $138 thousand from the sale of certain VoIP property and equipment and $130 thousand from the sale of our Now Playing magazine publication and website.

During 2007, cash flows from financing activities of $1.25 million resulted from the issuance of secured convertible demand promissory notes to an entity controlled by the Company's Chairman.

YEAR ENDED DECEMBER 31, 2006 COMPARED TO YEAR ENDED DECEMBER 31, 2005

As of December 31, 2006, we had approximately $5.3 million in cash and cash equivalents as compared to $16.5 million, excluding $1.0 million of funds held in escrow, as of December 31, 2005. Net cash and cash equivalents used in operating activities of continuing operations were $5.8 million and $5.3 million, for the years ended December 31, 2006 and 2005, respectively. The operating activities of discontinued operations used approximately $6.5 million of net cash and cash equivalents during 2006 compared to a use of $9.4 million during 2005, principally reflecting decreases in operating losses incurred by our discontinued computer games and VoIP telephony services businesses in 2006 compared to 2005.

Net cash and cash equivalents of $1.2 million were provided by investing activities of during the year ended December 31, 2006. As a result of the October 2005 sale of the SendTec business, we were required to place $1.0 million of cash in an escrow account to secure our indemnification obligations. In March 2006, pursuant to the related escrow agreement, $750 thousand of the escrow funds were released to the Company, with the remaining $250 thousand released in December 2006. The remaining $32 thousand in escrow funds released during 2006 represented funds which had been held in escrow in connection with sweepstakes promotions conducted by the VoIP telephony services division. In addition, during 2006, we received proceeds of $138 thousand from the sale of certain VoIP property and equipment and $130 thousand from the sale of our Now Playing magazine publication and website. During 2005, our continuing operations used a total of $1.2 million in investing activities, including the $1.0 million in funds placed in escrow as a result of the SendTec sale mentioned above and $280 thousand of loans to Tralliance

prior to its acquisition by the Company.

Cash proceeds related to the October 31, 2005 sale of our SendTec marketing services business, net of related transaction costs and cash held by SendTec of approximately $2.4 million which was included in the sale, totaled approximately $34.8 million. Immediately following the sale of the SendTec business on October 31, 2005, we completed the redemption of approximately 28.9 million shares of our Common Stock owned by six members of management of SendTec for approximately $11.6 million in cash pursuant to a Redemption Agreement dated August 23, 2005. Approximately $7.6 million of the redemption payment was allocated to the SendTec sale transaction and recorded as a reduction of the gain on the sale, with the remaining $4.0 million of the redemption payment attributed to the "fair value" of the shares of theglobe's Common Stock redeemed and recorded as treasury shares. The "fair value" of the shares for financial accounting purposes was calculated based on the closing price of the Company's Common Stock as reflected on the OTCBB on August 10, 2005, the date the principal terms of the Redemption Agreement were announced publicly. The closing of the redemption occurred on October 31, 2005.

Cash and cash equivalents used in financing activities totaled $12 thousand and $1.2 million for the years ended December 31, 2006 and 2005, respectively. During 2005, we received proceeds of $4.0 million from the issuance of Convertible Notes and we also paid $1.4 million of outstanding debt balances. As mentioned above, approximately $4.0 million of the total $11.6 million cash paid for the redemption of the 28.9 million shares of our Common Stock from the former management of SendTec was attributed to the "fair value" of the Common Stock issued for financial accounting purposes.

CAPITAL TRANSACTIONS

On May 29, 2007, Dancing Bear Investments, Inc. ("Dancing Bear"), an entity which is controlled by the Company's Chairman and Chief Executive Officer, entered into a note purchase agreement (the "2007 Agreement") with the Company pursuant to which it acquired convertible demand promissory notes (the "2007 Convertible Notes") totaling $1.25 million during the year ended December 31, 2007.

The 2007 Convertible Demand Notes are convertible at anytime prior to payment into shares of the Company's Common Stock at the rate of $0.01 per share. The conversion price of the 2007 Convertible Demand Notes is subject to adjustment upon the occurrence of certain events, including with respect to stock splits or combinations. Assuming full conversion of all 2007 Convertible Demand Notes that are outstanding at December 31, 2007 at the initial conversion rate, and without regard to potential anti-dilutive adjustments resulting from stock splits and the like, 125 million shares of Common Stock would be issued. The 2007 Convertible Demand Notes are due five days after demand for payment by Dancing Bear and are secured by a pledge of all of the assets of the Company and its subsidiaries, subordinate to existing liens on such assets. The 2007 Convertible Notes bear interest at the rate of ten percent per annum. Additionally, under the terms of the Agreement, the Dancing Bear was granted certain demand and certain "piggy-back" registration rights in the event that Dancing Bear exercises its option to convert any of the 2007 Convertible Notes.

On November 22, 2006, the Company entered into certain Marketing Services Agreements (the "Marketing Services Agreements") with two entities whereby the entities agreed to market certain of the Company's products in exchange for certain commissions and promotional fees and which granted the Company exclusive right to certain uses of a trade name in connection with certain of the Company's websites. Additionally, on November 22, 2006, in connection with the Marketing Services Agreements, the Company entered into a Warrant Purchase Agreement with Carl Ruderman, the controlling shareholder of the entities. The Warrant Purchase Agreement provides for the issuance to Mr. Ruderman of one warrant to purchase 5 million shares of the Company's Common Stock at an exercise price of $0.15 per share with a three year term and a second warrant to purchase 5 million shares of the Company's Common Stock at an exercise price of $0.15 per share with a term of four years. Each warrant provides for the extension of the exercise term by an additional three years if certain criteria are met under the Marketing Services Agreements. The Warrant Purchase Agreement grants to Mr. Ruderman "piggy-back" registration rights with respect to the shares of the Company's Common Stock issuable upon exercise of the warrants.

In connection with the issuance of the warrants, on November 22, 2006, Mr. Ruderman entered into a Stockholders' Agreement with the Company's chairman and chief executive officer, the Company's president and certain of their affiliates. Pursuant to the Stockholders' Agreement, Mr. Ruderman granted an irrevocable proxy over the shares issuable upon exercise of the warrants to E&C Capital Partners, LLLP and granted a right of first refusal over his shares to all of the other parties to the Stockholders' Agreement. Mr. Ruderman also agreed to sell his shares under certain circumstances in which the other parties to the Stockholders' Agreement have agreed to sell their respective shares. Mr. Ruderman was also granted the right to participate in certain sales of the Company's Common Stock by the other parties to the Stockholders' Agreement.

On August 10, 2005, we entered into an Asset Purchase Agreement with RelationServe Media, Inc. ("RelationServe") whereby we agreed to sell all of the business and substantially all of the net assets of our SendTec marketing services subsidiary to RelationServe for $37.5 million in cash, subject to certain net working capital adjustments. On August 23, 2005, we entered into Amendment No. 1 to the Asset Purchase Agreement with RelationServe (the "1st Amendment" and together with the original Asset Purchase Agreement, the "Purchase Agreement"). On October 31, 2005, we completed the asset sale. Including adjustments to the purchase price related to excess working capital of SendTec as of the date of sale, we received an aggregate of approximately $39.9 million in cash pursuant to the Purchase Agreement. In accordance with the terms of an escrow agreement established as a source to secure our indemnification obligations under the Purchase Agreement, $1.0 million of the purchase price and an aggregate of

2,272,727 shares of theglobe's unregistered Common Stock (valued at $750 thousand pursuant to the terms of the Purchase Agreement based upon the average closing price of the stock in the 10 day period preceding the closing of the sale) were placed into escrow. During 2006, the escrowed cash and shares of theglobe's Common Stock were released to the Company and the common shares were retired.

Additionally, as contemplated by the Purchase Agreement, immediately following the asset sale, we completed the redemption of 28,879,097 shares of our Common Stock owned by six members of management of SendTec for approximately $11.6 million in cash pursuant to a Redemption Agreement dated August 23, 2005. The 28,879,097 common shares redeemed were retired effective October 31, 2005. Pursuant to a separate Termination Agreement, we also terminated and canceled 1,275,783 stock options and the contingent interest in 2,062,785 earn-out warrants held by the six members of management in exchange for approximately $400 thousand in cash. We also terminated 829,678 stock options of certain other non-management employees of SendTec and entered into bonus arrangements with a number of other non-management SendTec employees for amounts totaling approximately $600 thousand.

The Company originally acquired SendTec on September 1, 2004. In exchange for all of the issued and outstanding shares of capital stock of SendTec, the Company paid consideration consisting of: (i) $6 million in cash, excluding transaction costs, (ii) the issuance of an aggregate of 17,500,024 shares of the Company's Common Stock, (iii) the issuance of an aggregate of 175,000 shares of Series H Automatically Converting Preferred Stock (which was converted into 17,500,500 shares of the Company's Common Stock effective December 1, 2004, the effective date of the amendment to the Company's certificate of incorporation increasing its authorized shares of Common Stock from 200,000,000 shares to 500,000,000 shares), and (iv) the issuance of a subordinated promissory note in the amount of approximately $1 million.

On May 9, 2005, we exercised our option to acquire all of the outstanding capital stock of Tralliance. The purchase price consisted of the issuance of 2 million shares of our Common Stock, warrants to acquire 475 thousand shares of our Common Stock and $40 thousand in cash. The warrants are exercisable for a period of five years at an exercise price of $0.11 per share. As part of the transaction, 10 thousand shares of our Common Stock were also issued to a third party in payment of a finder’s fee resulting from the acquisition. The Common Stock issued as a result of the acquisition of Tralliance is entitled to certain "piggy-back" registration rights.

On April 22, 2005, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP (the "E&C Partnerships"), entities controlled by the Company's Chairman and Chief Executive Officer, entered into a note purchase agreement (the "2005 Agreement") with theglobe pursuant to which they acquired secured demand convertible promissory notes (the "2005 Convertible Notes") in the aggregate principal amount of $1.5 million. Under the terms of the 2005 Agreement, the E&C Partnerships were also granted the optional right, for a period of 90 days from the date of the 2005 Agreement, to purchase additional 2005 Convertible Notes such that the aggregate principal amount of 2005 Convertible Notes issued under the 2005 Agreement could total $4.0 million (the "2005 Option"). On June 1, 2005, the E&C Partnerships exercised a portion of the 2005 Option and acquired an additional $1.5 million of 2005 Convertible Notes. On July 18, 2005, the E&C Partnerships exercised the remainder of the 2005 Option and acquired an additional $1.0 million of 2005 Convertible Notes.

The 2005 Convertible Demand Notes are convertible at the option of the E&C Partnerships into shares of our Common Stock at an initial price of $0.05 per share. Through December 31, 2007, an aggregate of $600 thousand of 2005 Convertible Notes were converted by the E&C Partnerships into an aggregate of 12 million shares of our Common Stock. Assuming full conversion of all Convertible Notes which remain outstanding as of December 31, 2007, an additional 68 million shares of our Common Stock would be issued to the E&C Partnerships. The 2005 Convertible Notes provide for interest at the rate of ten percent per annum and are secured by a pledge of substantially all of the assets of the Company. The 2005 Convertible Notes are due and payable five days after demand for payment by the E&C Partnerships.

CONTRACTUAL OBLIGATIONS

The following table summarizes theglobe’s contractual obligations as of December 31, 2007. These contractual obligations are more fully disclosed in Note 8, “Debt,” and Note 12, “Commitments,” in the accompanying Notes to Consolidated Financial Statements.

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Notes payable*	$ 4,650,000	$ 4,650,000	$ —	$ —	$ —
Registry commitments	959,000	235,000	220,000	220,000	284,000
Operating leases	11,500	6,900	4,600	—	—
Total contractual obligations	$ 5,620,500	$ 4,891,900	$ 224,600	$ 220,000	$ 284,000

* Excludes accrued and unpaid interest of approximately $955,000 as of December 31, 2007.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2007, we did not have any material off-balance sheet arrangements that have or are reasonably likely to have a material effect on our current or future financial condition, revenues or expenses, results of operations, liquidity, or capital resources.

EFFECTS OF INFLATION

Due to relatively low levels of inflation in 2007, 2006 and 2005, inflation has not had a significant effect on our results of operations.

MANAGEMENT'S DISCUSSION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions 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 expenses during the reporting period. At December 31, 2007, a significant portion of our net liabilities of discontinued operations relate to charges that have been disputed by the Company and for which estimates have been required. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

Certain of our accounting policies require higher degrees of judgment than others in their application. These include revenue recognition, valuation of accounts receivable, valuation of intangible and other long-lived assets and capitalization of computer software costs. Our accounting policies and procedures related to these areas are summarized below.

REVENUE RECOGNITION

The Company's revenue from continuing operations was derived principally from the sale of Internet domain registrations. There is no certainty that events beyond anyone's control such as economic downturns or significant decreases in the demand for our Internet domain registration services will not occur and accordingly, cause significant decreases in revenue. Internet services net revenue consists principally of registration fees for Internet domain registrations, which generally have terms of one year, but may be up to ten years. Such registration fees are reported net of transaction fees paid to an unrelated third party which serves as the registry operator for the Company. Net registration fee revenue is recognized on a straight line basis over the registrations term.

VALUATION OF ACCOUNTS RECEIVABLE

Provisions for the allowance for doubtful accounts are made based on historical loss experience adjusted for specific credit risks. Measurement of such losses requires consideration of the Company's historical loss experience, judgments about customer credit risk, subsequent period collection activity, and the need to adjust for current economic conditions.

LONG-LIVED ASSETS

The Company's long-lived assets primarily consist of property and equipment, capitalized costs of internal-use software, values attributable to covenants not to compete, and acquired technology.

Long-lived assets held and used by the Company and intangible assets with determinable lives are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." We evaluate recoverability of assets to be held and used by comparing the carrying amount of the assets, or the appropriate grouping of assets, to an estimate of undiscounted future cash flows to be generated by the assets, or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair values are based on quoted market values, if available. If quoted market prices are not available, the estimate of fair value may be based on the discounted value of the estimated future cash flows attributable to the assets, or other valuation techniques deemed reasonable in the circumstances.

CAPITALIZATION OF COMPUTER SOFTWARE COSTS

The Company capitalizes the cost of internal-use software which has a useful life in excess of one year in accordance with Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent additions, modifications, or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized computer software costs are amortized using the straight-line method over the expected useful life, or three years.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2007, the FASB issued SFAS 141R, "Business Combinations" ("SFAS 141R") which requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R requires, among other things, that in a business combination achieved through stages (sometimes referred to as a "step acquisition") that the acquirer recognize the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with this Statement).

SFAS 141R also requires the acquirer to recognize goodwill as of the acquisition date, measured as a residual, which in most types of business combinations will result in measuring goodwill as the excess of the consideration transferred plus the fair value of any non-controlling interest in the acquiree at the acquisition date over the fair values of the identifiable net assets acquired. SFAS 141R applies 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. We do not expect that the adoption of SFAS 141R will have a material impact on our financial statements. The Company does not believe that SFAS 141R will have a material impact on its financial statements.

In December 2007, the FASB issued SFAS 160, "Non-controlling Interests in Consolidated Financial Statements" ("SFAS 160"). This Statement changes the way the consolidated income statement is presented. SFAS 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. Currently, net income attributable to the non-controlling interest generally is reported as an expense or other deduction in arriving at consolidated net income. It also is often presented in combination with other financial statement amounts. SFAS 160 results in more transparent reporting of the net income attributable to the non-controlling interest. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company does not believe that SFAS 160 will have a material impact on its financial statements.

In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 expands the scope of what entities may carry at fair value by offering an irrevocable option to record many types of financial assets and liabilities at fair value. Changes in fair value would be recorded in an entity's income statement. This accounting standard also establishes presentation and disclosure requirements that are intended to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company on January 1, 2008. Earlier application is permitted under certain circumstances. We are currently evaluating the requirements of SFAS No. 159 and have not yet determined the impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. SFAS No. 157 applies to other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently evaluating the requirements of SFAS No. 157 and have not determined the impact on our consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 permits existing public companies to initially apply its provisions either by (i) restating prior financial statements as if the "dual approach" had always been used or (ii) recording the cumulative effect of initially applying the "dual approach" as adjustments to the carrying value of assets and liabilities as of January 1, 2006 with an offsetting adjustment recorded to the opening balance of retained earnings. Use of the "cumulative effect" transition method requires detailed disclosure of the nature and amount of each individual error being corrected through the cumulative adjustment and how and when it arose. The adoption of this standard did not have a material impact on the Company's financial condition, results of operations or liquidity.

In June 2006, the FASB issued Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of FASB Statement No. 109, "Accounting for Income Taxes," which clarifies accounting for and disclosure of uncertainty in tax positions. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation is effective for fiscal years beginning after December 15, 2006. The adoption of FIN No. 48 did not have a material effect on consolidated financial position, cash flows and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Interest rate risk refers to fluctuations in the value of a security resulting from changes in the general level of interest rates. Investments that we classify as cash and cash equivalents have original maturities of three months or less and therefore, are not affected in any material respect by changes in market interest rates. At December 31, 2007, debt was composed of $4.65 million of fixed rate instruments due to affiliates on demand with an aggregate average interest rate of 10.0%.

Foreign Currency Risk. We transact business in U.S. dollars. Foreign currency exchange rate fluctuations do not have a material effect on our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED FINANCIAL STATEMENTS

THEGLOBE.COM, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
theglobe.com, inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of theglobe.com, inc. and Subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of theglobe.com, inc. and Subsidiaries as of December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States.

The accompanying 2007 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring net losses and has a significant deficit that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

RACHLIN LLP

Fort Lauderdale, Florida
March 26, 2008

THEGLOBE.COM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 631,198	$ 5,316,218
Due from affiliate	412,050	-
Accounts receivable	12,213	45,870
Prepaid expenses	173,794	358,701
Other current assets	8,735	13,001
Net assets of discontinued operations	30,000	960,280
Total current assets	1,267,990	6,694,070
Property and equipment, net	35,748	144,216
Intangible assets, net	368,777	526,824
Other assets	40,000	40,000
Total assets	$ 1,712,515	$ 7,405,110
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 682,829	$ 507,578
Accrued expenses	1,989,106	1,484,669
Deferred revenue	1,443,589	1,222,705
Notes payable due to affiliates	4,650,000	3,400,000
Net liabilities of discontinued operations	1,902,344	5,160,872
Total current liabilities	10,667,868	11,775,824
Deferred revenue	401,248	232,433
Total liabilities	11,069,116	12,008,257
Stockholders' Deficit:		
Common stock, $0.001 par value; 500,000,000 shares authorized; 172,484,838 shares issued at December 31, 2007 and at December 31,2006	172,485	172,485
Additional paid in capital	290,486,232	289,088,557
Accumulated deficit	(300,015,318)	(293,864,189)
Total stockholders' deficit	(9,356,601)	(4,603,147)
Total liabilities and stockholders' deficit	$ 1,712,515	$ 7,405,110

See notes to consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2007	2006	2005
Net Revenue	$ 2,230,270	$ 1,408,737	$ 197,873
Operating Expenses:			
Cost of revenue	420,129	454,563	86,486
Sales and marketing	1,905,486	3,109,533	488,275
General and administrative	3,886,025	4,471,848	6,750,225
Depreciation	81,606	73,980	48,509
Intangible asset amortization	158,047	188,211	75,201
Total Operating Expenses	6,451,293	8,298,135	7,448,696
Operating Loss from Continuing Operations	(4,221,023)	(6,889,398)	(7,250,823)
Other Income (Expenses), net:			
Interest income (expense), net	(1,590,795)	121,114	(4,138,781)
Other income (expense), net	389,929	21,130	(280,000)
	(1,200,866)	142,244	(4,418,781)
Loss from Continuing Operations Before Income Tax	(5,421,889)	(6,747,154)	(11,669,604)
Income Tax Provision (Benefit)	-	124,313	(7,795,538)
Loss from Continuing Operations	(5,421,889)	(6,871,467)	(3,874,066)
Discontinued Operations, net of tax:			
Loss from operations	(729,240)	(10,102,261)	(9,405,513)
Gain on sale of discontinued operations	-	-	1,769,531
Loss from Discontinued Operations	(729,240)	(10,102,261)	(7,635,982)
Net Loss	$ (6,151,129)	$ (16,973,728)	$ (11,510,048)
Earnings (Loss) Per Share:			
Basic and Diluted:			
Continuing Operations	$ (0.03)	$ (0.04)	$ (0.02)
Discontinued Operations	$ (0.01)	$ (0.06)	$ (0.04)
Net Loss	$ (0.04)	$ (0.10)	$ (0.06)
Weighted Average Common Shares Outstanding	172,485,000	174,674,000	182,539,000

See notes to consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME (LOSS)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Escrow Shares	Treasury Stock	Accumulated Deficit	Total
Balance, December 31, 2004	$ -	174,315,678	$ 174,316	$ 282,289,404	$ -	$ (371,458)	$ (260,574,874)	$ 21,517,388
Year Ended December 31, 2005:								
Net loss	-	-	-	-	-	-	(11,510,048)	(11,510,048)
Issuance of common stock:								
Settlement of contractual obligation	-	300,000	300	73,950	-	-	-	74,250
Acquisition of Tralliance	-	2,010,000	2,010	196,877	-	-	-	198,887
Conversion of convertible notes	-	12,000,000	12,000	588,000	-	-	-	600,000
Exercise of stock options	-	2,001,661	2,001	164,840	-	-	-	166,841
Exercise of warrants	-	11,051,403	11,051	-	-	-	-	11,051
Beneficial conversion features of 2005 Convertible Notes	-	-	-	4,000,000	-	-	-	4,000,000
Employee stock-based compensation	-	-	-	48,987	-	-	-	48,987
Issuance of stock options to non-employees	-	-	-	176,050	-	-	-	176,050
Stock-based compensation related to SendTec	-	-	-	455,054	-	-	-	455,054
Issuance of escrow shares	-	2,272,727	2,273	747,727	(750,000)	-	-	-
	-	-	-	-	-	(4,043,074)	-	(4,043,074)

Redemption of common stock								
Repurchase of vested stock options	-	-	-	-	-	-	(420,585)	(420,585)
Retirement of treasury stock	-	(29,578,378)	(29,578)	-	-	4,414,532	(4,384,954)	-
Balance, December 31, 2005	-	174,373,091	174,373	288,740,889	(750,000)	-	(276,890,461)	11,274,801
Year Ended December 31, 2006:								
Net loss	-	-	-	-	-	-	(16,973,728)	(16,973,728)
Issuance of common stock for services rendered	-	35,000	35	3,115	-	-	-	3,150
Issuance of warrants	-	-	-	515,262	-	-	-	515,262
Exercise of stock options	-	349,474	350	18,070	-	-	-	18,420
Employee stock-based compensation	-	-	-	449,749	-	-	-	449,749
Issuance of stock options to non-employees	-	-	-	109,199	-	-	-	109,199
Retirement of escrow shares	-	(2,272,727)	(2,273)	(747,727)	750,000	-	-	-
Balance, December 31, 2006	-	172,484,838	172,485	289,088,557	-	-	(293,864,189)	(4,603,147)
Year Ended December 31, 2007:								
Net loss	-	-	-	-	-	-	(6,151,129)	(6,151,129)
Employee stock-based compensation	-	-	-	140,549	-	-	-	140,549
Issuance of stock options to non-employees	-	-	-	7,126	-	-	-	7,126
Beneficial conversion features of 2007 Convertible	-	-	-	1,250,000	-	-	-	1,250,000

Notes

Balance, December 31, 2007	$ -	172,484,838	$ 172,485	$ 290,486,232	$ -	$ -	$ (300,015,318)	$ (9,356,601)

See notes to consolidated financial statements.

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THEGLOBE.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended December 31,		
	2007	2006	2005
Cash Flows from Operating Activities:			
Net loss	$ (6,151,129)	$ (16,973,728)	$ (11,510,048)
Loss from discontinued operations	729,240	10,102,261	7,635,982
Net loss from continuing operations	(5,421,889)	(6,871,467)	(3,874,066)
Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities:			
Depreciation and amortization	239,653	262,191	123,710
Non-cash interest expense	1,250,000	-	4,000,000
Employee stock compensation expense	140,549	449,749	48,987
Stock compensation to non-employees	7,126	109,199	176,090
Gain on sale of search.travel	(379,791)	-	-
Non-cash expense related to the issuance of warrants	-	515,262	-
Reserve against amounts loaned Tralliance prior to acquisition	-	-	280,000
Deferred tax benefit	-	-	(7,795,538)
Other, net	(209)	(17,980)	(130,366)
Changes in operating assets and liabilities:			
Accounts receivable	33,657	(45,870)	-
Prepaid and other current assets	(222,877)	172,861	(284,931)
Accounts payable	175,251	(221,125)	474,367
Accrued expenses and other current liabilities	504,437	206,060	674,438
Income taxes payable	-	(806,406)	-
Deferred revenue	389,699	398,119	1,057,019
Net cash flows from operating activities of continuing operations	(3,284,394)	(5,849,407)	(5,250,290)
Net cash flows from operating activities of discontinued operations	(3,171,074)	(6,516,469)	(9,402,722)
Net cash flows from operating activities	(6,455,468)	(12,365,876)	(14,653,012)
Cash Flows from Investing Activities:			
Purchases of property and equipment	(26,345)	(74,003)	(119,862)
Proceeds from the sale of search.travel	380,000	-	-
Net cash balances released from/ (placed in) escrow	-	1,031,764	(938,357)
Amounts loaned to Tralliance prior to acquisition	-	-	(280,000)
Other, net	-	-	119,814
Net cash flows from investing activities of continuing operations	353,655	957,761	(1,218,405)
Net cash flows from investing activities of discontinued operations:			
Net proceeds from sale of SendTec	-	-	34,762,384
	-	-	(7,560,872)

Redemption agreement payment allocation to SendTec sale			
Proceeds from the sale of property and equipment	166,793	137,626	-
Purchases of property and equipment by discontinued operations	-	(12,155)	(360,423)
Proceeds from the sale of the Now Playing magazine	-	130,000	-
Net cash flows from investing activities	520,448	1,213,232	25,622,684
Cash Flows from Financing Activities:			
Borrowing on notes payable	1,250,000	-	4,000,000
Payments on notes payable and long-term debt	-	(30,218)	(1,358,623)
Redemption of common stock	-	-	(4,043,074)
Proceeds from exercise of stock options and warrants	-	18,420	177,892
Net cash flows from financing activities	1,250,000	(11,798)	(1,223,805)
Net change in cash & equivalents	(4,685,020)	(11,164,442)	9,745,867
Cash & equivalents at beginning of period	5,316,218	16,480,660	6,734,793
Cash & equivalents at end of period	$ 631,198	$ 5,316,218	$ 16,480,660

See notes to consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Continued)

	Year Ended December 31, 2007		2006		2005	
Supplemental Disclosure of Cash Flow Information:						
Cash paid during the period for:						
Interest	$	3,903	$	12,958	$	87,140
Income taxes	$	-	$	930,719	$	-
Supplemental Disclosure of Non-Cash Transactions:						
Conversion of debt and equity securities into common stock	$	-	$	-	$	600,000
Additional paid-in capital attributable to the beneficial conversion features of debt and equity securities	$	1,250,000	$	-	$	4,000,000
Common stock and warrants issued in connection with the acquisition of Tralliance Corporation	$	-	$	-	$	198,887
Common stock issued in connection with the settlement of a contractual obligation	$	-	$	-	$	74,250

See notes to consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007, 2006 and 2005

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE COMPANY

theglobe.com, inc. (the "Company" or "theglobe") was incorporated on May 1, 1995 (inception) and commenced operations on that date. Originally, theglobe.com was an online community with registered members and users in the United States and abroad. That product gave users the freedom to personalize their online experience by publishing their own content and by interacting with others having similar interests. However, due to the deterioration of the online advertising market, the Company was forced to restructure and ceased the operations of its online community on August 15, 2001. The Company then sold most of its remaining online and offline properties. The Company continued to operate its Computer Games print magazine and the associated CGOnline website (www.cgonline.com), as well as the e-commerce games distribution business of Chips & Bits, Inc. (www.chipsbits.com). On June 1, 2002, Chairman Michael S. Egan and Director Edward A. Cespedes became Chief Executive Officer and President of the Company, respectively.

On November 14, 2002, the Company acquired certain Voice over Internet Protocol ("VoIP") assets. In exchange for the assets, the Company issued warrants to acquire 1,750,000 shares of its Common Stock and an additional 425,000 warrants as part of an earn-out structure upon the attainment of certain performance targets. The earn-out performance targets were not achieved and the 425,000 earn-out warrants expired on December 31, 2003.

On May 28, 2003, the Company acquired Direct Partner Telecom, Inc. ("DPT"), a company engaged in VoIP telephony services in exchange for 1,375,000 shares of the Company's Common Stock and the issuance of warrants to acquire 500,000 shares of the Company's Common Stock. The Company acquired all of the physical assets and intellectual property of DPT and originally planned to continue to operate the company as a subsidiary and engage in the provision of VoIP services to other telephony businesses on a wholesale transactional basis. In the first quarter of 2004, the Company decided to suspend DPT's wholesale business and dedicate the DPT physical and intellectual assets to its retail VoIP business.

On September 1, 2004, the Company acquired SendTec, Inc. ("SendTec"), a direct response marketing services and technology company for a total purchase price of approximately $18,400,000. As more fully discussed in Note 3, "Discontinued Operations", on October 31, 2005, the Company completed the sale of all of the business and substantially all of the net assets of SendTec for approximately $39,850,000 in cash.

As more fully discussed in Note 4, "Acquisition of Tralliance Corporation," on May 9, 2005, the Company exercised its option to acquire Tralliance Corporation ("Tralliance"), a company which had recently entered into an agreement to become the registry for the ".travel" top-level Internet domain. The Company issued 2,000,000 shares of its Common Stock, warrants to acquire 475,000 shares of its Common Stock and paid $40,000 in cash to acquire Tralliance.

As more fully discussed in Note 3, "Discontinued Operations", in March 2007, management and the Board of Directors of the Company made the decision to cease all activities related to its Computer Games businesses, including discontinuing the operations of its magazine publications, games distribution business and related websites. In addition, in March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of that business.

As of December 31, 2007, the Company managed a single line of business, Internet Services, consisting of Tralliance. See Note 16, "Subsequent Events," regarding a proposed transaction whereby the Company would sell its Tralliance subsidiary and issue approximately 269,000,000 shares of its common stock to a company controlled by Michael S. Egan, the Company's Chairman and Chief Executive Officer.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries from their respective dates of acquisition. All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions relate to estimates of collectability of accounts receivable, the valuations of fair values of options and warrants, the impairment of long-lived assets, accounts payable and accrued expenses and other factors. Actual results could differ from those estimates. In addition, the accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business (See Note 2, "Going Concern Considerations").

CASH AND CASH EQUIVALENTS

Cash equivalents consist of money market funds and highly liquid short-term investments with qualified financial institutions. The Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents.

MARKETABLE SECURITIES

The Company accounts for its investment in debt and equity securities at amortized cost in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At December 31, 2007 the Company had no investments in debt or equity securities. At December 31, 2006, the Company had investments in Commercial Paper that were classified as held-to-maturity totaling $995,561 at cost and $999,704 on an amortized cost basis. During the years ended December 31, 2007, 2006 and 2005, the Company had no significant gross realized gains or losses on sales of securities.

DUE FROM AFFILIATE

Due from affiliate at December 31, 2007 consists of receivables totaling $412,050 due from a related party in connection with a Bulk Registration Co-Marketing Agreement entered into between such related party and the Company in December 2007 (see Note 14, “Related Party Transactions” for further details). The $412,050 related party receivable was collected in full during the first quarter of 2008.

PREPAID EXPENSES

Prepaid expenses consist primarily of fees paid to Tralliance third party service providers for various services related to domain name registrations. Fees for some of these services vary based on transaction levels or transaction types. Such fees are amortized to cost of revenue over the term of the related domain name registration. Prepaid expenses also consist of prepaid costs paid for insurance, travel, and technology licenses, which are amortized to expense based upon the terms of the underlying service contracts.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of certain of the Company's financial instruments, including cash, cash equivalents, restricted cash, marketable securities, accounts receivable, accounts payable, accrued expenses and short-term deferred revenue, approximate their fair value at December 31, 2007 and 2006 due to their short maturities.

LONG-LIVED ASSETS

Long-lived assets, including property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." If events or changes in circumstances indicate that the carrying amount of an asset, or an appropriate grouping of assets, may not be recoverable, the Company estimates the undiscounted future cash flows to result from the use of the asset, or asset group. If the sum of the undiscounted cash flows is less than the carrying value, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the assets. Fair values are based on quoted market values, if available. If quoted market values are not available, the estimate of fair value may be based on the discounted value of the estimated future cash flows attributable to the assets, or other valuation techniques deemed reasonable in the circumstances.

Long-lived assets are stated at cost, net of accumulated depreciation and amortization. Long-lived assets are depreciated using the straight-line method over the estimated useful lives of the related assets, as follows:

	Estimated Useful Lives
Capitalized software	3 years
Equipment	3 years
Furniture and fixtures	3-7 years
Leasehold improvements	3-4 years
Intangible assets	5 years

The Company capitalizes the cost of internal-use software which has a useful life in excess of one year in accordance with Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent additions, modifications, or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred.

CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, trade accounts receivable and receivables from a related party. The Company maintains its cash and cash equivalents with various financial institutions and invests its funds among a diverse group of issuers and instruments. The Company performs ongoing credit evaluations of its customers' financial condition, monitors receivable collection activity and establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. Concentration of credit risk in the Company’s Internet services division is generally limited due to the large number of customers of the business.

REVENUE RECOGNITION

Continuing Operations

INTERNET SERVICES

Internet services revenue consists of registration fees for Internet domain registrations, which generally have terms of one year, but may be up to ten years. Such registration fees are reported net of transaction fees paid to an unrelated third party which serves as the registry operator for the Company. Payments of registration fees are deferred when initially received and recognized as revenue on a straight-line basis over the registrations’ terms.

Advertising on the Company’s www.search.travel website was generally sold at a flat rate for a stated time period and was recognized on a straight-line basis over the term of the advertising contract.

Discontinued Operations

COMPUTER GAMES BUSINESSES

Advertising revenue from the sale of print advertisements under short-term contracts in the Company’s magazine publications was recognized at the on-sale date of the magazines.

Newsstand sales of the Company’s magazine publications were recognized at the on-sale date of the magazines, net of provisions for estimated returns. Subscription revenue, net of agency fees, was deferred when initially received and recognized as income ratably over the subscription term.

Sales of games and related products from the Company’s online store were recognized as revenue when the product was shipped to the customer. Amounts billed to customers for shipping and handling charges were included in net revenue. The Company provided an allowance for returns of merchandise sold through its online store.

VOIP TELEPHONY SERVICES

VoIP telephony services revenue represented fees charged to customers for voice services and was recognized based on minutes of customer usage or as services were provided. The Company recorded payments received in advance for prepaid services as deferred revenue until the related services were provided.

MARKETING SERVICES

Revenue from the distribution of Internet advertising was recognized when Internet users visited and completed actions at an advertiser's website. Revenue consisted of the gross value of billings to clients, including the recovery of costs incurred to acquire online media required to execute client campaigns. Recorded revenue was based upon reports generated by the Company's tracking software.

Revenue derived from the purchase and tracking of direct response media, such as television and radio commercials, was recognized on a net basis when the associated media was aired. In many cases, the amount the Company billed to clients significantly exceeded the amount of revenue that was earned due to the existence of various "pass-through" charges such as the cost of the television and radio media. Amounts received in advance of media airings were deferred.

Revenue generated from the production of direct response advertising programs, such as infomercials, was recognized on the completed contract method when such programs were complete and available for airing. Production activities generally ranged from eight to twelve weeks and the Company usually collected amounts in advance and at various points throughout the production process. Amounts received from customers prior to completion of commercials were included in deferred revenue and direct costs associated with the production of commercials in process were deferred.

ADVERTISING COSTS

Advertising costs are expensed as incurred and are included in sales and marketing expense. Advertising costs charged to continuing operations were approximately $158,000, $678,000 and $59,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

STOCK-BASED COMPENSATION

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." This statement is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation", supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and amends SFAS No. 95, "Statement of Cash Flows." The statement eliminates the alternative to use the intrinsic value method of accounting that was provided in SFAS No. 123, which generally resulted in no compensation expense recorded in the financial statements related to the issuance of equity awards to employees. The statement also requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. It establishes fair value as the measurement objective in accounting for share-based payment arrangements and generally requires all companies to apply a fair-value-based measurement method in accounting for share-based payment transactions with employees. The Company adopted SFAS No. 123R effective January 1, 2006, using the modified prospective application method in accordance with the statement. This application requires the Company to record compensation expense for all awards granted to employees and directors after the adoption date and for the unvested portion of awards that are outstanding at the date of adoption. The Company's consolidated financial statements as of and for the years ended December 31, 2007 and 2006, reflect the impact of SFAS No. 123R. In accordance with the modified prospective application method, the Company's consolidated financial statements for prior periods have not been restated to reflect and do not include the impact of SFAS No. 123R.

Prior to January 1, 2006, the Company had historically followed SFAS No. 123, "Accounting for Stock-Based Compensation," which permitted entities to continue to apply the provisions of Accounting Principles Board Opinion No. 25 ("APB 25") and provide pro forma net earnings (loss) disclosures for employee stock option grants as if the fair-value-based method defined in SFAS No. 123 had been applied. Under this method, compensation expense was recorded on the date of grant only if the then current market price of the underlying stock exceeded the exercise price. The following table presents the Company's pro forma historical net loss for the year ended December 31, 2005 had the Company determined compensation cost based on the fair value at the grant date for all of its employee stock options issued under SFAS No. 123:

		Year Ended December 31, 2005
Net loss - as reported	$	(11,510,048)
Add: Stock-based employee compensation expense included in net loss as reported		502,217
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards		(1,242,169)

Net loss - pro forma	$	(12,250,000)
Basic net loss per share - as reported	$	(0.06)
Basic net loss per share - pro forma	$	(0.07)

During the year ended December 31, 2007, a total of 100,000 stock options were granted with a per share weighted-average fair value of $0.07. During the year ended December 31, 2006, a total of 6,130,000 stock options were granted with a per share weighted-average fair value of $0.14. A total of 5,922,250 stock options were granted during the year ended December 31, 2005 with a per share weighted-average fair value of $0.10. All stock options granted during 2007, 2006, and 2005 were granted at exercise prices which equaled the market price of the stock on the date of grant.

Fair values of stock options were calculated using the Black Scholes option-pricing method based on the assumptions noted in the following table. Expected volatilities are based on the historical volatility of theglobe’s Common Stock, over a time period that is consistent with the expected life of the option. Effective January 1, 2006, the Company began using the simplified method as allowed by SEC Staff Accounting Bulletin No. 107 to calculate the expected term of stock option grants, which is the average of the option’s weighted average vesting period and its contractual term. The risk fee interest rate is based on the U.S. Treasury yield in effect at the time of the grant.

	Year Ended December 31,		
	2007	2006	2005
Risk-free interest rate	4.85%	4.00 - 5.00%	3.00 - 4.00%
Expected term / life	6 years	3 - 6 years	3 - 5 years
Volatility	115%	115 - 150%	160%
Weighted average volatility	115%	140%	160%
Expected dividend rate	0	0	0

INCOME TAXES

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases for operating loss and tax credit carryforwards. 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 and liabilities of a change in tax rates is recognized in the consolidated results of operations in the period that the tax change occurs. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

NET LOSS PER COMMON SHARE

The Company reports net loss per common share in accordance with SFAS No. 128, "Computation of Earnings Per Share." In accordance with SFAS 128 and the SEC Staff Accounting Bulletin No. 98, basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Common equivalent shares consist of the incremental common shares issuable upon the conversion of convertible preferred stock and convertible notes (using the if-converted method), if any, and the shares issuable upon the exercise of stock options and warrants (using the treasury stock method). Common equivalent shares are excluded from the calculation if their effect is anti-dilutive or if a loss from continuing operations is reported.

Due to the Company's net losses from continuing operations, the effect of potentially dilutive securities or common stock equivalents that could be issued was excluded from the diluted net loss per common share calculation due to the anti-dilutive effect. Such potentially dilutive securities and common stock equivalents consisted of the following for the periods ended:

	December 31,		
	2007	2006	2005
Options to purchase common stock	16,341,000	20,143,000	15,373,000
Common shares issuable upon conversion of Convertible Notes	193,000,000	68,000,000	68,000,000

Common shares issuable upon exercise of Warrants	16,911,000	16,911,000	8,776,000
Total	226,252,000	105,054,000	92,149,000

COMPREHENSIVE INCOME (LOSS)

The Company reports comprehensive income (loss) in accordance with the SFAS No. 130, "Reporting Comprehensive Income." Comprehensive income (loss) generally represents all changes in stockholders' equity during the year except those resulting from investments by, or distributions to, stockholders. The Company's comprehensive loss was approximately $6.2 million, $17.0 million and $11.5 million for the years ended December 31, 2007, 2006 and 2005, respectively, which approximated the Company's reported net loss.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS 141R, “Business Combinations” (“SFAS 141R”) which requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R requires, among other things, that in a business combination achieved through stages (sometimes referred to as a “step acquisition”) that the acquirer recognize the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with this Statement).

SFAS 141R also requires the acquirer to recognize goodwill as of the acquisition date, measured as a residual, which in most types of business combinations will result in measuring goodwill as the excess of the consideration transferred plus the fair value of any non-controlling interest in the acquiree at the acquisition date over the fair values of the identifiable net assets acquired. SFAS 141R applies 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. We do not expect that the adoption of SFAS 141R will have a material impact on our financial statements. The Company does not believe that SFAS 141R will have a material impact on its financial statements.

In December 2007, the FASB issued SFAS 160, “Non-controlling Interests in Consolidated Financial Statements” (“SFAS 160”). This Statement changes the way the consolidated income statement is presented. SFAS 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. Currently, net income attributable to the non-controlling interest generally is reported as an expense or other deduction in arriving at consolidated net income. It also is often presented in combination with other financial statement amounts. SFAS 160 results in more transparent reporting of the net income attributable to the non-controlling interest. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company does not believe that SFAS 160 will have a material impact on its financial statements.

In February 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities.” SFAS No. 159 expands the scope of what entities may carry at fair value by offering an irrevocable option to record many types of financial assets and liabilities at fair value. Changes in fair value would be recorded in an entity’s income statement. This accounting standard also establishes presentation and disclosure requirements that are intended to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company on January 1, 2008. Earlier application is permitted under certain circumstances. We are currently evaluating the requirements of SFAS No. 159 and have not yet determined the impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements.” This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. SFAS No. 157 applies to other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are

currently evaluating the requirements of SFAS No. 157 and have not determined the impact on our consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin (“SAB”) No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 permits existing public companies to initially apply its provisions either by (i) restating prior financial statements as if the “dual approach” had always been used or (ii) recording the cumulative effect of initially applying the “dual approach” as adjustments to the carrying value of assets and liabilities as of January 1, 2006 with an offsetting adjustment recorded to the opening balance of retained earnings. Use of the “cumulative effect” transition method requires detailed disclosure of the nature and amount of each individual error being corrected through the cumulative adjustment and how and when it arose. The adoption of this standard did not have a material impact on the Company’s financial condition, results of operations or liquidity.

In June 2006, the FASB issued Interpretation (“FIN”) No. 48, “Accounting for Uncertainty in Income Taxes,” an interpretation of FASB Statement No. 109, “Accounting for Income Taxes,” which clarifies accounting for and disclosure of uncertainty in tax positions. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation is effective for fiscal years beginning after December 15, 2006. The adoption of FIN No. 48 did not have a material effect on consolidated financial position, cash flows and results of operations.

RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the operations of the Company's computer games, VoIP telephony services and its SendTec marketing services divisions have been accounted for in accordance with the provisions of SFAS No. 144 and the results of operations of these discontinued businesses have been included in income from discontinued operations for all periods presented.

(2) GOING CONCERN CONSIDERATIONS

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. However, for the reasons described below, Company management does not believe that cash on hand and cash flow generated internally by the Company will be adequate to fund the operation of its businesses beyond a short period of time. These reasons raise significant doubt about the Company's ability to continue as a going concern.

During the year ended December 31, 2007, the Company was able to continue operating as a going concern due principally to funding of $1,250,000 received from the sale of secured convertible demand promissory notes to an entity controlled by Michael Egan, its Chairman and Chief Executive Officer. Additionally, in December 2007, additional funding of $380,000 was provided from the sale of all of the Company's rights related to its www.search.travel domain name and website to an entity also controlled by Mr. Egan. At December 31, 2007, the Company had a net working capital deficit of approximately $9,400,000, inclusive of a cash and cash equivalents balance of approximately $631,000. Such working capital deficit included an aggregate of $4,650,000 in secured convertible demand debt and related accrued interest of approximately $955,000 due to entities controlled by Mr. Egan (See Note 8, "Debt" and Note 14, "Related Party Transactions" for further details). Additionally, such working capital deficit included approximately $1,900,000 of net liabilities of discontinued operations, with a significant portion of such liabilities related to charges which have been disputed by the Company.

Notwithstanding previous cost reduction actions taken by the Company and its decision to shutdown its unprofitable computer games and VoIP telephony services businesses in March 2007 (see Note 3, "Discontinued Operations" for further details), the Company continues to incur substantial consolidated net losses, although reduced in comparison with prior periods, and management believes that the Company will continue to be unprofitable in the foreseeable future. Based upon the Company's current financial condition, as discussed above, and without the infusion of additional capital, management does not believe that the Company will be able to fund its operations beyond the end of the second quarter of 2008.

As more fully discussed in Note 16, "Subsequent Events", on February 1, 2008, the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269,000,000 shares of its common stock to an entity controlled by Mr. Egan (the "Proposed Tralliance Transaction"). In the event that this Proposed Tralliance Transaction is consummated, all of the Company's remaining secured and unsecured debt owed to entities controlled by Mr. Egan (which was approximately $5,600,000 million and $400,000 at December 31, 2007, respectively) will be exchanged or cancelled. Additionally, the consummation of the Proposed Tralliance Transaction would also result in significant reductions in the Company's cost structure, based upon the elimination of Tralliance's operating expenses. Although substantially all of Tralliance's revenue would also be eliminated, approximately 10% of Tralliance's future net revenue through May 5, 2015 would be essentially retained through the contemplated net revenue earn-out provisions of the Proposed Tralliance Transaction. Additionally, the consummation of the Proposed Tralliance Transaction would increase Mr.

Egan's ownership in the Company to approximately 84% (assuming exercise of all outstanding stock options and warrants) and would significantly dilute all other existing shareholders. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement.

MANAGEMENT'S PLANS

Management expects that the consummation of the Proposed Tralliance Transaction will significantly reduce the amount of net losses currently being sustained by the Company. However, management does not believe that the consummation of the Proposed Tralliance Transaction will, in itself, allow the Company to become profitable and generate operating cash flows sufficient to fund its operations and pay its existing current liabilities (including those liabilities related to its discontinued operations) in the foreseeable future. Accordingly, assuming that the Proposed Tralliance Transaction is consummated, management believes that additional capital infusions (although reduced in comparison with the amounts of capital required during the Company's recent past) will continue to be needed in order for the Company to continue to operate as a going concern.

In the event that the Proposed Tralliance Transaction is not consummated, management expects that significantly more capital will need to be invested in the Company in the near term than would be required in the event that the Proposed Tralliance Transaction is consummated. Also, inasmuch as substantially all of the assets of the Company and its subsidiaries secure the convertible demand debt owed to entities controlled by Mr. Egan, in connection with any resulting proceeding to collect this debt, such entities could seize and sell the assets of the Company and it subsidiaries, any or all of which would have a material adverse effect on the financial condition and future operations of the Company, including the potential bankruptcy or cessation of business of the Company.

It is our preference to avoid filing for protection under the U.S. Bankruptcy Code. However, in order to continue operating as a going concern for any length of time beyond the second quarter of 2008, we believe that we must quickly raise capital. Although there is no commitment to do so, any such funds would most likely come from Michael Egan or affiliates of Mr. Egan or the Company as the Company currently has no access to credit facilities with traditional third parties and has historically relied upon borrowings from related parties to meet short-term liquidity needs. Any such capital raised would not be registered under the Securities Act of 1933 and would not be offered or sold in the United States absent registration requirements. Further, any securities issued (or issuable) in connection with any such capital raise will likely result in very substantial dilution of the number of outstanding shares of the Company's common stock.

The amount of capital required to be raised by the Company will be dependent upon a number of factors, including (i) whether or not the Proposed Tralliance Transaction is consummated; (ii) our ability to increase Tralliance net revenue levels; (iii) our ability to control and reduce operating expenses; and (iv) our ability to successfully settle disputed and other outstanding liabilities related to our discontinued operations. There can be no assurance that the Proposed Tralliance Transaction will be consummated nor that the Company will be successful in raising a sufficient amount of capital, executing any of its current or future business plans or in continuing to operate as a going concern on a long-term basis. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

(3) DISCONTINUED OPERATIONS

In March 2007, management and the Board of Directors of the Company made the decision to cease all activities related to its Computer Games businesses, including discontinuing the operations of its magazine publications, games distribution business and related websites. The Company's decision to shutdown its computer games businesses was based primarily on the historical losses sustained by these businesses during the recent past and management's expectations of continued future losses. As of December 31, 2007, all significant elements of its computer games business shutdown plan have been completed by the Company, except for the collection and payment of remaining outstanding accounts receivables and payables.

In addition, in March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of the business. The Company's decision to discontinue the operations of its VoIP telephony services business was based primarily on the historical losses sustained by the business during the past several years, management's expectations of continued losses for the foreseeable future and estimates of the amount of capital required to attempt to successfully monetize its business. On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide the Security in connection with the MySpace litigation Settlement Agreement (See Note 13, "Litigation," for further discussion). The Company had previously written off the value of the VoIP intellectual property as a result of its evaluation of the VoIP telephony services business' long-lived assets in connection with the preparation of the Company's 2004 year-end consolidated financial statements. As of December 31, 2007, all significant elements of its VoIP telephony services business shutdown plan have been completed by the Company, except for the resolution of certain vendor disputes and the payment of remaining outstanding vendor payables.

Results of operations for the Computer Games and VoIP telephony services businesses have been reported separately as “Discontinued Operations” in the accompanying condensed consolidate statements of operations for all periods presented. The assets and liabilities of the computer games and VoIP telephony services businesses have been included in the captions, “Assets of Discontinued Operations” and “Liabilities of Discontinued Operations” in the accompanying condensed consolidated balance sheets.

The following is a summary of the assets and liabilities of the discontinued operations of the computer games and VoIP telephony services businesses as included in the accompanying condensed consolidated balance sheets. A significant portion of the net liabilities of discontinued operations at December 31, 2007 relate to charges that have been disputed by the Company and for which estimates have been required.

	December 31, 2007	December 31, 2006
Assets:		
Computer Games		
Accounts receivable, net	$ 30,000	$ 518,279
Inventory, net	—	37,736
Prepaid and other current assets	—	44,111
Property and equipment, net	—	38,747
	30,000	638,873
VoIP Telephony Services		
Accounts receivable, net	—	25,031
Prepaid and other current assets	—	113,815
Property and equipment, net	—	182,561
	—	321,407
Net assets of discontinued operations	$ 30,000	$ 960,280

	December 31, 2007	December 31, 2006
Liabilities:		
Computer Games		
Accounts payable	$ 35,583	$ 226,497
Accrued expenses	—	22,863
Subscriber liability, net	5,398	71,827
	40,981	321,187
VoIP Telephony Services		
Accounts payable	1,632,653	2,062,562
Accrued legal settlement	—	2,550,000
Other accrued expenses	228,710	227,123
	1,861,363	4,839,685
Net liabilities of discontinued operations	$ 1,902,344	$ 5,160,872

Summarized results of operations financial information for the discontinued operations of our computer games and VoIP telephony services businesses was as follows:

Years Ended December 31,	2007	2006	2005
Computer Games:			
Net revenue	$ 634,164.00	$ 2,038,649.00	$ 1,948,716.00
Loss from operations, net of tax	$ (114,738.00)	$ (593,497.00)	$ (2,144,610.00)
VoIP Telephony Services			
Net revenue	$ 630.00	$ 34,638.00	$ 248,789.00

Loss from operations, net of tax	$	(614,502.00)	$	(9,508,764.00)	$	(13,147,704.00)

The Company has estimated the costs expected to be incurred in shutting down its computer games and VoIP telephony services businesses and has accrued charges as of December 31, 2007, as follows:

Computer Games Division	Contract Termination Costs	Purchase Commitment	Other Costs	Total
Shut-Down costs expected to be incurred	$ —	$ —	$ 24,235	$ 24,235
Included in liabilities:				
Charged to discontinued operations	$ 115,000	$ 106,000	$ 24,235	245,235
Payment of costs	—	—	(24,235)	(24,235)
Settlements credited to discontinued operations	(115,000)	(106,000)	—	(221,000)
	$ —	$ —	$ —	$ —

VoIP Telephony Services Division	Contract Termination Costs
Shut-Down costs expected to be incurred	$ 416,466
Included in liabilities:	
Charged to discontinued operations	
Payment of costs	$ 428,966
	(61,000)
Settlements credited to discontinued operations	(12,500)
	$ 355,466

Net current liabilities of discontinued operations at December 31, 2007 include accounts payable and accruals totaling $355,466 related to the estimated shut-down costs summarized above.

On August 10, 2005, the Company entered into an Asset Purchase Agreement with RelationServe Media, Inc. ("RelationServe") whereby the Company agreed to sell all of the business and substantially all of the net assets of its SendTec marketing services subsidiary to RelationServe for $37,500,000 in cash, subject to certain net working capital adjustments. On August 23, 2005, the Company entered into Amendment No. 1 to the Asset Purchase Agreement with RelationServe (the "1st Amendment" and together with the original Asset Purchase Agreement, the "Purchase Agreement"). On October 31, 2005, the Company completed the asset sale. Including adjustments to the purchase price related to estimated excess working capital of SendTec as of the date of sale, the Company received an aggregate of $39,850,000 in cash pursuant to the Purchase Agreement. In accordance with the terms of an escrow agreement established as a source to secure the Company's indemnification obligations under the Purchase Agreement, $1,000,000 of the purchase price and an aggregate of 2,272,727 shares of theglobe's unregistered Common Stock (valued at $750,000 pursuant to the terms of the Purchase Agreement based upon the average closing price of the stock in the 10 day period preceding the closing of the sale) were placed into escrow.

Additionally, as contemplated by the Purchase Agreement, immediately following the asset sale, the Company completed the redemption of 28,879,097 shares of its Common Stock owned by six members of management of SendTec for approximately $11,604,000 in cash pursuant to a Redemption Agreement dated August 23, 2005, (the "Redemption Payment"). Pursuant to a separate Termination Agreement, the Company also terminated and canceled 1,275,783 stock options and the contingent interest in 2,062,785 earn-out warrants held by the six members of

management in exchange for approximately $400,000 in cash. The Company also terminated 829,678 stock options of certain other non-management employees of SendTec and entered into bonus arrangements with a number of other non-management SendTec employees for amounts totaling approximately $600,000. Approximately $4,043,000 of the Redemption Payment was attributed to the "fair value" of the shares of Common Stock redeemed and recorded as treasury shares. The "fair value" for financial accounting purposes was calculated based on the closing price of the Company's Common Stock as reflected on the OTCBB on August 10, 2005, the date the principal terms of the Redemption Agreement were announced publicly. The closing of the redemption occurred on October 31, 2005. The remaining portion of the Redemption Payment, or approximately $7,561,000, was recorded as a reduction to the gain on the sale of the SendTec business, as the excess of the price paid to redeem the shares over the "fair value" for financial accounting purposes was attributed to the sale in accordance with FASB Technical Bulletin 85-6.

On March 31, 2006, a partial release of $750,000 of the escrowed cash was made to the Company pursuant to the terms of the escrow agreement, less $318,750 of cash due to RelationServe in final settlement of the purchase price net working capital adjustments. On December 22, 2006, the remaining $250,000 of escrowed cash, as well as the Common Stock held in escrow, was released to the Company.

Results of operations for SendTec have been reported separately as “Discontinued Operations” in the accompanying consolidated statements of operations for the year ended December 31, 2005. Summarized financial information for the discontinued operations of SendTec was as follows:

SendTec Marketing Services Division		Year Ended December 31, 2005
Net revenue, net of intercompany eliminations	$	31,872,229
Income from operations	$	1,014,430
Provision for income taxes		(945,629)
Income from operations, net of tax		68,801
Gain on sale of business		15,017,621
Provision for income taxes		(13,248,090)
Gain on sale, net of tax		1,769,531
Net income from SendTec discontinued operations, net of taxes	$	1,838,332

The Company originally acquired SendTec on September 1, 2004. In exchange for all of the issued and outstanding shares of capital stock of SendTec, the Company paid consideration consisting of: (i) $6,000,000 in cash, excluding transaction costs, (ii) the issuance of an aggregate of 17,500,024 shares of the Company's Common Stock, (iii) the issuance of an aggregate of 175,000 shares of Series H Automatically Converting Preferred Stock (which was converted into 17,500,500 shares of the Company's Common Stock effective December 1, 2004), and (iv) the issuance of a subordinated promissory note in the amount of $1,000,009. The Company also issued an aggregate of 3,974,165 replacement options to acquire the Company's Common Stock for each of the issued and outstanding options to acquire SendTec shares held by the former employees of SendTec.

In addition, warrants to acquire shares of the Company’s Common Stock would be issued to the former shareholders of SendTec when and if SendTec exceeded forecasted operating income, as defined, of $10.125 million, for the year ended December 31, 2005. The number of earn-out warrants issuable ranged from an aggregate of approximately 250,000 to 2,500,000 (if actual operating income exceeded the forecast by at least 10%). Pursuant to the Termination Agreement mentioned above, the contingent interest in 2,062,785 of the earn-out warrants was canceled effective October 31, 2005. The remainder of the earn-out warrants expired on December 31, 2005, as the operating income target was not achieved.

As part of the SendTec acquisition transaction, certain executives of SendTec entered into new employment agreements with SendTec. The employment agreements each had a term of five years and contained certain non-compete provisions for periods as specified by the agreements. The $1,800,000 value assigned to the non-compete agreements was being amortized on a straight-line basis over five years. Pursuant to the Termination Agreement mentioned above, the employment agreements were terminated effective October 31, 2005 and the unamortized balance of the non-compete intangible was charged to discontinued operations’ expense.

(4) ACQUISITION OF TRALLIANCE CORPORATION

On February 25, 2003, the Company entered into a Loan and Purchase Option Agreement, as amended, with Tralliance, an Internet related business venture, pursuant to which it agreed to fund, in the form of a loan, at the discretion of the Company, Tralliance's operating expenses and obtained the option to acquire all of the outstanding capital stock of Tralliance in exchange for, when and if exercised, $40,000 in cash and the issuance of an aggregate of 2,000,000 unregistered restricted shares of the Company's Common Stock. The Loan was secured by a lien on the assets of the venture. On May 5, 2005, Tralliance and the Internet Corporation for Assigned Names and Numbers ("ICANN") entered into an agreement designating Tralliance as the registry for the ".travel" top-level domain. On May 9, 2005, the Company exercised its option to acquire all of the outstanding capital stock of Tralliance. The purchase price consisted of the issuance of 2,000,000 shares of the Company’s Common Stock, warrants to acquire 475,000 shares of the Company’s Common Stock and $40,000 in cash. The warrants are exercisable for a period of five years at an exercise price of $0.11 per share. As part of the transaction, 10,000 shares of the Company’s Common Stock were also issued to a third party in payment of a finder's fee resulting from the acquisition. The Common Stock issued as a result of the acquisition of Tralliance is entitled to certain "piggy-back" registration rights. In addition, as part of the transaction, the Company agreed to pay approximately $154,000 in outstanding liabilities of Tralliance immediately after the closing of the acquisition.

Upon acquisition, the then existing CEO and CFO of Tralliance entered into employment agreements, which included certain non-compete provisions, whereby each would agree to remain in the employ of Tralliance for a period of two years in exchange for annual base compensation totaling $200,000 to each officer, plus participation in a bonus pool based upon the pre-tax income of the venture (see Note 5, “Intangible Assets”). During 2007, the employee agreements for these two individuals expired and their employment with the Company was terminated.

(5) INTANGIBLE ASSETS

As discussed in Note 4, “Acquisition of Tralliance Corporation,” upon the May 9, 2005 acquisition of Tralliance, the then existing CEO and CFO of Tralliance entered into employment agreements which included certain non-compete provisions as specified by the agreements. At December 31, 2007 and 2006, intangible assets consist of the $790,236 value assigned to the non-compete agreements which is being amortized on a straight-line basis over five years. Related accumulated amortization as of December 31, 2007 and 2006 totaled $421,459 and $263,412 respectively.

During the years ended December 31, 2007, 2006 and 2005, intangible asset amortization expense related to the non-compete agreements totaled $158,047 $188,211, and $75,201, respectively.

As of December 31, 2007, future annual amortization expense of such intangible assets is projected to be: $158,047 for each of 2008 and 2009 and $52,683 in 2010.

(6) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31,	
	2007	2006
Equipment	$ 160,810	$ 102,630
Capitalized software costs	121,352	186,002
Furniture and fixtures	14,136	14,136
Leasehold improvements	7,007	7,007
	303,305	309,775
Less: Accumulated depreciation and amortization	267,557	165,559
	$ 35,748	$ 144,216

(7) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	December 31,	
	2007	2006
Interest payable on 10% promissory notes due affiliates	$ 954,795	$ 556,164
Other	1,034,311	928,505
	$ 1,989,106	$ 1,484,669

(8) DEBT

Debt consisted of the following:

	December 31, 2007	December 31, 2006
2007 Convertible Notes due to affiliates; due on demand	$ 1,250,000	$ —
2005 Convertible Notes due to affiliates; due on demand	3,400,000	3,400,000
	4,650,000	3,400,000
Less: short-term portion	4,650,000	3,400,000
Long-term portion	$ —	$ —

On May 29, 2007, Dancing Bear Investments, Inc. (“Dancing Bear”), an entity which is controlled by the Company’s Chairman and Chief Executive Officer, entered into a note purchase agreement (the “2007 Agreement”) with the Company pursuant to which it acquired a convertible promissory note (the “2007 Convertible Note”) in the principal amount of $250,000. Under the terms of the 2007 Agreement, Dancing Bear was granted the optional right, for a period of 180 days from the date of the 2007 Agreement, to purchase additional 2007 Convertible Notes such that the aggregate principal amount issued under the 2007 Agreement could total $3,000,000 (the “2007 Option”).On June 25, 2007, July 19, 2007 and September 6, 2007, Dancing Bear acquired additional 2007 Convertible Notes in the principal amounts of $250,000, $500,000 and $250,000, respectively. At December 31, 2007 the aggregate outstanding principal amount of 2007 Convertible Notes totaled $1,250,000.

The 2007 Convertible Notes are convertible at anytime prior to payment into shares of the Company’s Common Stock at the rate of $0.01 per share. The conversion price of the 2007 Convertible Notes is subject to adjustment upon the occurrence of certain events, including with respect to stock splits or combinations. Assuming full conversion of all 2007 Convertible Notes that are outstanding at December 31, 2007 at the initial conversion rate, and without regard to potential anti-dilutive adjustments resulting from stock splits and the like, 125,000,000 shares of the Company’s Common Stock would be issued to Dancing Bear. The 2007 Convertible Notes are due five days after demand for payment by Dancing Bear and are secured by a pledge of all of the assets of the Company and its subsidiaries, subordinate to existing liens on such assets. The 2007 Convertible Notes bear interest at the rate of ten percent per annum.

As the 2007 Convertible Notes were immediately convertible into common shares of the Company at issuance, an aggregate of $1,250,000 of non-cash interest expense was recognized and credited to additional paid-in capital during the year ended December 31, 2007, as a result of the beneficial conversion features of the 2007 Convertible Notes. The value attributable to the beneficial conversion features was calculated by comparing the fair value of the underlying common shares of the 2007 Convertible Notes on the date of issuance based on the closing price of theglobe’s Common Stock as reflected on the OTCBB to the conversion price and was limited to the aggregate proceeds received from the issuance of the 2007 Convertible Notes.

On April 22, 2005, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP (the "E&C Partnerships"), entities controlled by the Company's Chairman and Chief Executive Officer, entered into a note purchase agreement (the "2005 Agreement") with theglobe pursuant to which they acquired convertible promissory notes (the "2005 Convertible Notes") in the aggregate principal amount of $1,500,000. Under the terms of the 2005 Agreement, the E&C Partnerships were also granted the optional right, for a period of 90 days from the date of the 2005 Agreement, to purchase additional 2005 Convertible Notes such that the aggregate principal amount of 2005 Convertible Notes issued under the 2005 Agreement could total $4,000,000 (the "2005 Option"). On June 1, 2005, the E&C Partnerships

exercised a portion of the 2005 Option and acquired an additional $1,500,000 of 2005 Convertible Notes. On July 18, 2005, the E&C Partnerships exercised the remainder of the 2005 Option and acquired an additional $1,000,000 of 2005 Convertible Notes.

The 2005 Convertible Notes are convertible at the option of the E&C Partnerships into shares of the Company's Common Stock at an initial price of $0.05 per share. During the year ended December 31, 2005, an aggregate of $600,000 of 2005 Convertible Notes were converted by the E&C Partnerships into an aggregate of 12,000,000 shares of the Company’s Common Stock. At both December 31, 2007 and 2006, the total principal amount of 2005 Convertible Notes outstanding was $3,400,000. Assuming full conversion of all 2005 Convertible Notes which remain outstanding as of December 31, 2007, an additional 68,000,000 shares of the Company's Common Stock would be issued to the E&C Partnerships. The 2005 Convertible Notes provide for interest at the rate of ten percent per annum and are secured by a pledge of substantially all of the assets of the Company. The 2005 Convertible Notes are due and payable five days after demand for payment by the E&C Partnerships.

As the 2005 Convertible Notes were immediately convertible into common shares of the Company at issuance, an aggregate of $4,000,000 of non-cash interest expense was recorded during the year ended December 31, 2005 as a result of the beneficial conversion features of the 2005 Convertible Notes. The value attributed to the beneficial conversion features was calculated by comparing the fair value of the underlying common shares of the 2005 Convertible Notes on the date of issuance based on the closing price of theglobe's Common Stock as reflected on the OTCBB to the conversion price and was limited to the aggregate proceeds received from the issuance of the Convertible Notes.

As discussed in Note 3, “Discontinued Operations,” on September 1, 2004 the Company issued a subordinated promissory note in the amount of $1,000,009 in connection with the acquisition of SendTec. The subordinated promissory note provided for interest at the rate of four percent per annum and was due on September 1, 2005. The Company paid the principal and interest due under the terms of the subordinated promissory note on October 31, 2005, including default interest at a rate of 15% per annum for the period the debt was outstanding subsequent to the original due date.

(9) STOCKHOLDERS' EQUITY

As discussed in Note 8, “Debt” above, on May 29, 2007, Dancing Bear Investments, Inc. (“Dancing Bear”), an entity which is controlled by the Company’s Chairman and Chief Executive Officer, entered into a note purchase agreement (the “2007 Agreement”) with the Company pursuant to which it acquired convertible promissory notes (the “2007 Convertible Notes”) totaling $1,250,000 during the year ended December 31, 2007.

The 2007 Convertible Notes are convertible at anytime prior to payment into shares of the Company’s Common Stock at the rate of $0.01 per share. The conversion price of the 2007 Convertible Notes is subject to adjustment upon the occurrence of certain events, including with respect to stock splits or combinations. Assuming full conversion of all 2007 Convertible Notes that are outstanding at December 31, 2007 at the initial conversion rate, and without regard to potential anti-dilutive adjustments resulting from stock splits and the like, 125,000,000 shares of Common Stock would be issued to Dancing Bear. Additionally, under the terms of the 2007 Agreement, Dancing Bear was granted certain demand and certain “piggy-back” registration rights in the event that Dancing Bear exercises its option to convert any of the 2007 Convertible Notes.

On November 22, 2006, the Company entered into certain Marketing Services Agreements (the “Marketing Services Agreements”) with two entities whereby the entities agreed to market certain of the Company’s products in exchange for certain commissions and promotional fees and which granted the Company exclusive right to certain uses of a trade name in connection with certain of the Company’s websites. Additionally, on November 22, 2006, in connection with the Marketing Services Agreements, the Company entered into a Warrant Purchase Agreement with Carl Ruderman, the controlling shareholder of the entities. The Warrant Purchase Agreement provides for the issuance to Mr. Ruderman of one warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a three year term and a second warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a term of four years. Each warrant provides for the extension of the exercise term by an additional three years if certain criteria are met under the Marketing Services Agreements. The Warrant Purchase Agreement grants to Mr. Ruderman “piggy-back” registration rights with respect to the shares of the Company’s Common Stock issuable upon exercise of the warrants. The $515,262 fair value of the warrants was determined using the Black Scholes model and was recorded as a charge to sales and marketing expense and additional paid in capital in the accompanying 2006 consolidated financial statements.

In connection with the issuance of the warrants, on November 22, 2006, Mr. Ruderman entered into a Stockholders’ Agreement with the Company’s chairman and chief executive officer, the Company’s president and certain of their affiliates. Pursuant to the Stockholders’ Agreement, Mr. Ruderman granted an irrevocable proxy over the shares issuable upon exercise of the warrants to E&C Capital Partners, LLLP and granted a right of first refusal over his

shares to all of the other parties to the Stockholders' Agreement. Mr. Ruderman also agreed to sell his shares under certain circumstances in which the other parties to the Stockholders' Agreement have agreed to sell their respective shares. Mr. Ruderman was also granted the right to participate in certain sales of the Company's Common Stock by the other parties to the Stockholders' Agreement.

On December 31, 2005, the Company's Board of Directors authorized the retirement of 699,281 common shares held in treasury.

As discussed in Note 3, "Discontinued Operations", the Company completed the sale of the business and substantially all of the net assets of its SendTec marketing services subsidiary on October 31, 2005. As contemplated by the Purchase Agreement, immediately following the asset sale, the Company completed the redemption of 28,879,097 shares of its Common Stock owned by six members of management of SendTec for approximately $11,604,000 in cash pursuant to a Redemption Agreement dated August 23, 2005 (the "Redemption Payment"). Approximately $4,043,000 of the Redemption Payment was attributed to the "fair value" of the shares of Common Stock redeemed and recorded as treasury shares. The "fair value" for financial accounting purposes was calculated based on the closing price of the Company's Common Stock as reflected on the OTCBB on August 10, 2005, the date the principal terms of the Redemption Agreement were announced publicly. The closing of the redemption occurred on October 31, 2005. The remaining portion of the Redemption Payment, or approximately $7,561,000, was recorded as a reduction to the gain on the sale of the SendTec business, as the excess of the price paid to redeem the shares over the "fair value" for financial accounting purposes was attributed to the sale in accordance with FASB Technical Bulletin 85-6. The 28,879,097 common shares redeemed were retired effective October 31, 2005. Pursuant to a separate Termination Agreement, the Company also terminated and canceled 1,275,783 stock options and the contingent interest in 2,062,785 earn-out warrants held by the six members of management in exchange for approximately $400,000 in cash.

In accordance with the terms of an escrow agreement established as a source to secure the Company’s indemnification obligations under the Purchase Agreement, $1,000,000 of the purchase price and an aggregate of 2,272,727 shares of theglobe’s unregistered Common Stock (valued at $750,000 pursuant to the terms of the Purchase Agreement based upon the average closing price of the stock in the 10 day period preceding the closing of the sale) were placed into escrow. During the year ended December 31, 2006, the escrowed cash and shares of the theglobe’s Common Stock were released to the Company and the common shares were retired.

The Company originally acquired SendTec on September 1, 2004. In exchange for all of the issued and outstanding shares of capital stock of SendTec, the Company paid consideration consisting of: (i) $6,000,000 in cash, excluding transaction costs, (ii) the issuance of an aggregate of 17,500,024 shares of the Company's Common Stock, (iii) the issuance of an aggregate of 175,000 shares of Series H Automatically Converting Preferred Stock (which was converted into 17,500,500 shares of the Company's Common Stock effective December 1, 2004, the effective date of the amendment to the Company’s certificate of incorporation increasing its authorized shares of Common Stock from 200,000,000 shares to 500,000,000 shares), and (iv) the issuance of a subordinated promissory note in the amount of $1,000,009.

As more fully described in Note 4, “Acquisition of Tralliance Corporation,” on May 9, 2005, the Company exercised its option to acquire all of the outstanding capital stock of Tralliance. The purchase price consisted of the issuance of 2,000,000 shares of the Company’s Common Stock and warrants to acquire 475,000 shares of the Company’s Common Stock, as well as the payment of $40,000 in cash. The warrants are exercisable for a period of five years at an exercise price of $0.11 per share. The Common Stock issued as a result of the acquisition of Tralliance is entitled to certain “piggy-back” registration rights.

Reference should be made to Note 8, “Debt,” for the discussion of a note purchase agreement entered into by the E&C Partnerships and theglobe on April 22, 2005, providing for the issuance of an aggregate of $4,000,000 of 2005 Convertible Notes. The Convertible Notes are convertible at the option of the E&C Partnerships into shares of the Company's Common Stock at an initial price of $0.05 per share. Through December 31, 2007, an aggregate of $600,000 of 2005 Convertible Notes had been converted by the E&C Partnerships into an aggregate of 12,000,000 shares of the Company’s Common Stock. Assuming full conversion of all of the 2005 Convertible Notes which remain outstanding as of December 31, 2007, 68,000,000 shares of the Company’s Common Stock would be issued to the E&C Partnerships.

(10) STOCK OPTION PLANS

During 1995, the Company established the 1995 Stock Option Plan, which was amended (the "Amended Plan") by the Board of Directors in December 1996 and August 1997. Under the Amended Plan, a total of 1,582,000 common shares were reserved for issuance. Any incentive stock options granted under the Amended Plan were required to be granted at the fair market value of the Company's Common Stock at the date the option was issued.

Under the Company's 1998 Stock Option Plan (the "1998 Plan") a total of 3,400,000 common shares were reserved for issuance and provides for the grant of "incentive stock options" intended to qualify under Section 422 of the Code and stock options which do not so qualify. The granting of incentive stock options is subject to limitation as set forth in the 1998 Plan. Directors, officers, employees and consultants of the Company and its subsidiaries are eligible to receive grants under the 1998 Plan.

In January 2000, the Board adopted the 2000 Broad Based Employee Stock Option Plan (the "Broad Based Plan"). Under the Broad Based Plan, 850,000 shares of Common Stock were reserved for issuance. The intention of the Broad Based Plan is that at least 50% of the options granted will be to individuals who are not managers or officers of theglobe. In April 2000, the Company's 2000 Stock Option Plan (the "2000 Plan") was adopted by the Board of Directors and approved by the stockholders of the Company. The 2000 Plan authorized the issuance of 500,000 shares

of Common Stock, subject to adjustment as provided in the 2000 Plan. The Broad Based Plan and the 2000 Plan provide for the grant of "incentive stock options" intended to qualify under Section 422 of the Code and stock options which do not so qualify. The granting of incentive stock options is subject to limitation as set forth in the Broad Based Plan and the 2000 Plan. Directors, officers, employees and consultants of the Company and its subsidiaries are eligible to receive grants under the Broad Based Plan and the 2000 Plan.

In September 2003, the Board adopted the 2003 Sales Representative Stock Option Plan (the "2003 Plan") which authorized the issuance of up to 1,000,000 non-qualified stock options to purchase the Company's Common Stock to sales representatives who are not employed by the Company or its subsidiaries. In January 2004, the Board amended the 2003 Plan to include certain employees and consultants of the Company.

The Company's Board of Directors adopted a new benefit plan entitled the 2004 Stock Incentive Plan (the "2004 Plan") on August 31, 2004. An aggregate of 7,500,000 shares of the Company's Common Stock may be issued pursuant to the 2004 Plan. Employees, consultants, and prospective employees and consultants of theglobe and its affiliates and non-employee directors of theglobe are eligible for grants of non-qualified stock options, stock appreciation rights, restricted stock awards, performance awards and other stock-based awards under the 2004 Plan.

On December 1, 2004, based upon approval of the stockholders of the Company, the 2000 Plan was amended and restated to (i) increase the number of shares reserved for issuance under the 2000 Plan by 7,500,000 shares to a total of 8,000,000 shares and (ii) to remove a previous plan provision that limited the number of options that may be awarded to any one individual.

In accordance with the provisions of the Company's stock option plans, nonqualified stock options may be granted to officers, directors, other employees, consultants and advisors of the Company. The option price for nonqualified stock options shall be at least 85% of the fair market value of the Company's Common Stock. In general, options granted under the Company's stock option plans expire after a ten-year period and in certain circumstances options, under the 1995 and 1998 plans, are subject to the acceleration of vesting. Incentive options granted to stockholders who own greater than 10% of the total combined voting power of all classes of stock of the Company must be issued at 110% of the fair market value of the stock on the date the options are granted. A committee selected by the Company's Board of Directors has the authority to approve optionees and the terms of the stock options granted, including the option price and the vesting terms. Stock option awards are generally granted with an exercise price equal to the market price of theglobe’s Common Stock at the date of grant with 25% of the stock option grant vesting immediately and the remainder vesting equally over the next twelve quarters.

During the year ended December 31, 2007, a total of 100,000 stock options were granted to a consultant. A total of 6,130,000 stock options were granted during the year ended December 31, 2006. The 2006 total included the issuance of 550,000 stock options in connection with a consulting agreement which would vest only upon the achievement of certain performance targets, as well as grants of 250,000 stock options to other non-employees. The performance targets were not achieved and the 550,000 stock options were cancelled in the first quarter of 2007. Options were granted during 2005 for a total of 5,922,250 shares of Common Stock, including grants of 775,000 stock options to non-employees.

As a result of the sale of the SendTec business on October 31, 2005, and pursuant to a Termination Agreement, the Company terminated and canceled 1,275,783 stock options and the contingent interest in 2,062,785 earn-out warrants held by the six members of management in exchange for approximately $400,000 in cash. The Company also terminated 829,678 stock options of certain other non-management employees of SendTec and entered into bonus arrangements with a number of other non-management SendTec employees for amounts totaling approximately $600,000. Remaining outstanding stock options related to the bonus option pool which was established as of the acquisition, totaling 477,000 options, were also terminated as the forecasted operating income targets for the year ended December 31, 2005 had not been achieved.

No stock options were exercised during the year ended December 31, 2007. Stock option exercises during the years ended December 31, 2006 and 2005, resulted in cash inflows to the Company of $18,420 and $166,841, respectively. The corresponding intrinsic value as of exercise date of the 349,474 stock options exercised during the year ended December 31, 2006 was $119,628. Intrinsic value as of the exercise date of the 2,001,661 stock options exercised during the year ended December 31, 2005 was $418,268.

Stock option activity during the year ended December 31, 2007 was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2006	20,142,620	$ 0.36		

Granted	100,000	0.08		
Exercised	—	—		
Canceled	(3,901,960)	0.17		
Outstanding at December 31, 2007	16,340,660	$ 0.40	6.3 years	$ —
Exercisable at December 31, 2007	15,800,770	$ 0.41	6.2 years	$ —
Options available at December 31, 2007	6,643,701			

A total of $140,549 and $449,749 of employee stock compensation expense was charged to operating expenses during the years ended December 31, 2007 and 2006, respectively, including $35,468 and $13,584 resulting from modifications made to stock option grants to accelerate vesting upon termination of employees. Prior to the adoption of SFAS No. 123R on January 1, 2006, the Company had applied APB Opinion No. 25 in accounting for grants to employees pursuant to stock option plans. Compensation cost of $20,987 was recorded to operating expenses of continuing operations during the year ended December 31, 2005, primarily related to vesting of prior year employee option grants with below-market exercise prices. In addition, $28,000 of stock compensation expense was recorded during the year ended December 31, 2005 as a result of the accelerated vesting of stock options issued to certain terminated employees.

Compensation cost charged to operating expenses of continuing operations in connection with stock options granted in recognition of services rendered by non-employees was $7,126, $109,199 and $176,050, for the years ended December 31, 2007, 2006 and 2005, respectively.

At December 31, 2007, there was approximately $46,000 of unrecognized compensation expense related to unvested stock options which is expected to be recognized over a weighted-average period of 1.5 years.

(11) INCOME TAXES

The provision (benefit) for income taxes is summarized as follows:

	Year Ended December 31,		
	2007	2006	2005
Continuing operations	$ —	$ 124,313	$ (7,795,538)
Discontinued operations	—	—	8,375,719
	$ —	$ 124,313	$ 580,181

The provision (benefit) attributable to the loss from continuing operations before income taxes was as follows:

	Year Ended December 31,		
	2007	2006	2005
Current:			
Federal	$ —	$ —	$ —
State	—	124,313	—
	—	124,313	—
Deferred:			
Federal	—	—	(6,999,912)
State	—	—	(795,626)
	—	—	(7,795,538)
Provision (benefit) for income taxes	$ —	$ 124,313	$ (7,795,538)

The following is a reconciliation of the federal income tax provision (benefit) at the federal statutory rate to the Company’s tax benefit attributable to continuing operations:

	Year Ended December 31,		
	2007	2006	2005
Statutory federal income tax rate	34.00%	34.00%	34.00%
Beneficial conversion interest	(7.84)	—	(11.65)
Nondeductible items	(0.23)	(0.40)	(5.03)
State income taxes, net of federal benefit	3.02	2.10	2.02
Change in valuation allowance	(29.01)	(40.54)	46.02
Change in effective tax rate	—	—	—
Other	0.06	3.02	1.44
Effective tax rate	0.00%	(1.82)%	66.80%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2007 and 2006 are presented below.

	December 31, 2007	December 31, 2006
Deferred tax assets (liabilities):		
Net operating loss carryforwards	$ 63,300,000	$ 60,937,000
Issuance of warrants	1,438,000	1,182,000
Allowance for doubtful accounts	13,000	—
Inventory reserve	7,000	147,000
AMT tax credit	313,000	313,000
Litigation settlement accrual	—	977,000
Accrued interest	362,000	211,000
Accrued expenses	843,000	590,000
Depreciation and amortization	(97,000)	107,000
Other	300,000	166,000
Total gross deferred tax assets	66,479,000	64,630,000
Less: valuation allowance	(66,479,000)	(64,630,000)
Total net deferred tax assets	$ —	$ —

Because of the Company's lack of earnings history, the net deferred tax assets have been fully offset by a 100% valuation allowance. The valuation allowance for net deferred tax assets was $66.5 million and $64.6 million as of December 31, 2007 and 2006, respectively. The net change in the total valuation allowance was $1.8 million and $7.2 million for the years ended December 31, 2007 and 2006, respectively. The Company had a tax benefit in 2005 of $13.6 million, allocated to continuing and discontinued operations, resulting from the effect of changes in the valuation assessment of current and prior year net operating losses, due to the sale of SendTec.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets, which consist of tax benefits primarily from net operating loss carryforwards, is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Of the total valuation allowance of $66.5 million as of December 31, 2007, subsequently recognized tax benefits, if any, in the amount of $6.4 million will be applied directly to contributed capital.

At December 31, 2007, the Company had net operating loss carryforwards available for U.S. tax purposes of approximately $167.0 million. These carryforwards expire through 2027. Under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), the utilization of net operating loss carryforwards may be limited under the change in stock ownership rules of the Code. Due to various significant changes in our ownership interests, as defined in the Internal Revenue Code of 1986, as amended, the Company has substantially limited the availability of its net operating loss carryforwards. There can be no assurance that the Company will be able to avail itself of any net operating loss carryforwards. These net operating loss carryforwards may be further adversely impacted if the Proposed Tralliance Transaction is consummated.

(12) COMMITMENTS

REGISTRY COMMITMENTS

Tralliance has entered into various agreements with unrelated third parties for the outsourcing of certain marketing, administrative and registry functions. Fees for some of these services vary based on transaction levels, but the

agreements generally provide for annual and/or monthly payments, and in the case of one agreement specifies minimum payments of $100,000 annually. The term of the agreement which specifies the minimum payment of $100,000 annually continues for as long as the agreement designating Tralliance as the sole registry for the ".travel" top-level domain by the Internet Corporation for Assigned Names and Numbers ("ICANN") is in effect, including any renewal periods. The initial term of the agreement with ICANN is ten years. Commitments under such marketing, administrative and registry agreements are as follows:

Year ending December 31:

2008	$	235,000
2009		110,000
2010		110,000
2011		110,000
2012		110,000
Thereafter		284,000
	$	959,000

EMPLOYMENT AGREEMENTS

On August 1, 2003, the Company entered into employment agreements with its Chairman and Chief Executive Officer, President and Vice President of Finance (its former Chief Financial Officer). The three agreements, which are for a period of one year and automatically extend for one day each day until either party notifies the other not to further extend the employment period, provide for annual base salaries totaling $640,000 (as amended) and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of $100,000 in total. On October 1, 2007, the employment agreements were amended so as to irrevocably terminate the Company's obligation to pay annual minimum bonuses to any of its officers in the future. The agreements also provide for severance benefits under certain circumstances, as defined, which in the case of the Chairman and Chief Executive Officer and the President, include lump-sum payments equal to ten times the sum of the executive's base salary and the highest annual bonus earned by the executive, and in the case of the Vice President of Finance, include lump-sum payments equal to two times the sum of the executive's base salary and the highest annual bonus earned by the executive. In addition, these severance benefits also require the Company to maintain insurance benefits for a period of up to ten years, in the case of the Chairman and Chief Executive Officer and the President, and up to two years, in the case of the Vice President of Finance, substantially equivalent to the insurance benefits existing upon termination.

OPERATING LEASES

Historically, the Company has leased various facilities under non-cancellable operating leases. These leases generally contained renewal options and required the Company to pay certain executory costs such as maintenance and insurance. All of the Company's then existing facility leases expired during 2007, and based primarily upon the Company's decision to shut down its VoIP telephony services and computer games businesses during the first quarter of 2007, were not renewed. Rent expense charged to continuing operations for the years ended December 31, 2007, 2006 and 2005 totaled approximately $318,000, $89,000 and $58,000, respectively. Rent expense included within discontinued operations for the years ended December 31, 2007, 2006 and 2005 totaled approximately $96,000, $611,000 and $948,000, respectively. The above rent expense amounts include rent expenses incurred in connection with certain sublease agreements with related parties, as discussed below.

Effective September 1, 2003, the Company entered into a sublease agreement for office space with a company controlled by our Chairman. Rent expense related to this sub-lease, which expired on August 31, 2007, was $269,000, $416,000, and $353,000 for the years ended December 31, 2007, 2006, and 2005, respectively. Effective September 1, 2007, the Company entered into a new sublease, on a month-to-month basis, with this same related party for which the Company is obligated to pay total rent of $15,000 month. During 2007, rent expense totaling $75,000 was incurred under this new sublease.

Tralliance Corporation, from date of acquisition on May 9, 2005, subleased office space in New York city from an entity controlled by its former President for approximately $3,400 per month. This sub-lease was terminated in June 2007.

The approximate future minimum lease payments under non-cancellable operating leases with initial or remaining terms of one year or more, which is related exclusively to office equipment leases, at December 31, 2007, were as follows:

2008	$	6,900
2009		4,600
	$	11,500

(13) LITIGATION

On June 1, 2006, MySpace, Inc. (“MySpace”), a Delaware corporation, filed a lawsuit in the United States District Court for the Central District of California against theglobe.com, inc. (the “Company”). We were served with the lawsuit on June 6, 2006. MySpace alleged that the Company sent at least 100,000 unsolicited and unauthorized commercial email messages to MySpace members using MySpace user accounts improperly established by the Company, that the user accounts were used in a false and misleading fashion and that the Company's alleged activities constituted violations of the CAN-SPAM Act, the Lanham Act and California Business & Professions Code § 17529.5 (the “California Act”), as well as trademark infringement, false advertising, breach of contract, breach of the covenant of good faith and fair dealing, and unfair competition. MySpace sought monetary penalties, damages and injunctive relief for these alleged violations. It asserted entitlement to recover "a minimum of" $62.3 million of damages, in addition to three times the amount of MySpace's actual damages and/or disgorgement of the Company's purported profits from alleged violations of the Lanham Act, punitive damages and attorneys’ fees. Subsequent discovery in the case disclosed that the total number of unsolicited messages was approximately 400,000.

On February 28, 2007, the Court entered an order (the “Order”) granting in part MySpace’s motion for summary judgment, finding that the Company was liable for violation of the CAN-SPAM Act and the California Business & Professions Code, and for breach of contract (as embodied in MySpace’s “Terms of Service” contract). The Order also upheld as valid that portion of MySpace’s Terms of Service contract which provides for liquidated damages of $50 per email message sent after March 17, 2006 in violation of such Terms. The Company estimated that approximately 110,000 of the emails in question were sent after such date, which could have resulted in damages of approximately $5.5 million. In addition, the CAN-SPAM Act provided for statutory damages of between $100 and $300 per email sent in violation of the statute. Total damages under CAN-SPAM could therefore have ranged between about $40 million to about $120 million. In addition, under the California Act, statutory damages of $1,000,000 “per incident” could have been assessed.

On March 15, 2007, the Company entered into a Settlement Agreement with MySpace whereby it agreed to pay MySpace $2,550,000 on or before April 5, 2007 in exchange for a mutual release of all claims against one another, including any claims against the Company’s directors and officers. As part of the settlement, Michael Egan, the Company’s CEO, who is also an affiliate of the Company, agreed to enter into an agreement with MySpace on or before April 5th pursuant to which he would, among other things, provide a letter of credit, cash or other equivalent security (collectively, “Security”) in form and substance satisfactory to MySpace. Such Security was to expire and be released (and in fact did expire and was released) on the 100th day following the Company’s payment of the foregoing $2,550,000 so long as no bankruptcy petition, assignment for the benefit of creditors or like liquidation, reorganization or insolvency proceeding was instituted or filed related to the Company during such 100-day period. In accordance with SFAS No. 5, “Accounting for Contingencies,” the $2,550,000 payment required by the Settlement Agreement was accrued and has been included in current liabilities in the accompanying consolidated balance sheet as of December 31, 2006 and has been reflected as an expense of discontinued operations in the accompanying consolidated statement of operations for the year ended December 31, 2006.

On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide the Security in connection with the Settlement Agreement. On April 13, 2007, Michael Egan and an entity wholly-owned by Michael Egan, and MySpace entered into a Security Agreement, an Indemnity Agreement and an Escrow Agreement (the “Security Agreements”) providing for the Security. On April 18, 2007, theglobe paid MySpace $2,550,000 in cash as settlement of the claims. MySpace and theglobe filed a consent judgment and stipulated permanent injunction with the Court on April 19, 2007, which among other things, dismissed all claims alleged in the lawsuit with prejudice.

On October 4, 2005, Sprint Communications Company, L.P. (“Sprint”) filed a Complaint in the United States District Court for the District of Kansas against theglobe, theglobe’s subsidiary, tglo.com (formerly known as voiceglo Holdings, Inc. or “voiceglo”), and Vonage Holdings Corp. (“Vonage”). On October 12, 2005, Sprint filed a First Amended Complaint naming Vonage America, Inc. (“Vonage America”) as an additional defendant. Neither theglobe nor voiceglo has any affiliation with Vonage or Vonage America. Sprint alleged that theglobe and voiceglo had made unauthorized use of “inventions” described and claimed in seven patents held by Sprint. Sprint sought monetary and injunctive relief for this alleged infringement. On November 21, 2005, theglobe and voiceglo filed an Answer to Sprint’s First Amended Complaint, denying infringement and interposing affirmative defenses, including that each of the asserted patents were invalid. voiceglo counterclaimed against Sprint for a declaratory judgment of non-infringement and invalidity. On January 18, 2006, the court issued a Scheduling Order which called for, among other things, discovery to be completed by December 29, 2006, and for trial to commence August 7, 2007. On August 22, 2006, the Company, together with its subsidiary, and Sprint entered into a settlement agreement (the “Settlement”) which resolved the pending patent infringement lawsuit. As part of the Settlement, the Company and its subsidiary agreed to enter into a non-exclusive license under certain of Sprint’s patents.

On and after August 3, 2001 six putative shareholder class action lawsuits were filed against the Company, certain of its current and former officers and directors (the “Individual Defendants”), and several investment banks that were the

underwriters of the Company's initial public offering and secondary offering. The lawsuits were filed in the United States District Court for the Southern District of New York. A Consolidated Amended Complaint, which is now the operative complaint, was filed in the Southern District of New York on April 19, 2002.

The lawsuits purport to be class actions filed on behalf of purchasers of the stock of the Company during the period from November 12, 1998 through December 6, 2000. Plaintiffs allege that the underwriter defendants agreed to allocate stock in the Company's initial public offering and its secondary offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases of stock in the aftermarket at pre-determined prices. Plaintiffs allege that the Prospectuses for the Company's initial public offering and its secondary offering were false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, a motion to dismiss all claims against the Company was denied by the Court. On December 5, 2006, the Second Circuit vacated a decision by the district court granting class certification in six of the coordinated cases, which are intended to serve as test, or “focus,” cases. The plaintiffs selected these six cases, which do not include the Company. On April 6, 2007, the Second Circuit denied a petition for rehearing filed by the plaintiffs, but noted that the plaintiffs could ask the district court to certify more narrow classes than those that were rejected.

Prior to the Second Circuit's December 5, 2006 ruling, the majority of issuers, including the Company, and their insurers had submitted a settlement agreement to the district court for approval. In light of the Second Circuit opinion, the parties agreed that the settlement could not be approved because the defined settlement class, like the litigation class, could not be certified. On June 25, 2007, the district court approved a stipulation filed by the plaintiffs and the issuers which terminated the proposed settlement. On August 14, 2007, the plaintiffs filed amended complaints in the six focus cases. The amended complaints include a number of changes, such as changes to the definition of the purported class of investors, and the elimination of the individual defendants as defendants. On September 27, 2007, the plaintiffs filed a motion for class certification in the six focus cases. On November 14, 2007, the issuers and the underwriters named as defendants in the six focus cases filed motions to dismiss the amended complaints against them. We are awaiting the Court's decision on these motions.

Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of the matter. We cannot predict whether we will be able to renegotiate a settlement that complies with the Second Circuit's mandate. If the Company is found liable, we are unable to estimate or predict the potential damages that might be awarded, whether such damages would be greater than the Company's insurance coverage, and whether such damages would have a material impact on our results of operations or financial condition in any future period.

The Company is currently a party to certain other claims and disputes arising in the ordinary course of business, including certain disputes related to vendor charges incurred primarily as the result of the failure and subsequent shutdown of its discontinued VoIP telephony services business. The Company believes that it has recorded adequate accruals on its balance sheet to cover such disputed charges and is seeking to resolve and settle such disputed charges for amounts substantially less than recorded amounts. An adverse outcome in any of these matters, however, could materially and adversely effect our financial position, utilize a significant portion of our cash resources and adversely affect our ability our ability to continue as a going concern (see Note 3, "Discontinued Operations").

(14) RELATED PARTY TRANSACTIONS

Certain directors of the Company also serve as officers and directors of and own controlling interests in Dancing Bear Investments, Inc. ("Dancing Bear"), E&C Capital Partners LLLP, E&C Capital Partners II, LLLP, The Registry Management Company, LLC, Labigroup Holdings, LLC and Search.Travel LLC. Dancing Bear, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP are stockholders of the Company and are entities controlled by our Chairman.

As discussed more fully in Note 16, "Subsequent Events", on February 1, 2008, the Company entered into a letter of intent to sell substantially all of the business and assets of Tralliance and to issue approximately 269,000,000 shares of its common stock to The Registry Management Company, LLC for aggregate consideration of approximately $7,300,000. The Registry Management Company, LLC is a privately held entity controlled by the Company's Chairman, of which our remaining directors also own a minority interest.

On December 20, 2007, Tralliance entered into a Bulk Registration Co-Marketing Agreement (the "Co-Marketing Agreement") with Labigroup Holdings, LLC ("Labigroup"), under Tralliance's bulk purchase program. Labigroup is a private entity controlled by the Company's Chairman and our remaining directors own a minority interest in Labigroup. Under the Co-Marketing Agreement, Labigroup committed to purchase a predetermined minimum number of ".travel" domain names on a bulk basis from an accredited ".travel" registrar of its own choosing and to establish a predetermined minimum number of related ".travel" websites. As consideration for the ".travel" domain names to be purchased under the Co-Marketing Agreement, Labigroup agreed to pay certain fixed fees and make certain other payments including, but not limited to, an ongoing royalty calculated as a percentage share of its net revenue, as defined in the Co-Marketing Agreement (the "Labigroup Royalties"), to Tralliance. The Co-Marketing Agreement has an initial term which expires September 30, 2010 after which it may be renewed for successive periods of two and three years, respectively. During the period from December 20, 2007 through December 31, 2007, Labigroup

registered 164,708 “.travel” domain names under the Co-Marketing Agreement. As of December 31, 2007, Labigroup has paid $262,500 and is obligated to pay an additional $412,050 in fees and costs to Tralliance under the Co-Marketing Agreement. Such amounts, which are equal to the amount of incremental fees and costs incurred by Tralliance in registering these bulk purchase names, have been treated as a reimbursement of these incremental fees and costs in the Company’s financial statements. The Company plans to recognize revenue related to this Co-Marketing Agreement only to the extent that Labigroup Royalties are earned.. No such revenue has been recorded as of December 31, 2007.

On December 13, 2007, the Company entered into and closed an Assignment, Conveyance and Bill of Sale Agreement with Search.Travel, LLC (“Search.Travel”). Pursuant to this agreement, Tralliance sold all of its rights relating to the www.search.travel domain name, website and related assets to Search.Travel for a purchase price of $380,000, which was paid in cash at the closing date. Search.Travel is a private entity controlled by the Company’s Chairman, of which our remaining directors also own a minority interest. The purchase price was determined by the Board of Directors taking into account the valuation given to the assets by an independent investment banking firm. A gain on the sale of Search.Travel in the amount of $379,791 was recognized and has been included within Other Income in the Consolidated Statement of Operations for the year ended December 31, 2007.

As discussed more fully in Note 8, “Debt”, on May 29, 2007, Dancing Bear entered into a note purchase agreement (the “2007 Agreement”) with the Company pursuant to which Dancing Bear acquired a secured demand convertible promissory note (the “2007 Convertible Note”) in the amount of $250,000. Under the terms of the 2007 Agreement, Dancing Bear was granted the optional right, for a period of 180 days from the date of the 2007 Agreement, to purchase additional 2007 Convertible Notes such that the aggregate principal amount issued under the 2007 Agreement could total $3,000,000. On June 25, 2007, July 19, 2007 and September 6, 2007, Dancing Bear acquired additional 2007 Convertible Notes in the principal amounts of $250,000, $500,000 and $250,000 respectively. At December 31, 2007, the aggregate principal amount of 2007 Convertible Notes totaled $1,250,000. Interest associated with the 2007 Convertible Notes of approximately $58,600 was charged to expense during the year ended December 31, 2007, and remained outstanding at December 31, 2007.

On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide certain security and credit enhancements in connection with the MySpace litigation Settlement Agreement (See Note 13, “Litigation”, for further discussion). The Company had previously written off the value of the VoIP intellectual property as a result of its evaluation of the VoIP telephony services business’ long-lived assets in connections with the preparation of the Company’s 2004 year-end consolidated financial statements.

On November 22, 2006, the Company entered into a License Agreement (the “License Agreement”) with Speecho, LLC which granted a license to use the Company’s chat, VoIP and video communications technology for a minimum license fee of $10,000 per month with an initial term of ten years. The Company’s Chairman, the Company’s President and the Company’s Vice President of Finance, as well as certain other employees of the Company, are members of a company that owns 50% of the membership interests in Speecho, LLC. Due to various technology related problems, the License Agreement was terminated in August 2007. No revenue was ever recognized by the Company related to the License Agreement.

On November 22, 2006, the Company entered into certain Marketing Services Agreements (the “Marketing Services Agreements”) with two entities whereby the entities agreed to market certain of the Company’s products in exchange for certain commissions and promotional fees and which granted the Company exclusive right to certain uses of a trade name in connection with certain of the Company’s websites. Additionally, on November 22, 2006, in connection with the Marketing Services Agreements, the Company entered into a Warrant Purchase Agreement with Carl Ruderman, the controlling shareholder of the entities. The Warrant Purchase Agreement provides for the issuance to Mr. Ruderman of one warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a three year term and a second warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a term of four years. Each warrant provides for the extension of the exercise term by an additional three years if certain criteria are met under the Marketing Services Agreements. The Warrant Purchase Agreement grants to Mr. Ruderman “piggy-back” registration rights with respect to the shares of the Company’s Common Stock issuable upon exercise of the warrants.

In connection with the issuance of the warrants, on November 22, 2006, Mr. Ruderman entered into a Stockholders’ Agreement with the Company’s chairman and chief executive officer, the Company’s president and certain of their affiliates. Pursuant to the Stockholders’ Agreement, Mr. Ruderman granted an irrevocable proxy over the shares issuable upon exercise of the warrants to E&C Capital Partners, LLLP and granted a right of first refusal over his shares to all of the other parties to the Stockholders’ Agreement. Mr. Ruderman also agreed to sell his shares under certain circumstances in which the other parties to the Stockholders’ Agreement have agreed to sell their respective shares. Mr. Ruderman was also granted the right to participate in certain sales of the Company’s Common Stock by the other parties to the Stockholders’ Agreement.

As discussed more fully in Note 8, “Debt,” on April 22, 2005, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP entered into a note purchase agreement (the “2005 Agreement”) with the Company pursuant to which they ultimately acquired secured demand convertible promissory notes (the “2005 Convertible Notes”) totaling $4,000,000.

During the year ended December 31, 2005, an aggregate of $600,000 of the 2005 Convertible Notes were converted into the Company's Common Stock. At both December 31, 2007 and 2006, the total principal amount of 2005 Convertible Notes outstanding was $3,400,000. Interest associated with the 2005 Convertible Notes of approximately $340,000, $340,000 and $216,200 was charged to expense during the years ended December 31, 2007, 2006 and 2005, respectively, and remained unpaid as of December 31, 2007.

Several entities controlled by our Chairman have provided services to the Company and several of its subsidiaries, including: the lease of office and warehouse space; and the outsourcing of customer service and warehouse functions for the Company's VoIP operation. During the first quarter of 2005, an entity controlled by our Chairman also began performing human resource and payroll processing functions for the Company and several of its subsidiaries. During the years ended December 31, 2007, 2006 and 2005, a total of approximately $394,000, $466,000 and $386,000 of expense was recorded related to these services, respectively. Approximately $440,000 and $158,000 related to these services was included in accounts payable and accrued expenses at December 31, 2007 and 2006, respectively.

Tralliance Corporation, which was acquired May 9, 2005, subleased office space in New York City on a month-to-month basis from an entity controlled by its former President. A total of approximately $13,000 and $41,000 in rent expense related to this month-to-month sublease was included in the accompanying statement of operations for the years ended December 31, 2007 and 2006, respectively.

(15) SUMMARY OF QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Quarter Ended			
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Continuing Operations:				
Net revenue	$ 553,626	$ 599,580	$ 645,322	$ 431,742
Operating expenses	1,055,837	1,382,573	1,987,120	2,025,763
Operating loss	(502,211)	(782,993)	(1,341,798)	(1,594,021)
Loss from continuing operations	(237,285)	(1,634,004)	(1,923,020)	(1,627,580)
Discontinues Operations, net of tax				
Income (loss) from operations	23,576	251,196	157,024	(1,161,036)
Net loss	(213,709)	(1,382,808)	(1,765,996)	(2,788,616)
Net loss applicable to common shareholders	(213,709)	(1,382,808)	(1,765,996)	(2,788,616)
Basic and diluted net loss per share:				
Continuing operations	$ -	$ (0.01)	$ (0.01)	$ (0.01)
Discontinued operations	$ -	$ -	$ -	$ (0.01)
Net loss	$ -	$ (0.01)	$ (0.01)	$ (0.02)

	Quarter Ended			
	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Continuing Operations:				
Net revenue	$ 346,695	$ 385,755	$ 362,674	$ 313,613
Operating expenses	2,508,686	2,163,485	1,554,002	2,071,962
Operating loss	(2,161,991)	(1,777,730)	(1,191,328)	(1,758,349)
Loss from continuing operations	(2,168,753)	(1,899,766)	(1,106,737)	(1,696,211)
Discontinues Operations, net of tax				
Income from operations	(3,525,298)	(1,052,614)	(2,675,947)	(2,848,402)
Net loss	(5,694,051)	(2,952,380)	(3,782,684)	(4,544,613)
Net loss applicable to common shareholders	(5,694,051)	(2,952,380)	(3,782,684)	(4,544,613)
Basic and diluted net loss per share:				
Continuing operations	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Discontinued operations	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)
Net loss	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.03)

(16) SUBSEQUENT EVENTS

On February 1, 2008 the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269,000,000 shares of its common stock, to The Registry Management Company, LLC, a privately held entity controlled by Michael S. Egan, theglobe.com's Chairman, CEO and controlling investor (the "Proposed Tralliance Transaction").

As part of the purchase consideration for the Proposed Tralliance Transaction, Mr. Egan and certain of his affiliates, including Dancing Bear, the E&C Partnerships and Certified Tours, Inc. will exchange and surrender all of their right, title and interest to the 2005 Convertible Notes and 2007 Convertible Notes, accrued and unpaid interest thereon, as well as accrued and unpaid rent and miscellaneous fees that are due and outstanding as of the date of the closing of the Proposed Tralliance Transaction. At December 31, 2007, amounts due under the 2005 Convertible Notes and 2007 Convertible Notes, accrued and unpaid interest thereon, and accrued and unpaid rent and miscellaneous fees totaled approximately $4,650,000, $955,000 and $440,000, respectively, which amounts collectively equal $6,045,000 (see Note 8, "Debt" for additional details).

As additional consideration, The Registry Management Company will pay an earn-out to theglobe equal to 10% (subject to certain minimums) of The Registry Management Company's net revenue derived from ".travel" names registered by The Registry Management Company through May 5, 2015. The total net present value of the minimum guaranteed earn-out payments is estimated to be approximately $1,300,000, bringing the total purchase consideration for the Proposed Tralliance Transaction to approximately $7,345,000 (based upon December 31, 2007 liability balances as discussed above).

The Proposed Tralliance Transaction is subject to the negotiation and closing of a definitive purchase agreement, receipt of an independent fairness opinion, and shareholder approval. The Proposed Tralliance Transaction is expected to close no earlier that the second quarter of 2008. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement. As of March 27, 2008, the Company and The Registry Management Company continue to work toward finalizing a definitive agreement, however as of such date, no definitive agreement has been entered into.

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

None.

ITEM 9A (T). CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure (1) that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and (2) that this information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2007. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective in alerting them in a timely manner to material information regarding us (including our consolidated subsidiaries) that is required to be included in our periodic reports to the SEC.

B. Management's Annual Report on Internal Control and Financial Reporting

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a - 15(f) and 15d - 15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate.

Under the supervision of the Chief Executive Officer and the Chief Financial Officer, the Company's management conducted an evaluation of the Company's internal control over financial reporting as of December 31, 2007 in

accordance with the interpretive guidance published in the SEC's "Commission Guidance Regarding Management's Report on Internal Control Over Financial Reporting Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934" dated and effective on June 27, 2007. Such evaluation was based on the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon this evaluation and management's assessment, management has concluded that internal control over financial reporting was not effective as of December 31, 2007 as a result of the material weaknesses described below.

A material weakness is a control deficiency, or combination of control deficiencies, that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with management's assessment of the Company's internal control over financial reporting referred to above, management has identified the following material weaknesses in the Company's internal control over financial reporting as of December 31, 2007.

1. The Company outsources a significant portion of its ".travel" domain name registration process to a third party registry operator, who is responsible for (i) directly receiving all transaction data and fees related to ".travel" name registrations, (ii) disbursing to the Company its portion of collected registration fees, and (iii) issuing periodic accounting reports, which detail and summarize such transactions and fees, to the Company. The Company relies upon and uses such accounting reports as its basis for recording ".travel" name registration revenue and operating expense transactions.

The Company is currently unable to independently verify the completeness and accuracy of the ".travel" name registration data reported by its third party registry operator. Additionally, the Company has not been able to satisfactorily assess the operating effectiveness of the controls in place at this service organization, and such third party registry operator currently in unable to provide a Type 2 SAS 70 report that the Company could alternatively place reliance on.

2. The Company enters the ".travel" name registration data reported by its third party registry operator into a number of internal databases. These databases are maintained by various employees and/or independent contractors engaged by the Company, outside of the direct control of the Company's central accounting department. Information from these databases are used for various purposes, including determining contractual amounts payable to a number of third party enterprises, independent contractors and employees. Because the Company is currently unable to adequately verify the accuracy and completeness of the data contained in such databases, the correctness of amounts paid or to be paid to such enterprises and individuals cannot be assured. Management has concluded that there is a reasonable possibility that both of the aforementioned control deficiencies, individually or in combination thereof, could result in a material misstatement of the Company's revenue, operating expense, current assets, current liabilities and deferred revenue accounts. As a result, these control deficiencies represent material weaknesses as of December 31, 2007.

At the present time, management has not yet decided on a definite course of action to be taken with respect to remediating the material weaknesses described above. Among other things, the Company's liquidity and future business prospects, including the potential sale of its Tralliance ".travel" domain registration business (see Note 16, "Subsequent Events" of the accompanying Notes to Consolidated Financial Statements for further details) will be significant factors to be considered in this regard.

Because we are a smaller public company, we are not yet required to provide an independent public accountant's attestation report covering our assessment of internal control over financial reporting. At the present time, such attestation report will be first required in connection with our annual report as of December 31, 2009.

C. Changes in Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer, have evaluated any change in our internal control over financial reporting that occurred during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, and have determined there to be no reportable changes.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names, ages and current positions with the Company held by our Directors and Executive Officers. There is no immediate family relationship between or among any of the Directors or Executive Officers, and the Company is not aware of any arrangement or understanding between any Director or Executive Officer and any other person pursuant to which he was elected to his current position. Each of the following persons are Directors of the Company.

NAME	AGE	POSITION OR OFFICE WITH THE COMPANY	DIRECTOR SINCE

Michael S. Egan	67	Chairman and Chief Executive Officer	1997
Edward A. Cespedes	42	President, Treasurer and Chief Financial Officer and Director	1997
Robin S. Lebowitz	43	Vice President of Finance and Director	2001

Michael S. Egan. Michael Egan has served as theglobe's Chairman since 1997 and as its Chief Executive Officer since June 1, 2002. Since 1996, Mr. Egan has been the controlling investor of Dancing Bear Investments, Inc., a privately held investment company. Additionally, Mr. Egan is the controlling investor of E&C Capital Partners LLLP and E&C Capital Partners II, LLLP, privately held investment partnerships. Mr. Egan is also Chairman of Certified Vacations, a privately held wholesale travel company which was founded in 1980. Certified Vacations specializes in designing, marketing and delivering vacation packages. Mr. Egan spent over 30 years in the rental car business. He began with Alamo Rent-A-Car in 1973, became an owner in 1979, and became Chairman and majority owner from January 1986 until November 1996 when he sold the company to AutoNation. In 2000, AutoNation spun off the rental division, ANC Rental Corporation (Other OTC: ANCXZ.PK), and Mr. Egan served as Chairman until October 2003. Prior to acquiring Alamo, he held various administration positions at Yale University and taught at the University of Massachusetts at Amherst. Mr. Egan is a graduate of Cornell University where he received his Bachelor's degree in Hotel Administration.

Edward A. Cespedes. Edward Cespedes has served as a director of theglobe since 1997, as President of theglobe since June 1, 2002 and as Treasurer and Chief Financial Officer of theglobe since February 1, 2005. Mr. Cespedes is also the President of E&C Capital Ventures, Inc., the general partner of E&C Capital Partners LLLP. Mr. Cespedes served as the Vice Chairman of Prime Ventures, LLC, from May 2000 to February 2002. From August 2000 to August 2001, Mr. Cespedes served as the President of the Dr. Koop Lifecare Corporation and was a member of the Company's Board of Directors from January 2001 to December 2001. From 1996 to 2000, Mr. Cespedes was a Managing Director of Dancing Bear Investments, Inc. Concurrent with his position at Dancing Bear Investments, Inc., from 1998 to 2000, Mr. Cespedes also served as Vice President for corporate development for theglobe where he had primary responsibility for all mergers, acquisitions, and capital markets activities. In 1996, prior to joining Dancing Bear Investments, Inc., Mr. Cespedes was the Director of Corporate Finance for Alamo Rent-A-Car. From 1988 to 1996, Mr. Cespedes worked in the Investment Banking Division of J.P. Morgan and Company, where he most recently focused on mergers and acquisitions. In his capacity as a venture capitalist, Mr. Cespedes has served as a member of the board of directors of various portfolio companies. Mr. Cespedes is the founder of the Columbia University Hamilton Associates, a foundation for university academic endowments. In 1988 Mr. Cespedes received a Bachelor's degree in International Relations from Columbia University.

Robin S. Lebowitz. Robin Lebowitz has served as a director of theglobe since December 2001, as Secretary of theglobe since June 1, 2002, and as Vice President of Finance of theglobe since February 23, 2004. Ms. Lebowitz also served as Treasurer of theglobe from June 1, 2002 until February 23, 2004 and as Chief Financial Officer of theglobe from July 1, 2002 until February 23, 2004. Ms. Lebowitz has worked in various capacities for the Company's Chairman, Michael Egan, for thirteen years. She is the Controller/Managing Director of Dancing Bear Investments, Inc., Mr. Egan's privately held investment management and holding company. Previously, Ms. Lebowitz served on the Board of Directors of theglobe from August 1997 to October 1998. At Alamo Rent-A-Car, she served as Financial Assistant to the Chairman (Mr. Egan). Prior to joining Alamo, Ms. Lebowitz was the Corporate Tax Manager at Blockbuster Entertainment Group where she worked from 1991 to 1994. From 1986 to 1989, Ms. Lebowitz worked in the audit and tax departments of Arthur Andersen & Co. Ms. Lebowitz received a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania; a Masters in Business Administration from the University of Miami and is a Certified Public Accountant.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Securities and Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent (10%) of a registered class of our equity securities, to file certain reports regarding ownership of, and transactions in, our securities with the SEC and with The NASDAQ Stock Market, Inc. Such officers, directors, and 10% stockholders are also required to furnish theglobe with copies of all Section 16(a) forms that they file.

Based solely on our review of copies of Forms 3 and 4 and any amendments furnished to us pursuant to Rule 16a-3(e) and Forms 5 and any amendments furnished to us with respect to the 2005 fiscal year, and any written representations referred to in Item 405(b)(2)(i) of Regulation S-K stating that no Forms 5 were required, we believe that, during the 2007 and 2006 fiscal year, our officers, directors and all persons owning more than 10% of a registered class of our equity securities have complied with all Section 16(a) applicable filing requirements.

CODE OF ETHICS

The Company has adopted a Code of Ethics applicable to its officers, including its principal executive officer, principal financial officer, principal accounting officer or controller and any other persons performing similar functions. The Code of Ethics will be provided free of charge by the Company to interested parties upon request. Requests should be made in writing and directed to the Company at the following address: 110 East Broward Boulevard; Suite 1400; Fort Lauderdale, Florida 33301.

BOARD MEETINGS AND COMMITTEES OF THE BOARD

Including unanimous written actions of the Board, the Board of Directors met 15 times in 2007. No incumbent director who was on the Board for the entire year attended less than 75% of the total number of all meetings of the Board and any committees of the Board on which he or she served, if any, during 2007.

The Board of Directors has a standing Audit and Compensation Committee but no standing Nominating Committee.

Audit Committee. The Audit Committee, which was formed in July 1998, reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters, including the selection of our independent auditors, the scope of the annual audits, fees to be paid to the auditors, the performance of our auditors and our accounting practices and internal controls. The Audit Committee operates pursuant to a written charter, as amended, adopted by the Board of Directors on June 12, 2000. The current members of the Audit Committee are Messrs. Egan and Cespedes and Ms. Lebowitz, all of whom are employee directors. None of the current committee members are considered "independent" within the meaning of applicable NASD rules. Ms. Lebowitz serves as the "audit committee financial expert" within the meaning of applicable SEC rules, but is not considered "independent" within the meaning of applicable NASD rules. Including unanimous written actions of the Committee, the Audit Committee held 5 meetings in 2007.

Compensation Committee . The Compensation Committee, which met 2 times in 2007 (including unanimous written actions of the Committee), establishes salaries, incentives and other forms of compensation for officers and other employees of theglobe. The Compensation Committee (as well as the entire Board of Directors) also approves option grants under all of our outstanding stock based incentive plans. The current members of the Compensation Committee are Messrs. Egan and Cespedes.

Nominating Committee . The Board of Directors does not have a separate nominating committee. Rather, the entire Board of Directors acts as nominating committee. Based on the Company's Board currently consisting only of employee directors, the Board of Directors does not believe the Company would derive any significant benefit from a separate nominating committee. Due primarily to their status as employees of the Company, none of the members of the Board are "independent" as defined in the NASD listing standards. The Company does not have a Nominating Committee charter.

In recommending director candidates in the future (including director candidates recommended by stockholders), the Board intends to take into consideration such factors as it deems appropriate based on the Company's current needs. These factors may include diversity, age, skills, decision-making ability, inter-personal skills, experience with businesses and other organizations of comparable size, community activities and relationships, and the interrelationship between the candidate's experience and business background, and other Board members' experience and business background, whether such candidate would be considered "independent", as such term is defined in the NASD listing standards, as well as the candidate's ability to devote the required time and effort to serve on the Board.

The Board will consider for nomination by the Board director candidates recommended by stockholders if the stockholders comply with the following requirements. Under our By-Laws, if a stockholder wishes to nominate a director at the Annual Meeting, we must receive the stockholder's written notice not less than 60 days nor more than 90 days prior to the date of the annual meeting, unless we give our stockholders less than 70 days' notice of the date of our Annual Meeting. If we provide less than 70 days' notice, then we must receive the stockholder's written notice by the close of business on the 10th day after we provide notice of the date of the Annual Meeting. The notice must contain the specific information required in our By-Laws. A copy of our By-Laws may be obtained by writing to the Corporate Secretary. If we receive a stockholder's proposal within the time periods required under our By-Laws, we may choose, but are not required, to include it in our proxy statement. If we do, we may tell the other stockholders what we think of the proposal, and how we intend to use our discretionary authority to vote on the proposal. All proposals should be made in writing and sent via registered, certified or express mail, to our executive offices, 110 East Broward Boulevard, Suite 1400, Fort Lauderdale, Florida 33301, Attention: Robin S. Lebowitz, Corporate Secretary.

Shareholder Communications with the Board of Directors. Any shareholder who wishes to send communications to the Board of Directors should mail them addressed to the intended recipient by name or position in care of: Corporate

Secretary, theglobe.com, inc., 110 East Broward Boulevard, Suite 1400, Fort Lauderdale, Florida, 33301. Upon receipt of any such communications, the Corporate Secretary will determine the identity of the intended recipient and whether the communication is an appropriate shareholder communication. The Corporate Secretary will send all appropriate shareholder communications to the intended recipient. An "appropriate shareholder communication" is a communication from a person claiming to be a shareholder in the communication, the subject of which relates solely to the sender’s interest as a shareholder and not to any other personal or business interest.

In the case of communications addressed to the Board of Directors, the Corporate Secretary will send appropriate shareholder communications to the Chairman of the Board. In the case of communications addressed to any particular directors, the Corporate Secretary will send appropriate shareholder communications to such director. In the case of communications addressed to a committee of the Board, the Corporate Secretary will send appropriate shareholder communications to the Chairman of such committee.

ATTENDANCE AT ANNUAL MEETINGS

The Board of Directors encourages, but does not require, its directors to attend the Company’s annual meeting of stockholders. The Company did not hold an annual meeting last year.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

OVERVIEW

The Company's compensation program is intended to meet three principal objectives (1) attract, reward, and retain executive officers and other key employees; (2) motivate these individuals to achieve short-term and long-term corporate goals that enhance stockholder value; and (3) promote internal equity and external competitiveness. Our Compensation Committee, which for all periods included in this Compensation Discussion and Analysis, consisted of Mr. Michael S. Egan, our Chairman and Chief Executive Officer and Mr. Edward A. Cespedes, our President, Treasurer, Chief Financial Officer and a Director (See "Corporate Governance - Compensation Committee"), establishes our compensation policies as well as detail compensation plans and specific compensation levels for all Company employees and executives, including themselves. The Compensation Committee also administers the Company's equity incentive plans.

The Compensation Committee's compensation policies are based upon the following principles:

- Compensation levels should be competitive with pay plans for positions of similar responsibility at other companies of comparable complexity and size.
- Compensation plans should reward both individual performance and the achievement of the Company's short-term and long-term strategic, operating and financial goals.
- Compensation levels should be higher for senior individuals with greater responsibility and greater ability to influence our achievement of strategic, operating and financial goals.
- Incentive compensation should be a greater part of total compensation for senior individuals with greater responsibility and the opportunity to create greater stockholder value.

EMPLOYMENT AGREEMENTS

On August 1, 2003, we entered into separate employment agreements with each of our named executive officers. The employment agreements with the Chief Executive Officer and President each provide for an annual base salary of $250,000 with eligibility to receive annual increases as determined in the sole discretion of the Board of Directors and an annual cash bonus, which will be awarded upon the achievement of specified pre-tax operating income, not to be less than $50,000 per year. Effective October 1, 2007, these employment agreements were amended so as to irrevocably terminate the Company's obligation to pay guaranteed annual minimum bonuses of $50,000 to these officers in the future. The employment agreement, as amended, with the Vice President of Finance currently provides for an annual base salary of $140,000 and a discretionary annual cash bonus, awarded at the discretion of the Board of Directors.

Additionally, each of the employment agreements with the named executive officers provide for (i) employment as one of our executives; (ii) participation in all welfare, benefit and incentive plans, including equity based compensation plans, offered to senior management; and (iii) a term of employment which commenced on August 1, 2003 through the first anniversary thereof, and which automatically extends for one day each day unless either the Company or the executive provides written notice to the other not to further extend. Each of the employment agreements also provides for certain payments and/or benefits upon termination, which are more fully described under the section, "Potential Payments Upon Termination or Change In Control".

ELEMENTS OF COMPENSATION

Our executive compensation program has three primary elements: base salary, annual performance-based cash bonuses and the potential for long-term equity incentives. These primary elements are supplemented by the opportunity to participate in health, welfare and benefit plans that are generally available to all of our employees.

Base Salary . We provide our executive officers with base salary to provide them with a fixed base amount of compensation for services rendered during the fiscal year. We believe this is consistent with competitive practices and will help assure we retain qualified leadership in those positions. Base salary for each of our executive officers was initially established in their respective August 1, 2003 employment agreements, with no base salary increases subsequently awarded to any executive officer.

Cash Bonus . Additional compensation in the form of annual cash bonuses is made in accordance with each executive officer's employment agreement, where applicable or at the discretion of the Compensation Committee, taking into account the performance and contributions made by the executive officers of theglobe. All executive officers bonuses are approved by the full Board. Our rationale for paying annual cash bonuses was based upon our desire to encourage achievement of short-term and long-term financial and operating results and to reward our executive officers for their performance in achieving desired results. For the 2007 fiscal year, no cash bonuses were awarded to any of our executive officers. For the 2006 fiscal year, cash bonuses of $50,000 each were awarded to Messrs. Egan and Cespedes, representing the minimal required amounts specified in their employment agreements, and a cash bonus of $25,000 was awarded to Robin S. Lebowitz, our Vice President of Finance. All 2006 fiscal year bonuses were paid in January 2007. For the 2005 fiscal year, cash bonuses of $1,500,000 each were awarded to Messrs. Egan and Cespedes and a $125,000 bonus was awarded to Ms. Lebowitz. The 2005 fiscal year bonuses were based principally on the contributions made by each of the aforementioned executive officers in selling the SendTec marketing services business on October 31, 2005 for net cash proceeds totaling approximately $23.0 million, or a ten (10) times cash-over-cash return. All 2005 fiscal year bonuses were paid in November 2005.

Long-Term Equity Incentives . Long-term incentives are provided primarily by stock option grants. The grants are designed to align the interest of each executive officer with those of the stockholder and provide each executive officer with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business. Each grant allows the executive officer to acquire shares of the Company's Common Stock at a fixed price per share (the market price on the date of grant) over a specified time period (generally up to 10 years). The number of shares subject to each option grant is set at a level intended to create a meaningful opportunity for stock ownership based on the officer's current position with the Company, the base salary associated with that position, the individual's potential for increasing stockholder value, and the individual's personal performance. The Compensation Committee does not adhere to any specific guidelines as to the relative option holding of the Company's executive officers, nor does it have any program, plan or practice to time the grant of stock options in coordination with material non-public information.

Health, Welfare and Benefit Plans . To be competitive in attracting and retaining qualified personnel, we offer a standard range of health and welfare benefits to all employees, including our executive officers. These benefits include medical, prescription drugs and dental coverage, life insurance and disability and accidental death and dismemberment insurance. Under the benefit plans, the cost of employee coverage, including executive officers' coverage, is borne 100% by the Company. All employees, with the exception of the executive officers, contribute towards the cost of spousal and dependent health insurance coverage**.** Additionally, during 2006 and 2005 annual car allowances totaling $17,000 were paid to both our Chairman and our President. During 2006, a $10,000 car allowance was paid to our Vice President of Finance. No car allowances were paid to any of our executive officers during 2007.

Deductibility of Compensation over $1 Million . Section 162(m) of the Internal Revenue Code imposes a limit of $1 million, unless compensation is performance-based or another exception applies, on the amount that a publicly held corporation may deduct in any year for the compensation paid to its chief executive officer and the four other most highly compensated executive officers. The cash compensation paid to executive officers for each of the 2007 and 2006 fiscal years did not exceed the $1 million limit per officer. During the 2005 fiscal year, however, Messrs. Egan and Cespedes' compensation both exceeded $1 million. Therefore, in filing our 2005 federal and state income tax returns, our compensation deductions for executive officer pay were limited. However, current year losses and available prior year net operating losses were utilized in filing our 2005 returns, which served to eliminate substantially all of the incremental income taxes that would have been otherwise paid at that time. We are mindful of the potential impact that Section 162(m) may have on the income taxes that the Company may have to pay in the future and intend generally to structure our compensation arrangements, where feasible, to eliminate or minimize the impact of the Section 162(m) limitations.

Termination and Change-in-Control Payments . On August 1, 2003, the Company entered into separate employment agreements with each of our current executive officers that specify, among other things, the obligation of the Company in the case of termination or change-in-control. The Company's obligations under these employment agreements are described in more detail in a subsequent section of this Report on Form 10-K which is entitled "Potential Payments Upon Termination or Change-In-Control." These employment agreements were entered into to induce our executive officers to perform their roles and to continue employment with the Company for an extended period of time. The particular events which trigger termination payments under the employment agreements are generally based upon customary business practices in the United States.

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning compensation for services in all capacities awarded to, earned by or paid by us to those persons serving as the principal executive officer and principal financial officer at any time during the last calendar year and our other executive officer for the year ended December 31, 2007 (collectively, the "Named Executive Officers"):

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards (1) ($)	All Other (2) ($)	Total ($)
Michael S. Egan,	2007	250,000	0	0	(6)	251,163
Chairman, Chief Executive	2006	250,000	50,000	0	17,868	317,868
Officer (3)	2005	250,000	1,500,000	175,000	17,987	1,942,987
Edward A. Cespedes,	2007	250,000	0	0	16,418	266,418
President, Treasurer and						
Chief	2006	250,000	50,000	0	33,605	333,605
Financial Officer (4)	2005	250,000	1,500,000	175,000	31,714	1,956,714
Robin S. Lebowitz,	2007	140,000	0	0	15,182	155,182
Former Chief Financial						
Officer;	2006	140,000	25,000	13,000	25,580	203,580
Vice President of Finance						
(5)	2005	140,000	125,000	40,000	14,632	319,632

(1) Amounts represent the aggregate grant date fair value of stock options in accordance with Statement of Financial Accounting Standards No. 123R. See Note 1, “Organization and Summary of Significant Accounting Policies - Stock Based Compensation,” and Note 11, “Stock Option Plans,” in the accompanying consolidated financial statements as of December 31, 2007 and for the year then ended for information regarding the assumptions used in the valuation of stock option awards.

(2) Other compensation includes the cost of life, disability and accidental death and dismemberment insurance premiums paid on behalf of the named executive officers and for 2005 and 2006, car allowances paid to the named executive officers. In the case of the President and the Vice President of Finance, other compensation also includes the cost of medical and dental insurance coverage for the named executive officer, their spouse and dependents, as applicable.

(3) Mr. Egan became an executive officer in July 1998. We began paying Mr. Egan a base salary in July 2003. The 2005 option awards include a grant of 1,750,000 options at an exercise price of $0.12 per share.

(4) Mr. Cespedes became President in June 2002 and Treasurer and Chief Financial Officer in February 2005. The 2005 option awards include a grant of 1,750,000 options at an exercise price of $0.12 per share.

(5) Ms. Lebowitz became an officer of the Company in June 2002 and Chief Financial Officer in July 2002. In February 2004, Ms. Lebowitz resigned her position as Chief Financial Officer and became Vice President of Finance. The option awards include grants of 400,000 and 100,000 options at an exercise price of $0.12 and $0.14 per share in 2005 and 2006, respectively.

(6) Not reported as the aggregate of the items was less than $10,000.

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There were no plan-based awards made to the Named Executive Officers in 2007.

OUTSTANDING EQUITY AWARDS AT FISCAL 2007 YEAR-END

Name	Number of Securities Underlying Unexercised Options (1) Exercisable (#)	Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Michael S. Egan	50,000	—$	4.50	7/16/2008
	179,798	—	4.50	8/1/2008
	20,202	—	4.95	8/1/2008
	70,000	—	15.75	1/6/2009
	10,000	—	6.69	2/17/2010
	7,500	—	0.23	6/27/2011
	7,500	—	0.04	6/21/2012
	2,500,000	—	0.02	8/13/2012
	1,000,000	—	0.56	5/22/2013
	1,750,000	—	0.12	4/7/2015
Edward A. Cespedes	50,000	—$	4.50	7/16/2008
	7,500	—	4.50	8/1/2008
	50,000	—	15.75	1/6/2009
	15,000	—	6.69	2/17/2010
	20,000	—	2.50	4/18/2010
	7,500	—	2.38	6/8/2010
	7,500	—	0.23	6/27/2011
	7,500	—	0.04	6/21/2012
	1,750,000	—	0.02	8/13/2012
	550,000	—	0.56	5/22/2013
	1,750,000	—	0.12	4/7/2015
Robin S. Lebowitz	1,580	—$	1.59	5/31/2010
	25,000	—	0.05	12/14/2011
	7,500	—	0.04	6/21/2012
	500,000	—	0.02	8/13/2012
	100,000	—	0.56	5/22/2013
	400,000	—	0.12	4/7/2015
	100,000	—	0.14	8/16/2016

(1) All stock option awards included in the above table are fully vested. None of the named executive officers exercised any stock options during the year ended December 31, 2007.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The Company has entered into separate employment agreements with each of the named executive officers which specify the obligations of the Company, as well as the named executive officer in the case of termination or a change-in-control.

Each of the employment agreements provide for payments to be made to the executive officers if they are terminated "without cause" or if the executive terminates with "good reason", or in the event that the executive officer's employment is terminated as a result of disability or death. Events which may be considered "good reason" as defined by the employment agreements include:

(a) any change in the duties, responsibilities or status of the executive officer that is inconsistent in any material and adverse respect with the executive's position, duties, responsibilities or status with the Company;

(b) a material and adverse change in the executive officer's titles or offices held with the Company;

(c) a reduction in the executive officer's base salary, guaranteed bonus or bonus opportunity;

(d) the relocation of the Company's principal executive offices or the executive officer's own office location to a location more than 25 miles outside of Fort Lauderdale, Florida;

(e) any refusal by the Company or any affiliate to continue to permit the executive officer to engage in activities not directly related to the business of the Company which the executive officer was permitted to engage as of the date the employment agreement was entered into;

(f) any reason following a change in control, as defined by the employment agreement; or

(g) any other breach of a material provision of the employment agreement by the Company or any affiliate.

Each of the employment agreements between the Company and the Chief Executive Officer and the President provide, in the case of termination by the Company without cause or termination by the executive officer for good reason, the payment within five days of such termination of (i) any accrued and unpaid base salary; (ii) a pro-rated incentive payment, as defined by the agreement, for the current year through the date of termination; (iii) any accrued vacation pay; and (iv) a Lump-Sum Cash Payment ("Lump-Sum Cash Payment") equal to ten times the sum of the executive officer's base salary and highest annual incentive, as defined by the employment agreement. In addition, the employment agreements provide that the Company shall maintain in full force and effect, for a period of ten years following the date of termination, the medical, hospitalization, dental and life insurance programs in which the executive officer, his spouse and his dependents were participating immediately prior to the date of termination at the level in effect and upon substantially the same terms and conditions as existed immediately prior to the date of termination. Such insurance benefits terminate on the date the executive officer receives equivalent coverage and benefits under the plans or programs of a subsequent employer. The employment agreements also provide for the acceleration of vesting of any stock, stock option, stock appreciation right or similar awards, as of the date of termination and permit the executive officer to exercise such awards until the earlier of (i) the third anniversary of the date of termination or (ii) the end of the term of the award.

The employment agreement between the Company and the Vice President of Finance provides for, in the case of termination by the Company without cause or termination by the executive officer for good reason, payments and benefits similar to the employment agreements of the Chief Executive Officer and President except that the Lump-Sum Cash Payment shall equal two times the sum of the Vice President of Finance's base salary and highest annual incentive and the Company will be required to maintain insurance benefits for a period of two years following

the date of termination.

In the event the named executive officer's employment is terminated as a result of disability, the employment agreements provide for the payment of all accrued salary and benefits through the termination date, including a pro-rated incentive payment, as defined by the agreement, as well as the payment of insurance benefits for a period of one year subsequent to termination.

In the event the named executive officer's employment is terminated as a result of the officer's death, the employment agreements provide for the payment of all accrued salary and benefits through the termination date. Additionally, the employment agreements specify that the Company shall provide the named executive officer's spouse and dependents with insurance benefits for a period of ten years in the case of the Chief Executive Officer and the President and for a period of one year in the case of the Vice President of Finance.

Assuming the named executive officers were terminated by the Company without cause or the named executive officers terminated with good reason as of December 31, 2007, Lump-Sum Cash Payments totaling $7,667,000 would be payable to each of the Chief Executive Officer and the President of the Company and a Lump-Sum Cash Payment totaling $380,000 would be payable to the Vice President of Finance of the Company. In addition, the Company's estimated obligation for insurance benefits to be provided for the Chief Executive Officer, the President and the Vice President of Finance in accordance with their respective employment agreement totaled approximately $12,000, $165,000 and $30,000, respectively.

COMPENSATION OF DIRECTORS

Directors who are also our employees receive no compensation for serving on our Board or committees. We reimburse non-employee directors for all travel and other expenses incurred in connection with attending Board and committee meetings. Non-employee directors are also eligible to receive automatic stock option grants under our 1998 Stock Option Plan, as amended and restated. As of December 31, 2007 there were no directors who met this definition.

Each director who becomes an eligible non-employee director for the first time receives an initial grant of options to acquire 25,000 shares of our Common Stock. In addition, each eligible non-employee director will receive an annual grant of options to acquire 7,500 shares of our Common Stock on the first business day following each annual meeting of stockholders that occurs while the 1998 Stock Option Plan or 2000 Stock Option Plan is in effect. These stock options will be granted with per share exercise prices equal to the fair market value of our common stock as of the date of grant.

COMPENSATION COMMITTEE

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Michael S. Egan, theglobe’s Chairman and Chief Executive Officer and Edward A. Cespedes, theglobe’s President, Treasurer and Chief Financial Officer and Director served as members of the Compensation Committee of the Board of Directors during 2007. Although certain relationships and related transactions between Messrs. Egan and Cespedes and theglobe are disclosed in the section of this Annual Report on Form 10-K entitled “Certain Relationships and Related Transactions,” none of these relationships or transactions relate to interlocking directorships or compensation committees.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors establishes our general compensation policies as well as the compensation plans and specific compensation levels for executive officers. The Compensation Committee also administers our stock based incentive plans for executive officers.

The Compensation Committee has reviewed and discussed the information provided within the “Compensation Discussion and Analysis” section of this Annual Report on Form 10-K with management and based on this review, the Compensation Committee has recommended to the entire Board of Directors that the “Compensation Discussion and Analysis” be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007.

COMPENSATION COMMITTEE:

Michael S. Egan
Edward A. Cespedes

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of March 5, 2008 (except as otherwise indicated) by (i) each person who owns beneficially more than 5% of our Common Stock, (ii) each of our directors, (iii) each of our "Named Executive Officers" and (iv) all directors and executive officers as a group. A total of 172,484,838 shares of theglobe’s Common Stock were issued and outstanding on March 5, 2008.

The amounts and percentage of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission ("SEC") governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. Unless otherwise indicated below, the address of each person named in the table below is in care of theglobe.com, inc., P.O. Box 029006, Fort Lauderdale, Florida 33302.

DIRECTORS, NAMED EXECUTIVE OFFICERS AND 5% STOCKHOLDERS	SHARES BENEFICIALLY OWNED NUMBER	PERCENT	TITLE OF CLASS
Dancing Bear Investments, Inc. (1)	133,303,148	44.8%	Common
Michael S. Egan (1)(2)(6)(7)(8)	274,699,034	72.1%	Common
Edward A. Cespedes (3)	4,215,000	2.4%	Common
Robin S. Lebowitz (4)	1,134,080	*	Common
Carl Ruderman (5)	10,000,000	5.5%	Common
E&C Capital Partners, LLLP (6)(8)	82,469,012	38.1%	Common
E&C Capital Partners II, LLLP(7)	40,000,000	19.4%	Common
All directors and executive officers as a group (3 persons)	280,048,114	72.4%	Common

* less than 1%

(1) Mr. Egan owns Dancing Bear Investments, Inc. Includes 125,000,000 shares of our common stock issuable upon the conversion of the 2007 Convertible Notes.

(2) Includes the shares that Mr. Egan is deemed to beneficially own as the controlling investor of Dancing Bear Investments, Inc., E&C Capital Partners, LLLP, and E&C Capital Partners II, LLLP and as the Trustee of the Michael S. Egan Grantor Retained Annuity Trusts for the benefit of his children. Also includes (i) 5,595,000 shares of our Common Stock issuable upon exercise of options that are currently exercisable; (ii) 3,541,337 shares of our Common Stock held by Mr. Egan's wife, as to which he disclaims beneficial ownership; and (iii) 204,082 shares of our Common Stock issuable upon exercise of warrants at $1.22 per share owned by Mr. Egan and his wife.

(3) Consists of 4,215,000 shares of our Common Stock issuable upon exercise of options that are currently exercisable.

(4) Consists of 1,134,080 shares of our Common Stock issuable upon exercise of options that are currently exercisable.

(5) Consists of 10,000,000 shares of Common Stock issuable upon the exercise of warrants at $0.15 per share.

(6) E&C Capital Partners, LLLP is a privately held investment vehicle controlled by our Chairman, Michael S. Egan. Our President, Edward A. Cespedes, has a minority, non-controlling interest in E&C Capital Partners, LLLP. Includes 34,000,000 shares of our Common Stock issuable upon the conversion of the Convertible Notes. Also, includes 10,000,000 shares of Common Stock if and to the extent issued upon exercise of the warrants described in footnote (5) over which E&C holds an irrevocable proxy pursuant to the Stockholders' Agreement described in footnote (8) below.

(7) E&C Capital Partners II, LLLP is a privately held investment vehicle controlled by our Chairman, Michael S. Egan. Includes 34,000,000 shares of our Common Stock issuable upon the conversion of the Convertible Notes.

(8) In connection with certain Marketing Services Agreements entered with Universal Media of Miami, Inc. and Trans Digital Media, LLC on November 22, 2006, the Company entered into a warrant purchase agreement with Carl Ruderman, the controlling shareholder of such entities. In connection with the issuance of the warrants, Mr. Ruderman entered into a Stockholders' Agreement with our Chairman and Chief Executive Officer, Michael S. Egan, our President, Edward A. Cespedes, and certain of their affiliates. Pursuant to the Stockholders' Agreement, Mr. Ruderman granted an irrevocable proxy over the shares issuable upon exercise of the warrants to E&C Capital Partners, LLLP and granted a right of first refusal over his shares to all of the other parties to the Stockholders' Agreement. Mr. Ruderman also agreed to sell his shares under certain circumstances in which the other parties to the Stockholders' Agreement have agreed to sell their respective shares. Mr. Ruderman was granted the right to participate in certain sales of the Company's Common Stock by the other parties to the Stockholders' Agreement. The amount set forth in the table includes 10,000,000 shares of Common Stock if and to the extent issued upon exercise of the warrants described in footnote (5) over which E&C holds such irrevocable proxy.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons .

Certain directors of the Company also serve as officers and directors of and own controlling interests in Dancing Bear Investments, Inc. ("Dancing Bear"), E&C Capital Partners LLLP, E&C Capital Partners II, LLLP, The Registry Management Company, LLC, Labigroup Holdings, LLC and Search.Travel LLC. Dancing Bear, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP are stockholders of the Company and are entities controlled by our Chairman.

On February 1, 2008 the Company announced that it had entered into a letter of intent to sell substantially all of the business and net assets of its Tralliance Corporation subsidiary and to issue approximately 269,000,000 shares of its common stock, to The Registry Management Company, LLC, a privately held entity controlled by Michael S. Egan, theglobe.com's Chairman, CEO and controlling investor (the "Proposed Tralliance Transaction").

As part of the purchase consideration for the Proposed Tralliance Transaction, Mr. Egan and certain of his affiliates, including Dancing Bear, the E&C Partnerships and Certified Tours, Inc. will exchange and surrender all of their right, title and interest to the 2005 Convertible Notes and 2007 Convertible Notes, accrued and unpaid interest thereon, as well as accrued and unpaid rent and miscellaneous fees that are due and outstanding as of the date of the closing of the Proposed Tralliance Transaction. At December 31, 2007, amounts due under the 2005 Convertible Notes and 2007 Convertible Notes, accrued and unpaid interest thereon, and accrued and unpaid rent and miscellaneous fees totaled approximately $4,650,000, $955,000 and $440,000, respectively, which amounts collectively equal $6,045,000 (see Note 8, "Debt" of the Notes to Consolidated Financial Statements for additional details).

As additional consideration, The Registry Management Company will pay an earn-out to theglobe equal to 10% (subject to certain minimums) of The Registry Management Company's net revenue derived from ".travel" names registered by The Registry Management Company through May 5, 2015. The total net present value of the minimum guaranteed earn-out payments is estimated to be approximately $1,300,000, bringing the total purchase consideration for the Proposed Tralliance Transaction to approximately $7,345,000 (based upon December 31, 2007 liability balances as discussed above).

The Proposed Tralliance Transaction is subject to the negotiation and closing of a definitive purchase agreement, receipt of an independent fairness opinion, and shareholder approval. The foregoing description is preliminary in nature and there may be significant changes between such preliminary terms and the terms of any final definitive purchase agreement. The Proposed Tralliance Transaction is expected to close no earlier that the second quarter of 2008.

On December 20, 2007, Tralliance entered into a Bulk Registration Co-Marketing Agreement (the "Co-Marketing Agreement") with Labigroup Holdings, LLC ("Labigroup"), under Tralliance's bulk purchase program. Labigroup is a private entity controlled by the Company's Chairman and our remaining directors own a minority interest in Labigroup. Under the Co-Marketing Agreement, Labigroup committed to purchase a predetermined minimum number of ".travel" domain names on a bulk basis from an accredited ".travel" registrar of its own choosing and to establish a predetermined minimum number of related ".travel" websites. As consideration for the ".travel" domain names to be purchased under the Co-Marketing Agreement, Labigroup agreed to pay certain fixed fees and make certain other payments including, but not limited to, an ongoing royalty calculated as a percentage share of its net revenue, as defined in the Co-Marketing Agreement (the "Labigroup Royalties"), to Tralliance. The Co-Marketing Agreement has an initial term which expires September 30, 2010 after which it may be renewed for successive periods of two and three years, respectively. During the period from December 20, 2007 through December 31, 2007, Labigroup registered 164,708 ".travel" domain names under the Co-Marketing Agreement. As of December 31, 2007, Labigroup

has paid $262,500 and is obligated to pay an additional $412,050 in fees and costs to Tralliance under the Co-Marketing Agreement. Such amounts, which are equal to the amount of incremental fees and costs incurred by Tralliance in registering these bulk purchase names, have been treated as a reimbursement of these incremental fees and costs in the Company's financial statements. The Company plans to recognize revenue related to this Co-Marketing Agreement only to the extent that Labigroup Royalties are earned.. No such revenue has been recorded as of December 31, 2007.

On December 13, 2007, the Company entered into and closed an Assignment, Conveyance and Bill of Sale Agreement with Search.Travel, LLC ("Search.Travel"). Pursuant to this agreement, Tralliance sold all of its rights relating to the www.search.travel domain name, website and related assets to Search.Travel for a purchase price of $380,000, which was paid in cash at the closing date. Search.Travel is a private entity controlled by the Company's Chairman, of which our remaining directors also own a minority interest. The purchase price was determined by the Board of Directors taking into account the valuation given to the assets by an independent investment banking firm. A gain on the sale of search.travel in the amount of $379,791 was recognized and has been included within Other Income in the Consolidated Statement of Operations for the year ended December 31, 2007.

On May 29, 2007, Dancing Bear entered into a note purchase agreement (the "2007 Agreement") with the Company pursuant to which Dancing Bear acquired a secured demand convertible promissory note (the "2007 Convertible Note") in the amount of $250,000. Under the terms of the 2007 Agreement, Dancing Bear was granted the optional right, for a period of 180 days from the date of the 2007 Agreement, to purchase additional 2007 Convertible Notes such that the aggregate principal amount issued under the 2007 Agreement could total $3,000,000. On June 25, 2007, July 19, 2007 and September 6, 2007, Dancing Bear acquired additional 2007 Convertible Notes in the principal amounts of $250,000, $500,000 and $250,000, respectively. At December 31, 2007, the aggregate principal amount of 2007 Convertible Notes totaled $1,250,000. Interest associated with the 2007 Convertible Notes of approximately $58,600 was charged to expense during the year ended December 31, 2007, and remained outstanding at December 31, 2007.

The 2007 Convertible Notes are convertible at anytime prior to payment into shares of the Company’s Common Stock at the rate of $0.01 per share. The conversion price of the 2007 Convertible Notes is subject to adjustment upon the occurrence of certain events, including with respect to stock splits or combinations. Assuming full conversion of all 2007 Convertible Notes that are outstanding at December 31, 2007 at the initial conversion rate, and without regard to potential anti-dilutive adjustments resulting from stock splits and the like, 125,000,000 shares of the Company’s Common Stock would be issued to Dancing Bear. The 2007 Convertible Notes are due five days after demand for payment by Dancing Bear and are secured by a pledge of all of the assets of the Company and its subsidiaries, subordinate to existing liens on such assets. The 2007 Convertible Notes bear interest at the rate of ten percent per annum.

On April 2, 2007, theglobe agreed to transfer to Michael Egan all of its VoIP intellectual property in consideration for his agreement to provide certain security and credit enhancements in connection with the MySpace litigation Settlement Agreement (See Note 13, “Litigation”, for further discussion). The Company had previously written off the value of the VoIP intellectual property as a result of its evaluation of the VoIP telephony services business’ long-lived assets in connections with the preparation of the Company’s 2004 year-end consolidated financial statements.

On November 22, 2006, the Company entered into a License Agreement (the “License Agreement”) with Speecho, LLC which granted a license to use the Company’s chat, VoIP and video communications technology for a minimum license fee of $10,000 per month with an initial term of ten years. The Company’s Chairman, the Company’s President and the Company’s Vice President of Finance, as well as certain other employees of the Company, are members of a company that owns 50% of the membership interests in Speecho, LLC. Due to various technology related problems, the License Agreement was terminated in August 2007. No revenue was ever recognized by the Company related to the License Agreement.

On November 22, 2006, the Company entered into certain Marketing Services Agreements (the “Marketing Services Agreements”) with two entities whereby the entities agreed to market certain of the Company’s products in exchange for certain commissions and promotional fees and which granted the Company exclusive right to certain uses of a tradename in connection with certain of the Company’s websites. Additionally, on November 22, 2006, in connection with the Marketing Services Agreements, the Company entered into a Warrant Purchase Agreement with Carl Ruderman, the controlling shareholder of the entities. The Warrant Purchase Agreement provides for the issuance to Mr. Ruderman of one warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a three year term and a second warrant to purchase 5,000,000 shares of the Company’s Common Stock at an exercise price of $0.15 per share with a term of four years. Each warrant provides for the extension of the exercise term by an additional three years if certain criteria are met under the Marketing Services Agreements. The Warrant Purchase Agreement grants to Mr. Ruderman “piggy-back” registration rights with respect to the shares of the Company’s Common Stock issuable upon exercise of the warrants.

In connection with the issuance of the warrants, on November 22, 2006, Mr. Ruderman entered into a Stockholders’ Agreement with Mr. Egan, the Company’s chairman and chief executive officer, Mr. Cespedes, the Company’s president and certain of their affiliates. Pursuant to the Stockholders’ Agreement, Mr. Ruderman granted an irrevocable proxy over the shares issuable upon exercise of the warrants to E&C Capital Partners, LLLP and granted a right of first refusal over his shares to all of the other parties to the Stockholders’ Agreement. Mr. Ruderman also agreed to sell his shares under certain circumstances in which the other parties to the Stockholders’ Agreement have agreed to sell their respective shares. Mr. Ruderman was also granted the right to participate in certain sales of the Company’s Common Stock by the other parties to the Stockholders’ Agreement.

On April 22, 2005, E&C Capital Partners, LLLP and E&C Capital Partners II, LLLP (the "E&C Partnerships"), entities controlled by the Company's Chairman and Chief Executive Officer, entered into a note purchase agreement (the "2005 Agreement") with theglobe pursuant to which they acquired convertible promissory notes (the "2005 Convertible Notes") in the aggregate principal amount of $1,500,000. Under the terms of the 2005 Agreement, the

E&C Partnerships were also granted the optional right, for a period of 90 days from the date of the 2005 Agreement, to purchase additional 2005 Convertible Notes such that the aggregate principal amount of 2005 Convertible Notes issued under the 2005 Agreement could total $4,000,000 (the "2005 Option"). On June 1, 2005, the E&C Partnerships exercised a portion of the 2005 Option and acquired an additional $1,500,000 of 2005 Convertible Notes. On July 18, 2005, the E&C Partnerships exercised the remainder of the 2005 Option and acquired an additional $1,000,000 of 2005 Convertible Notes.

The 2005 Convertible Notes are convertible at the option of the E&C Partnerships into shares of the Company's Common Stock at an initial price of $0.05 per share. During the year ended December 31, 2005, an aggregate of $600,000 of 2005 Convertible Notes were converted by the E&C Partnerships into an aggregate of 12,000,000 shares of the Company’s Common Stock. At both December 31, 2007 and 2006, the total principal amount of 2005 Convertible Notes outstanding was $3,400,000. Assuming full conversion of all 2005 Convertible Notes which remain outstanding as of December 31, 2007, an additional 68,000,000 shares of the Company's Common Stock would be issued to the E&C Partnerships. The 2005 Convertible Notes provide for interest at the rate of ten percent per annum and are secured by a pledge of substantially all of the assets of the Company. The 2005 Convertible Notes are due and payable five days after demand for payment by the E&C Partnerships. Interest associated with the 2005 Convertible Notes of approximately $340,000, $340,000 and $216,200 was charged to expense during the years ended December 31, 2007, 2006 and 2005, respectively, and remained unpaid at December 31, 2007.

Several entities controlled by our Chairman have provided services to the Company and several of its subsidiaries, including: the lease of office and warehouse space; and the outsourcing of customer service and warehouse functions for the Company's VoIP operation. During the first quarter of 2005, an entity controlled by our Chairman also began performing human resource and payroll processing functions for the Company and several of its subsidiaries. During the years ended December 31, 2007, 2006 and 2005, a total of approximately $394,000, $466,000 and $386,000 of expense was recorded related to these services, respectively. Approximately $440,000 and $158,000 related to these services was included in accounts payable and accrued expenses at December 31, 2007 and 2006, respectively.

Tralliance Corporation, which was acquired May 9, 2005, subleased office space in New York City on a month-to-month basis from an entity controlled by its former President. A total of approximately $13,000 and $41,000 in rent expense related to this month-to-month sublease was included in the accompanying statement of operations for the years ended December 31, 2007 and 2006, respectively.

Review, Approval or Ratification of Transactions with Related Persons . The Board of Directors has adopted a Code of Ethics and Business Conduct, which applies to all officers, employees and directors of the Company. The Code of Ethics and Business Conduct describes the Company’s policies and standards for protecting the Company’s integrity and provides guidance to the Company’s officers, employees and directors in recognizing and reporting activities that conflict with, or have the appearance of conflicting with, the interests of the Company and its stockholders. The Code of Ethics and Business Conduct provides that no officer, employee or director of the Company shall derive any personal gain from any Company activity unless the transaction has been fully disclosed to and approved in writing by the Company’s Compliance Officer, Ms. Lebowitz, or the Board of Directors as the case may be.

Director Independence . None of the current members of the Company’s Board of Directors are considered “independent” within the meaning of applicable NASD rules

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees . The aggregate fees billed by Rachlin Cohen & Holtz LLP (“Rachlin Cohen”), independent public accountants, for professional services rendered for the audit of our annual financial statements during 2007 and 2006 and the reviews of the financial statements included in our Forms 10-Q and 10-K, as appropriate, were $81,529 and $128,625, respectively.

Audit-Related Fees . During the last two fiscal years, Rachlin Cohen provided the Company with the following services that are reasonably related to the performance of the audit of our financial statements:

The Company incurred no assurance and related services related to audits and review for various SEC filings (including S-8’s, proxy and private placements) during 2007 or 2006.; and

Other services relating to consultation and research of various accounting pronouncements and technical issues were $518 for 2007 and $3,340 for 2006.

Tax Fees . The aggregate fees billed for tax services provided by Rachlin Cohen in connection with tax compliance, tax consulting and tax planning services during 2007 and 2006, were $81,358 and $88,860, respectively.

All Other Fees . Except as described above, the Company had no other fees for services provided by Rachlin Cohen during 2007 and 2006.

Pre-Approval of Services by the External Auditor . In April 2004, the Audit Committee adopted a policy for pre-approval of audit and permitted non-audit services by the Company’s external auditor. The Audit Committee will consider annually and, if appropriate, approve the provision of audit services by its external auditor and consider and,

if appropriate, pre-approve the provision of certain defined audit and non-audit services. The Audit Committee will also consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved. The Audit Committee pre-approved the audit related engagements and tax services billed by the amounts described above.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a). List of all documents filed as part of this report.

(1) Financial statements are listed in the index to the consolidated financial statements on page F-1 of this Report.

(2) No financial statement schedules are included because they are not applicable or are not required or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

(3) Exhibit Index

3.1 Form of Fourth Amended and Restated Certificate of Incorporation of the Company (3).

3.2 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation (16).

3.3 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on July 29, 2003 (16).

3.4 Certificate relating to Previously Outstanding Series of Preferred Stock and Relating to the Designation, Preferences and Rights of the Series F Preferred Stock (12).

3.5 Certificate of Amendment Relating to the Designation Preferences and Rights of the Junior Participating Preferred Stock (13).

3.6 Form of By-Laws of the Company (16).

3.7 Certificate of Amendment Relating to the Designation Preferences and Rights of the Series H Automatically Converting Preferred Stock (15).

3.8 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on December 1, 2004 (18).

4.1 Registration Rights Agreement, dated as of September 1, 1998 (5).

4.2 Amendment No.1 to Registration Rights Agreement, dated as of April 9, 1999 (6).

4.3 Specimen certificate representing shares of Common Stock of the Company (4).

4.4 Amended and Restated Warrant to Acquire Shares of Common Stock (2).

4.5 Form of Rights Agreement, by and between the Company and American Stock Transfer & Trust Company as Rights Agent (3).

4.6 Form of Warrant dated November 12, 2002 to acquire shares of Common Stock (8).

4.7 Form of Warrant dated March 28, 2003 to acquire shares of Common Stock (12).

4.8 Form of Warrant dated May 28, 2003 to acquire an aggregate of 500,000 shares of theglobe.com Common Stock (9).

4.9 Form of Warrant dated July 2, 2003 to acquire securities of theglobe.com, inc. (10).

4.10 Form of Warrant dated March 5, 2004 to acquire securities of theglobe.com, inc. (14).

4.11 Form of Warrant relating to potential issuance of Earn-out Consideration (15).

4.12 Form of Secured Demand Convertible Promissory Note (19).

4.13 Security Agreement dated April 22, 2005 by and between theglobe.com, inc. and certain other parties named therein (19).

4.14 Unconditional Guaranty Agreement dated April 22, 2005 (19).

4.15 Security Agreement dated May 29, 2007 by and between theglobe.com, inc. and Dancing Bear Investments, Inc. (22).

4.16 Unconditional Guaranty Agreement dated May 29, 2007 (22).

4.17 $250,000 Secured Demand Convertible Promissory Note dated May 29, 2007 (22).

4.18 $250,000 Secured Demand Convertible Promissory Note dated June 25, 2007 (23).

4.19 $250,000 Secured Demand Convertible Promissory Note dated July 19, 2007 (24).

4.20 $250,000 Secured Demand Convertible Promissory Note dated September 6, 2007 (25).

10.1 Form of Indemnification Agreement between the Company and each of its Directors and Executive Officers (1).

10.2 2000 Broad Based Stock Option Plan (7).**

10.3 1998 Stock Option Plan, as amended (6).**

10.4 1995 Stock Option Plan (1).**

10.5 Form of Subscription Agreement relating to the purchase of Units of Series G Preferred Stock and Warrants of theglobe.com, inc. (10).

10.6 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Michael S. Egan (11).**

10.7 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Edward A. Cespedes (11).**

10.8 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Robin Segaul Lebowitz (11).**

10.9 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Michael S. Egan (11).**

10.10 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Edward A. Cespedes (11).**

10.11 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Robin Segaul Lebowitz (11).**

10.12 2003 Amended and Restated Non-Qualified Stock Option Plan (20).**

10.13 theglobe.com 2004 Amended and Restated Stock Option Plan (17).

10.14 Form of Potential Conversion Note relating to Series H Preferred Stock (15).

10.15 Note Purchase Agreement dated April 22, 2005 by and between theglobe.com, inc. and certain named investors (19).

10.16 .travel Sponsored TLD Registry Agreement dated May 5, 2005 by and between ICANN and Tralliance Corporation (21).

10.17 Warrant Purchase Agreement dated as of November 22, 2006 by and between theglobe.com, inc. and Carl Ruderman (21).*

10.18 Stockholders' Agreement dated as of November 22, 2006 by and among theglobe.com, inc., Michael S. Egan, Edward A. Cespedes, E&C Capital Partners, LLLP, E&C Capital Partners II, Ltd., Dancing Bear Investments, Inc. and Carl Ruderman (21).

10.19 Warrant to Acquire 5,000,000 shares of theglobe.com, inc. dated as of November 22, 2006 issued to Carl Ruderman (21).*

10.20 Warrant to Acquire 5,000,000 shares of theglobe.com, inc. dated as of November 22, 2006 issued to Carl Ruderman (21).*

10.21 Amended and Restated License Agreement dated as of January 26, 2007 by and between tglo.com, inc. and Speecho LLC (21).*

10.22 NeuLevel Master Service Agreement dated as of October 11, 2005 by and between NeuLevel, Inc. and Tralliance Corporation (21).*

10.23 Settlement Agreement between MySpace, Inc. and theglobe.com, inc. and Michael Egan dated as of March 15, 2007 (21).

10.24 Marketing Services Agreement dated as of November 22, 2006 between theglobe.com, inc. and Trans Digital Media, LLC (21).*

10.25 Marketing Services Agreement dated as of November 22, 2006 between theglobe.com, inc. and Universal Media of Miami, Inc.(21).*

10.26 Note Purchase Agreement dated May 29, 2007 between theglobe.com, inc. and Dancing Bear Investments, Inc. (22).

10.27 Amendment to Employment Agreement dated October 1, 2007 between theglobe.com and Michael S. Egan (26).**

10.28 Amendment to Employment Agreement dated October 1, 2007 between theglobe.com and Edward A. Cespedes (26).**

10.29 Master Co-Marketing Agreement dated October 1, 2007 between Neustar, Inc. and Tralliance Corporation (26).*

10.30 Agreement Conveyance and Bill of Sale dated as of December 13, 2007 by and between theglobe.com, inc., Tralliance Corporation and Search.Travel LLC (27).

10.31 Letter of Intent Agreement dated as of February 1, 2008 by and between The Registry Management Company LLC, Tralliance Corporation and theglobe,com, inc. (28).

10.32 Bulk Registration Co-Marketing Agreement dated as of December 20, 2007 by and between Tralliance Corporation and Labigroup Holdings, LLC. *

21. Subsidiaries

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

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1. Incorporated by reference from our registration statement on Form S-1 filed July 24, 1998 (Registration No. 333-59751).

2. Incorporated by reference from our Form S-1/A filed August 20, 1998.

3. Incorporated by reference from our Form S-1/A filed September 15, 1998.

4. Incorporated by reference from our Form S-1/A filed October 14, 1998.

5. Incorporated by reference from our Form 10-K for the year ended December 31, 1998 filed March 30, 1999.

6. Incorporated by reference from our Form S-1 filed April 13, 1999.

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* Confidential portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment.

** Management contract or compensatory plan or arrangement.

SIGNATURES

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

theglobe.com, inc.

Dated: March 27, 2008

By: /s/ *Michael S. Egan*

Michael S. Egan
Chief Executive Officer
(Principal Executive Officer)

By: /s/ *Edward A. Cespedes*

Edward A. Cespedes
President, Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

/s/ Michael S. Egan *Michael S. Egan* *Chairman, Director*	*March 27, 2008*
/s/ Edward A. Cespedes *Edward A. Cespedes* *Director*	*March 27, 2008*
/s/ Robin Lebowitz *Robin Lebowitz* *Director*	*March 27, 2008*

EXHIBIT INDEX

NO. ITEM

3.1 Form of Fourth Amended and Restated Certificate of Incorporation of the Company (3).

3.2 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation (16).

3.3 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on July 29, 2003 (16).

3.4 Certificate relating to Previously Outstanding Series of Preferred Stock and Relating to the Designation, Preferences and Rights of the Series F Preferred Stock (12).

3.5 Certificate of Amendment Relating to the Designation Preferences and Rights of the Junior Participating Preferred Stock (13).

3.6 Form of By-Laws of the Company (16).

3.7 Certificate of Amendment Relating to the Designation Preferences and Rights of the Series H Automatically Converting Preferred Stock (15).

3.8 Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on December 1, 2004 (18).

4.1 Registration Rights Agreement, dated as of September 1, 1998 (5).

4.2 Amendment No.1 to Registration Rights Agreement, dated as of April 9, 1999 (6).

4.3 Specimen certificate representing shares of Common Stock of the Company (4).

4.4 Amended and Restated Warrant to Acquire Shares of Common Stock (2).

4.5 Form of Rights Agreement, by and between the Company and American Stock Transfer & Trust Company as Rights Agent (3).

4.6 Form of Warrant dated November 12, 2002 to acquire shares of Common Stock (8).

4.7 Form of Warrant dated March 28, 2003 to acquire shares of Common Stock (12).

4.8 Form of Warrant dated May 28, 2003 to acquire an aggregate of 500,000 shares of theglobe.com Common Stock (9).

4.9 Form of Warrant dated July 2, 2003 to acquire securities of theglobe.com, inc. (10).

4.10 Form of Warrant dated March 5, 2004 to acquire securities of theglobe.com, inc. (14).

4.11 Form of Warrant relating to potential issuance of Earn-out Consideration (15).

4.12 Form of Secured Demand Convertible Promissory Note (19).

4.13 Security Agreement dated April 22, 2005 by and between theglobe.com, inc. and certain other parties named therein (19).

4.14 Unconditional Guaranty Agreement dated April 22, 2005 (19).

4.15 Security Agreement dated May 29, 2007 by and between theglobe.com, inc. and Dancing Bear Investments, Inc. (22).

4.16 Unconditional Guaranty Agreement dated May 29, 2007 (22).

4.17 $250,000 Secured Demand Convertible Promissory Note dated May 29, 2007 (22).

4.18 $250,000 Secured Demand Convertible Promissory Note dated June 25, 2007 (23).

4.19 $500,000 Secured Demand Convertible Promissory Note dated July 19, 2007 (24).

4.20 $250,000 Secured Demand Convertible Promissory Note dated September 6, 2007 (25).

10.1 Form of Indemnification Agreement between the Company and each of its Directors and Executive Officers (1).

10.2 2000 Broad Based Stock Option Plan (7).**

10.3 1998 Stock Option Plan, as amended (6).**

10.4 1995 Stock Option Plan (1).**

10.5 Form of Subscription Agreement relating to the purchase of Units of Series G Preferred Stock and Warrants of theglobe.com, inc. (10).

10.6 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Michael S. Egan (11).**

10.7 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Edward A. Cespedes (11).**

10.8 Employment Agreement dated August 1, 2003 between theglobe.com, inc. and Robin Segaul Lebowitz (11).**

10.9 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Michael S. Egan (11).**

10.10 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Edward A. Cespedes (11).**

10.11 Amended & Restated Non-Qualified Stock Option Agreement effective as of August 12, 2002 between theglobe.com, inc. and Robin Segaul Lebowitz (11).**

10.12 2003 Amended and Restated Non-Qualified Stock Option Plan (20).**

10.13 theglobe.com 2004 Amended and Restated Stock Option Plan (17).

10.14 Form of Potential Conversion Note relating to Series H Preferred Stock (15).

10.15 Note Purchase Agreement dated April 22, 2005 by and between theglobe.com, inc. and certain named investors (19).

10.16 .travel Sponsored TLD Registry Agreement dated May 5, 2005 by and between ICANN and Tralliance Corporation (21).

10.17 Warrant Purchase Agreement dated as of November 22, 2006 by and between theglobe.com, inc. and Carl Ruderman (21).*

10.18 Stockholders' Agreement dated as of November 22, 2006 by and among theglobe.com, inc., Michael S. Egan, Edward A. Cespedes, E&C Capital Partners, LLLP, E&C Capital Partners II, Ltd., Dancing Bear

Investments, Inc. and Carl Ruderman (21).

10.19 Warrant to Acquire 5,000,000 shares of theglobe.com, inc. dated as of November 22, 2006 issued to Carl Ruderman (21).*

10.20 Warrant to Acquire 5,000,000 shares of theglobe.com, inc. dated as of November 22, 2006 issued to Carl Ruderman (21).*

10.21 Amended and Restated License Agreement dated as of January 26, 2007 by and between tglo.com, inc. and Speecho LLC (21).*

10.22 NeuLevel Master Service Agreement dated as of October 11, 2005 by and between NeuLevel, Inc. and Tralliance Corporation (21).*

10.23 Settlement Agreement between MySpace, Inc. and theglobe.com, inc. and Michael Egan dated as of March 15, 2007 (21).

10.24 Marketing Services Agreement dated as of November 22, 2006 between theglobe.com, inc. and Trans Digital Media, LLC (21).*

10.25 Marketing Services Agreement dated as of November 22, 2006 between theglobe.com, inc. and Universal Media of Miami, Inc. (21).*

10.26 Note Purchase Agreement dated May 29, 2007 between theglobe.com, inc. and Dancing Bear Investments, Inc. (22).

10.27 Amendment to Employment Agreement dated October 1, 2007 between theglobe.com and Michael S. Egan (26).**

10.28 Amendment to Employment Agreement dated October 1, 2007 between theglobe.com and Edward A. Cespedes (26).**

10.29 Master Co-Marketing Agreement dated October 1, 2007 between Neustar, Inc. and Tralliance Corporation (26).*

10.30 Assignment , Conveyance and Bill of Sale dated as of December 13, 2007 by and between theglobe.com, inc., Tralliance Corporation and Search.Travel LLC (27).

10.31 Letter of Intent Agreement dated as of February 1, 2008 by and between The Registry Management Company LLC, Tralliance Corporation and theglobe.com, inc. (28).

10.32 Bulk Registration Co-Marketing Agreement dated as of December 20, 2007 by and between Tralliance Corporation and Labigroup Holdings, LLC. *

21. Subsidiaries

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

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