

## ■ PARTICIPANTS

Philip Moyer – CEO and President  
Greg D. Adams – COO and CFO

## ■ MANAGEMENT DISCUSSION SECTION

Greg D. Adams, COO and CFO

### Operating Results

#### Revenues and EBITDA

- With our announcement this afternoon, we are happy to report third quarter revenues up 15% from last year and 7% sequentially to 4.7mm
- We also reported positive EBITDA on an adjusted basis
- We were able to achieve this positive EBITDA milestone by:
  - Growing our revenues
  - Implementing tighter cost controls
  - And restructuring the organization to better align our costs with our revenue streams and internal forecasts
- We are focused on building a financial foundation that we can continue to innovate and grow upon
  - Phil will elaborate more on the business later

#### Data Licenses and Solutions

- Now, drilling down to the operating results, our third quarter revenues were led by data licenses and solutions which increased 29% over last year and 14% sequentially to \$2.2mm from 1.7mm in 2006 and 2mm last quarter
- Our data licenses and XBRL solutions are our fastest-growing segments, which now account for 48% of total revenue compared to only 42% last year
  - The increase in revenue was primarily due to the new fundamental data customers and services provided to the XBRL US organization to assist them with the SEC's efforts compete -- complete taxonomies for the new interactive reporting standards

#### Subscription and XBRL Data Licenses Revenues

- Subscription revenues were also 48% of total revenue, but flat with last year at \$2.3mm
- The leveling off of subscription is primarily due to churn in our retail subscribers for private banks as we access the free SEC filing and other financial information that is more readily available on the Internet
- As of September 30th, we had over 12,300 subscribers
- Our total number of data customers is growing at approximately 10%, but simultaneously, we are experiencing an 18% increase in our average data customer contract over last year
  - Primarily because our growth is coming from selling our higher-value, XBRL-enabled products and services
- Our XBRL data licenses grew over 33% from last year

Advertising and E-Commerce

- Our last revenue segment, Advertising and E-Commerce, was \$191,000 or 4% of third quarter revenue
  - This increased almost threefold from last year but was flat from the previous quarter due to seasonality
- Our page views continued to grow from visitors in the content we are generating on the Internet via sites like Yahoo! and Google and Forbes

Gross Margins

- Looking at operating performance, our gross margins remained very strong at 83%, as cost of sales increased slightly sequentially but was up \$194,000 from last year due to additional direct resources and data feeds

Operating Expenses

- Q3 operating expenses excluding amortization and depreciation and severance charges were 4.2mm compared to 4.5mm last year
  - Savings due to staff reductions were partially offset by an increase in stock compensation expense
- We expect to continue to see SG&A expenses decline as a percentage of sales as we grow our top line and remain focused on the right cost structure
- Our workforce is currently at 73 employees, down 22 or 25% from December of 2006
- As noted in our release, we recorded a third quarter charge of \$984,000 relating to severance for our former CEO and additional workforce reduction
- Excluding stock compensation, our q-over-q operating expenses decreased over \$450,000 from last year and over \$300,000 sequentially

EPS

- In summary, the above yielded a third quarter EPS loss excluding severance charges of \$0.03 per share which improved from \$0.06 loss per share last year
- EDGAR Online has not recognized any income tax benefits related to the loss and has over \$30mm in NOL carry-forwards

Balance Sheet

- On to the balance sheet, we had an invested cash balance at September 30th of \$3.8mm, down from \$4.1mm last quarter
- And as discussed during July's call, in Q2 2007, we strengthened our balance sheet by negotiating \$2.5mm term loan and secured \$2.5mm revolving credit facility
- We have not draw down on the credit facility and the term loan is due March 2010 with interest-only payments from July 2008
- With respect to deferred revenue, the balance increased 13% from year-end to \$4.4mm
  - The net change in deferred revenue is due to the success we are having in a new contract of selling our I-Matrix Architect product

Future Perspective

- To conclude, we are operationally focused on driving profitable growth while controlling cost

- With our continued success in selling data licenses, customized solutions, and the advancement of XBRL as the US global reporting standard
  - We expect revenues will increase as we move into 2008 and beyond

**Philip Moyer, CEO and President**

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### **Business Results**

- We are encouraged by the results that we are announcing today
- In a challenging financial market in Q3, we delivered 15% revenue growth, as Greg mentioned
- We are experiencing strong growth in our data business and great momentum around XBRL
- We posted our Q1 positive adjusted EBITDA in recent memory
  - These are trends that we are focused on continuing

### **SEC Filings Provider**

- A few items of note this quarter
- We signed a deal to provide SEC filings to MSN
- We are now the exclusive provider of filings to MSN, Yahoo, Forbes, and Google
  - We're also happy to note that Microsoft has named EDGAR Online as a Managed Independent Software Vendor
- We are continuing to experiment with partnerships with software vendors, but we believe it is a great indication of the competitive advantage of our technology and it gives us an opportunity to expand the channels that we market through

### **New US XBRL Taxonomies**

- This quarter, we completed our work on the new US XBRL taxonomies for the SEC
- On September 27th, we were excited by SEC Chairman Cox's announcement of the December availability of these new US XBRL taxonomies
- Chairman Cox also announced a road map to mandatory XBRL reporting for US companies
- We were publicly thanked by the SEC Chairman and Mark Bolgiano, CEO of XBRL US, for our contributions to that project, which for a small company like ours was a very gratifying endorsement of our ability
  - We are further to go as a company with many opportunities to capitalize on, but this quarter, we are seeing some positive results from our focus, our internal strategy, and our improvements in financial management

### **Business Strategies**

#### **Businesses Trends**

- As we look forward, we are executing on a strategy to sustain to expand the results we are announcing today
- Per my promise back in July, I want to take some time to talk about this strategy
- To start, we traditionally had two major lines of businesses, Subscriptions and Data Solutions

- There are a number of trends that we are seeing in these businesses
- First, other financial analysis software vendors, the large traditional organizations, are expanding by building more analysis capabilities into their tools
- They are competing with a broader set of companies and capturing their own data to support the proprietary front-end efforts
- This dynamic is producing less choice in the data market for customers
  - At the same time, there is a worldwide movement towards international data standards, in our industry as in many industries
- XBRL means that the industry, not data providers and traditional providers or companies set the definition for is 'as reported.' At the other end of the spectrum, there are great financial websites, MSN Finance, Yahoo! Finance, Google Finance, forbes.com, etcetera
  - These organizations continue to build more capabilities into their products and provide greater access to consumer-oriented financial information
  - They use a free model offsetting their costs with advertising revenues
  - So, this may be one of most exciting times in the 100-plus-year-old fundamental analysis and data businesses
- Vendors are facing consolidation of competitors, vertical integration, and commoditization of entrenched positions from data standards
- Companies like ourselves must innovate between free and these vertically-integrated, high-price alternatives
  - Well, this could be scary for some companies who are small and agile and we've seen this type of competitive environment in many other industries since the advent of the Internet and we feel that we have a strategy that will serve us well in this new competitive landscape

#### **Providing Cutting-Edge Solutions**

- One of our most important strategy is to grow our position as a provider of XBRL financial data
- We have built the largest commercial database of public XBRL data
- We believe that XBRL is new definition of as 'as reported'
- We believe the detail in XBRL differentiates us and we will continue to build data and tools around XBRL
- To build our database, we implemented one of the most cutting-edge solutions in the world to automate the capture of financial information from filings and turn it into XBRL

#### **Automated Data Collection Process**

- Another strategy of ours is to continue to scale this automated data collection process
- We will compete on speed and automation and to help us tackle other data sets for our internal use and also for our customers' use
- To deliver our data, we created one of the first fundamental data web services in the world
  - These web services allow companies to integrate our data into their environment and their applications on-demand
- Our strategy is to compete with flexibility and use our unique delivery technology to embed ourselves in any environment or any application that use fundamental data, not just our own

#### **Internet Business Model Leveraging**

- Our last strategy is to leverage every available Internet business model that deliver our products and services
- We have a great legacy of the .com and a great user base
- We understand the real-time nature of providing our products across the Internet

- Based on this legacy, we're going to continue to innovate between the free and high-price, more monolithic offers
- In the most recent quarter, we saw a good indication that we may be on to the right strategy
- As mentioned, our data business grew at over 27%
- However, as Greg mentioned, our XBRL data sets grew at well over 33%
  - This is our most cutting-edge product leveraging the new data standard, our collection technology, our unique delivery mechanism
- We use this data set to power many of our other products like I-Matrix Pro and our Corporate Filings business
  - We're going to continue the growth in this business

#### **Organizational Changes**

- From an organizational and financial perspective, our strategy is to continue to bring our costs more in line with the growth in our business
- We've made a number of organizational changes over the past two quarters to better prepare our sales, product, and marketing organizations for more complex data and solution sales
- This quarter, we announced positive adjusted EBITDA
  - We are going to continue our tight focus on cost containment
- We will do a very good job of calibrating customer demand with product development, which we believe is an important component of staying EBITDA positive

#### **Financial Strategy**

- Our financial strategy will focus on keeping us EBITDA positive while balancing the need to continue -- the need to continue to innovate and to continue expand our product set
- Simply said, if we are able to continue to grow our top line at this rate, we believe that we will remain EBITDA positive

#### **Concluding Comments**

- To summarize, we are encouraged by these results
- We believe we are gaining more strategic focus around data and that our strategy is starting to take hold
- We are focused on replicating the results we are announcing today, and we expect to continue to innovate, grow top line
  - And continue to create value for our customers and shareholders

## QUESTION AND ANSWER SECTION

**Analyst:** *Ross DeMont – Midwood Capital*

**Question – Ross DeMont:** Congratulations on getting EBITDA positive, that's great news.

**Answer – Greg Adams:** Thanks, Ross.

**Question – Ross DeMont:** Greg, it looks like subscriptions were roughly flat compared to Q3 last year. Do you think you are sort of managing pricing and you continue to keep revenues flat going forward and let the – would the data licenses really be where the growth is?

**Answer – Greg Adams:** I mean the short answer is yes. We are seeing a leveling out on EDGAR Pro. EDGAR Access, as we mentioned is declining. We do have some plans regarding pricing and we do expect subscriptions at least to remain stable over the next 12 months and also, hopefully, the I-Metrix subscriptions will offset any decline in the core EDGAR business.

**Question – Ross DeMont:** Okay. In the new deal with Microsoft MSN, did revenue associated with that deal appear in Q3 income statement?

**Answer – Greg Adams:** Yes.

**Question – Ross DeMont:** It did, okay. Was it a full impact?

**Answer – Greg Adams:** No, it wasn't. It was a very minimal impact in Q3.

**Question – Ross DeMont:** Okay, so for the most part, that's additive going forward?

**Answer – Greg Adams:** Yes, correct.

**Question – Ross DeMont:** Okay. And then Phil, can you talk a little bit what it means to be a Microsoft managed ISP partner? I mean, will Microsoft either sell or distribute products or will they - will they embed and excel, I mean how does that work?

**Answer – Philip Moyer:** Well, first of all, I think that the future plans around that are anybody's guess. What it primarily means is that there is a small group of software vendors around the world that Microsoft takes a more, I will just say, hands-on approach in working with to jointly manage pipelines together, to really be able to produce the value proposition that says, when you use this software vendor, this is how Microsoft software gets sold and how we jointly make money together. So, it helps us to really put a value proposition in the hands of Microsoft's sales people to both sell Microsoft software and also to sell the products and licenses that EDGAR Online sells. It certainly does give us an endorsement that the type of technologies, things like .Net and some of the things we've done inside of Office 2007 with I-Metrix Pro and some of the other technology work, it's a big endorsement that this is a delivery mechanism that's cutting edge that Microsoft really believes has some tremendous value to itself and also to its customers. And so, we certainly hope to present a number of ideas back to Microsoft about how they can better leverage what we provide.

**Analyst:** *Robert Renck, Jr. – R. L. Renck*

**Question – Robert Renck, Jr.:** Greg, could you just -- you talked a little bit about deferred revenue growth, can you tell us a little bit about a) what's the age -- what's the average life of contracts that go into that deferred revenue?

**Answer – Greg Adams:** Well, Bob, I don't have the detail aging deferred revenue on my fingertips, but I can tell you that's what primarily is in deferred revenue. The 4.4mm in deferred revenue primarily relates to our subscription business for the most part. Most of our data licenses, if possible, we try to build them quarterly in advance. They are larger in contract value, but for the most part, data licenses are built on a monthly basis or we receive royalties even from some of the larger data customers. But, in deferred revenues, it's primarily the EDGAR Pro annual subscriptions or the quarterly EDGAR Access subscription or – and typically annually I-Metrix subscription. So, the waiting for the most part – again, without my detailed analysis in front of me, it's typically about a quarter's worth of revenue, quarter to six months between that basically.

**Question – Robert Renck, Jr.:** And as a follow-up, within that mix, the EDGAR Pro list price was about 1,200, the EDGAR -- that's pretty -- the EDGAR Access, what's the current pricing on that?

**Answer – Greg Adams:** Approximately \$220 a year.

**Question – Robert Renck, Jr.:** Right. And the I-Metrix is what 4,800?

**Answer – Greg Adams:** The I-Metrix Professional is 4,800 a year, correct.

**Question – Robert Renck, Jr.:** Okay. You mentioned -- in response to Ross' question, you talked about subscriptions basically being flattish but you had some things you are going to do in pricing, can you share with us what your conceptional thinking is on pricing?

**Answer – Greg Adams:** Not at this point, Bob.

**Answer – Philip Moyer:** No, we haven't -- we haven't formalized anything for our customers or we have not agreed 100% on the strategy internally. We do think there is a number of different ways that we can go with that.

**Question – Robert Renck, Jr.:** Okay. What kind of reaction -- I think the prior CEO had put out a press release about a deal that you did with the AICPA, where you are offering individual licenses to people through in effect at group rate. What's been the -- what results have you seen from that? I mean it's relatively recent, it probably was a month into the quarter.

**Answer – Greg Adams:** We are very, very pleased with the results so far of that relationship. We've had hundreds of people on some of the webcast associated with I-Metrix Pro and with that offering. And so, we're seeing some really strong interest across the accounting community around the product and also in these webinars, if you will, around it. They get -- as I -- I think we mentioned before, they get continuing CPA credits who were taking these courses and also getting an opportunity to look at our product and how we use XBRL. So, a very, very good acceptance and excitement and momentum around -- around that relationship.

**Question – Robert Renck, Jr.:** Do you -- okay. There was a -- I hate to mention a competitor accepted, I think these are probably the best guys around and that is the Bears Stearns Accounting Group did a report on October 5th about XBRL that was entitled "XBRL, the investors path to better, clearer, and cheaper financial information". Within that -- and I am not sure how familiar you are with that, but what -- in a sense, the authors made a case that there was a major productivity improvement available with using XBRL, using databases, and it's caused a number of people to have a reaction, a) do you have any reactions to that report and their conclusions?

**Answer – Philip Moyer:** This is Phil Moyer again. I did see that report and I will say that I was really encouraged that those benefits are starting to be quantified by that report, and there's a number of others that are -- we expect to build off of that. I actually got a chance to talk to people over the SEC but they were also really encouraged by that, okay. And there's a lot of, what I will say to you is that -- one of the reasons why we bet on that is, we believe it's going to make the analysis community and the financial community more productive in their -- and how they look at financial statements and all sorts of different asset classes longer term.

We also think that it's going to make corporate reporting much easier long-term because there is finally a clear definition that can be used across many, many different types of regulatory agencies to spot what is a financial report, what is an income statement, what is a balance sheet, what is cash flow. And so, we -- we've -- there has been a lot of speculation and a lot of interest in the community around what the cost savings are and we think that report does a great job of taking the first step of starting to quantify some of those savings and some of the benefits.

**Question – Robert Renck, Jr.:** Okay. There is also another report, I don't know if you are familiar with it, it was just published by the Canadian Institute of Chartered Accountants called "Interactive Data -Building XBRL into Accounting Information Systems" and they also do a case studies and talked about XBRL in a broader context in terms of tagging and integrating, a) have you -- are you familiar with that and if you are, do you have any reaction to that concept?

**Answer – Philip Moyer:** I have -- I haven't -- not read that particular report, but we do believe that that's going to -- one of the things that we think XBRL -- we will take XBRL over the long-term is that it will go into the heart of a company right down into the GL level. And we think it gives an opportunity for companies when they consolidate another company, when they are trying to consolidate results among divisions, it will make it a lot easier for them to move information out of their supply chain, the financial supply chain going forward. So, that really does, when you start with external reporting as you move it internally, you are solving many of the same problems that you do when you have to report to multiple entities externally.

**Question – Robert Renck, Jr.:** Okay. And lastly, as a follow-up, could you just kind of update us on where you are with Donnelly and the whole drive, and sort of a mandate, it doesn't appear that there have been a lot of people heretofore filing an XBRL. What's the -- but there have been a

number of seminars, the FDI, and a number of others, what's the state of play and I don't know whether that's a Greg question or a Phil question?

**Answer – Philip Moyer:** We've been very happy with the R.R. Donnelly relationship to date and, we actually think that we really have very, very good relationships with their customers and have a very good pulse on what their customer needs are. We are seeing very, very significant uptick, again in interest around the post September 27th announcement by Chairman Cox. As -- one of the most important things that could have happened on September 27 was that Chairman Cox really set out a roadmap towards moving this down this path. And, that the -- what I will just call kind of the target, companies are going to have to shoot towards when reporting, it's going to be released on December 5th and the public will have a real view of what that is. So, we are seeing a, again, significant momentum and significant interest and significant uptick. As you can imagine, companies probably -- I mean we're not going to see a huge number of increase in filers until people know what that, I will just call, the Chartered Accounts because they have to file them. So, we're seeing a lot of activity and we expect that to continue.

**Question – Robert Renck, Jr.:** And the December 5th is when there is a finalization of the Chartered Accounts?

**Answer – Philip Moyer:** Yeah, that's when it is going to be released to public -- to the public for both public comments and I believe as Chairman Cox talked about the essential of releasing it really sometime a rule for people to start commenting on as well sometime around that timeframe or slightly thereafter.

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