

## — PARTICIPANTS

Philip Moyer – CEO and President  
John C. Ferrara – CFO

## — MANAGEMENT DISCUSSION SECTION

John C. Ferrara, CFO

### Financial Performance

#### Revenues

- For Q3 2008, total revenues were 4.7mm, a modest increase compared to the amount reported in Q3 2007, and adjusted EBITDA was 156,000 compared to 71,000 in 2007
- For the nine months ended September 30, 2008, total revenues were 14.6mm, an increase of 1.5mm compared to the prior year, and adjusted EBITDA was \$540,000, an increase of 1.8mm compared to the prior year
  - Of the total 4.7mm in revenues for Q3 2008, data and solutions revenues accounted for 53% of the total, compared to 48% a year ago, and subscription revenues accounted for 44% of the total compared to 48% a year ago

#### Data and Solutions Revenue

- For Q3 2008, revenues from data and solutions were \$2.5mm, an increase of approximately \$300,000 or 13% compared to Q3 2007
- Within our data and solutions revenue, our core data licenses revenue grew by approximately 5%
- In our solutions business, where we create custom data sets, we were down from the prior year because Q3 2007 included significant revenues from the work we did on the SEC taxonomy project
  - Our filings revenues are also included in the data and solutions revenue line
- In Q3 2008, revenues increased to almost \$500,000, an increase of 45% compared to Q2 2008 and 410% compared to the prior year
  - This increase was directly attributable to the business we have developed based upon the SEC's proposed mandate to require companies to file their financial reports in XBRL
  - So we'll be elaborating on this significant opportunity later in this call

#### Subscription Revenues

- In Q3 2008, subscription revenues were 2.1mm, down from 2.3mm in Q3 2007
- During this quarter, we saw a net decrease in all product lines, primarily due to high cancellation rates
- We did add subscribers in each of our products, but not enough to offset the high cancellation rates
- The majority of these cancellations were due to employee terminations, the eliminations of entire departments, companies going out of business, and budget and cost cuts
  - Very few of these cancellations were due to product-related issues

Advertising and E-Commerce Revenues

- Advertising and e-commerce revenues for Q3 2008 were \$100,000, down from the 191,000 reported in Q3 2007
- Both advertising and e-commerce revenues were down compared to 2007
  - However, there has been an increase in e-commerce revenues in Q3 2008 compared to Q2 2008, due to the efforts of our new list partner

Gross Profit

- Gross profit for Q3 2008 was 4.1mm, an increase of approximately 176,000 compared to Q3 2007
- The gross margin for Q3 2008 was 86% compared to 83% in Q3 2007, primarily due to product mix

Operating Expenses

- Total operating expenses for Q3 2008 were \$4.7mm, approximately \$1mm less than Q3 2007, primarily due to severance costs reported in Q3 2007
- In addition, higher product development costs were partially offset by lower sales and marketing and G&A costs
  - All of these factors resulted in an operating loss for Q3 2008 of 629,000, compared to a loss of 1.8mm in Q3 2007, an increase of approximately \$1.1mm

Net Interest Expense

- The net interest expense for Q3 2008 was 121,000 compared to 87,000 in Q3 2007, and related to the company's term loan
  - The net loss for Q3 2008 was \$750,000 or \$0.03 per share, compared to 1.8mm or \$0.07 per share in Q3 2007

Balance Sheet

- In terms of our balance sheet, the company had cash and investments of \$2.9mm as of September 30, 2008, compared to 2.9mm at June 30, 2008, and 3.8mm at year-end 2007
  - At September 30, 2008, the company's accounts payable and accrued expenses were \$2.2mm, approximately \$1.2mm less than the balance at December 31, 2007
- During the quarter ended September 30, 2008, the company capitalized approximately \$260,000 of costs for the development of internal software related to the XBRL filings business
  - As of September 30, 2008, deferred revenues were \$4.7mm compared to \$4.7mm at June 30, 2008, and 4.1mm at year-end 2007

Outstanding Debt

- At September 30, the company has outstanding debt with a face amount of \$2.4mm and a revolving credit facility of 2.5mm
- We began paying down the term loan in April 2008, and the final payment is due in March 2010
  - To date, none of the credit facility has been drawn down

**Investments**

- During the next 24 months, we expect to continue to invest in people and software to meet our expected revenue growth targets
- We currently plan to fund these investments with cash flow from operations and our existing \$2.5mm credit line, as necessary
  - In addition, the company takes seriously the need to ensure that we are scaling to meet demand
  - So we may, from time to time, consider other sources of financing to ensure we can fund our growth plan
  - In any event, the management and Board are committed to the prudent management of our balance sheet and cost structures

Philip Moyer, CEO and President

**Operating Performance****Business Highlights**

- Since our last quarterly call, the market and the economy have changed
- I am sure that no one wants to review the state of the economic affairs of the past three months
  - However, I can say that in spite of the current climate, I feel pretty good about the results we released today
- Specifically, I feel good that we posted our fifth consecutive quarter of positive adjusted EBITDA
- We signed a significant extension of our relationship with RR Donnelley
- We announced a partnership to expand our filings business into Canada
- We created over a hundred new XBRL filings for companies
  - And we were the number one solution for companies that chose to file their XBRL periodic reports with the SEC
- We had a significant shift in our shareholder base as we watched some very large blocs change hands
  - And so we were happy to deliver growth in revenue and in adjusted EBITDA
  - However, our growth was below the internal goals we set for ourselves

**Online Customer Base**

- Q3 has traditionally been one of our slower quarters, due to the summer slowdown
  - But this year the 90 days that made up our third quarter were especially eventful and challenging
- As many investors in our business know, EDGAR Online's customer base is characterized by three customer groups:
  - Individual subscribers that need access to financial information
  - Financial institutions that need broader access to our wholesale detailed data feeds
  - And public companies that need XBRL services to adhere to regulatory mandates

**Subscriptions and Data Feeds**

- Our legacy businesses, subscriptions and data feeds, have many financial services customers
- The financial services community has been impacted by the current market crisis

- While we received many new subscriptions to our tools and data feeds, we have watched some of our current and future customers cut back or disappear completely, which has put some pressure on these businesses for EDGAR Online
- At the same time, our XBRL filings business has been exceptionally strong and continues to grow
- Many of our largest public company – of the largest public companies in the United States have chosen to use our XBRL filing solution this past quarter
  - We are getting positive response from this customer base on our solution, and we're proud of the financial results we are showing from this business area

### **XBRL Filings Business**

- I would like to move into some specific results
- Let me start with our XBRL filings business because I think everyone could probably use some good news
- When I spoke with everyone in July, I explained that in Q2 we executed 80 conversions and that in July we had already executed an additional 30 for a total of 110 company conversions as of the end of July
  - In Q3, we ended up executing a total of 106 conversions vs. the 80 that we did in Q2, for a YTD total of 202 of these translations
- This has translated into strong revenue performance for the product line

### **Revenue Growth**

- We grew our filings revenue by 410% over last year's Q3 and 45% over Q2 of this year
- From what we can see posted on sec.gov and in our own databases, we are the number one creator of SEC-filed XBRL filings
- The growth that we expect from this business necessitates continued investment in our infrastructure
- We are actively writing software and scaling our resources to improve our skills, efficiency, and performance
- We capitalized some new costs this quarter in support of this business
  - However, we're working to keep our investments closely aligned with the revenue growth without becoming overly optimistic

### **Partnerships**

- In Q3, we're proud to say that we signed two significant partnerships that we believe will have a meaningful impact on the future of the filing business
- We signed a partnership with a Canadian NewsWire to provide XBRL filings for Canadian ADRs and to explore additional XBRL filings opportunities in Canada
- We also signed a three year agreement with RR Donnelley for the conversion of U.S. XBRL filings
  - We are incredibly proud of these relationships
  - CNW Group and RR Donnelley are premier organizations in their respective markets and they selected our solution

### **RR Donnelley Contract**

- I've received a lot of questions about this RR Donnelley contract, in particular from investors
- I have to say that I've become accustomed to the fact that many of our competitors listen to our earnings calls, and read our press releases, as we read theirs

- Because this is a rapidly emerging market, we have to have a high sensitivity to competition, and so we've kept many of the details of the contract, like pricing and fees confidential for this and other reasons
- What I can say is that in the agreement, RR Donnelley agreed not to offer competitive XBRL translation service to its customers, and we agreed not to partner with certain of RR Donnelley's competitors to provide XBRL translation services for certain SEC filings
  - Also, RR Donnelley agreed to pay us an annual fixed fee to scale and integrate the joint translation offering and maintain our exclusive service, as well as variable fees to be paid on a per filing basis
  - Donnelley also agreed to provide us with a minimum number of filings to translate each year, and the agreement contains a per-filing fee schedule and a model for reviewing these fees annually or periodically, based on market conditions

#### Service Level Agreement

- The agreement also contains a service level agreement, which governs our deliverables
- We've jointly invested in this filings business with RR Donnelley
- As partners, we've had significant discussions over these past months about both our short and long-term needs, and the needs of the market
  - Simply said, we believe that if the SEC proceeds with a proposed mandate of XBRL for U.S. equities, our XBRL filings business and these partnerships in particular will lead to definitive growth for EDGAR Online
- We, like everyone else in the general XBRL community, do not know the date by which the SEC Commissioners will vote on their proposed mandate
  - But at the recent XBRL Conference two weeks ago in Washington, D.C., we were pleased that representatives of the SEC did reemphasize the Commission's desire to make a decision on the rule this fall

#### Subscriptions Business

- With that, I want to move over to some of the other parts of our business
- Our subscriptions business experienced an 8% decline over last year's same quarter
  - And I believe it is because we are facing one of the most unusual business climates ever experienced in the past 20 years
  - Although we actually sold over 20% more subscriptions YTD than we did last year, YTD we face higher than anticipated cancellations

#### Online Business

- At EDGAR Online, we have a team member that personally deals with every cancellation we receive
  - The individuals that deals with the cancellations forward the cancellation e-mail to our management, marketing, product, and accounting teams, along with their understanding of the reason for the cancellation
- Based on our review of these cancellations this quarter, we are seeing a common trend that groups, departments, funds, and companies are scaling back or folding
  - This has flattened and canceled the 20% growth rate in new subscriptions that we were experiencing
  - So we sold more this quarter, but we also received more cancellations
  - The net is negative pressure on that business

**Product Performance**

- In terms of specific product performance, YTD our EDGAR Pro and EDGAR Access products have been hit hard
- We increased the number of customers in I-Metrix Pro, but our growth in new customers tapered off this quarter
- We are encouraged by some of sales channel partners for these products, and have seen some growth in some of those channel partners
  - However, we have to assume that the current climate will continue, and that we could see our subscription numbers decline further

**Data Business**

- Because we sell to financial services community, in our data business, we are also experiencing a similarly unusual and difficult climate
- We have faced data feed cancellations this quarter
- We've had some funds that faced changes in cost and investment strategy and chose to cancel their fundamental feed
- Overall YTD, we have grown our new contracts by 28% vs. last year's YTD numbers
  - And overall, the recognized revenue of our data business grew by 5% this quarter over last year's Q3
- While we have cancellations, we believe our detailed data is even more valuable in this climate when the financial industry is begging for transparency
  - We are continuing to enhance our data products to make them more comprehensive and easier to use, and we're increasing our sales and marketing efforts related to these feeds

**Custom Data Solutions**

- Our custom data solutions revenue was down this quarter vs. the same quarter last year
  - This was due to the fact that in Q3 of 2007, we had significant revenues in that business from the work we did on the SEC taxonomy project
- On a YTD basis, we have already exceeded the entirety of 2007 from this business and we have a growing pipeline of opportunities
- Assuming we can close this pipeline, we believe that we'll be able to depend on this business for some growth in future quarters
  - The advertising e-com line in our P&L has underperformed this quarter, as the online advertising market and our advertising inventory underperformed in our Microsoft partnership
  - And so, we are making a decision to try new strategies with this area

**Summary**

- All in all, as I said at the beginning of my comments, it has been quite a turbulent quarter for the economy, our customers, and for our team
  - But I want to reiterate that given everything we have seen, I feel optimistic about the results the team delivered
  - We grew our revenue
  - We are bringing in new business
  - We managed our cash flow
  - We invested wisely to continue to grow the company, and we built important partnerships and products that set us up for future growth
- The current financial markets are difficult

- However, I'm happy to be at EDGAR Online
- We can provide solutions to many of the problems world markets face
- We provide transparency to investors and we help companies with compliance and regulation
  - One thing I've learned in the midst of this economic downturn is that transparency and regulatory compliance are going to be in demand for many years to come

## QUESTION AND ANSWER SECTION

**Analyst:** *Miles Jennings – Private Investor*

**Question – Miles Jennings:** I was interested in your comments that the subscriptions declined sequentially as well as YTD. And I noticed from the past 10-Q that the June 30, 2008, subscriptions revenue was 2,180,000, whereas three months later you generated 2,088,000. So this is down 4% sequentially in an area of business which also reflects some of your legacy products. And the 4% decline in revenue seems smaller than perhaps your subscription cancellations. And I just wondered, does this reflect the Thomson Reuters channel? I think that that's the first time that they had been selling your I-Metrix product. And I just wondered if that might be a driver in having revenue be a little better than some of your old product cancellations.

**Answer – Philip Moyer:** Yeah, so a couple of answers to your questions, so one is that yes, you are looking at recognized revenue. The subscription products, what we do is they are 12 month subscriptions. And so the recognized revenue that we're seeing occur in this quarter is really a recognition a little bit of a down quarter that started off at the beginning of the quarter. As we started to see, at a high-level, we started to see cancellations occurring, and we were simply not replacing them as quickly as they were coming in. And so some of this is recognized revenue of cancellations that have started to occur as things got worse, as we headed into the summer. And so what I'll simply say is that, of what I'm highlighting to investors right now is that we're seeing cancellations right now that could potentially have future impact for us as well. One of the important things that I've said on this call is that we are selling, and that we've had some fantastic sales months and some fantastic sales results in some of these areas. But it's a matter that we're seeing just what I'll say to you is just higher than we've ever seen before cancellations in these businesses, and so it's a challenge for us, as you can imagine. In a different environment, I would have hoped that we'd be talking about growth in that business. To your second question, is really is we're seeing the Thomson Reuters results in this – with the Checkpoint I-Metrix Pro product in these results. Some of this, we did make some sales back in Q2, that we're starting to recognize revenue for, and we've made a number of sales in this quarter as well. Unfortunately, we're not at liberty to disclose exactly the number of sales that we're making through that channel from them. But we are making sales in this quarter. We've been pleased with that partnership. We've been adding a lot more than we add – than we had back in Q2 when we first started talking about this. And so we'll expect to see recognized revenue from that partnership in future quarters, as well as a little bit that we saw in this quarter. The dynamic of this business that I've talked about a lot is that the EDGAR Access business, that lower-end business, had been eroding on us, as more and more we've competed against free offerings with that business. At the same time, we were adding higher priced products, both Pro as well as I-Metrix Pro into that business. And so we had actually said to most and we said to investors in the past that we were expecting that business to be flat as we transitioned from a lower-priced product to a higher-priced product, and that the Access cancellations started to be stemmed. Right now, the results that we're seeing in this quarter are showing that there may be a faster erosion of that business, of that legacy business, than even we had anticipated or could expect.

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

**Question – Robert Renck, Jr.:** A couple of – just one follow-up question that's ministerial. I believe you said – did you say that at the end of Q2 or in Q2 you had done 80 filings?

**Answer – Philip Moyer:** In Q2, we had done 80 filings.

**Question – Robert Renck, Jr.:** Okay. And then I think that you indicated that you had done 106 filings in Q3?

**Answer – Philip Moyer:** That's correct.

**Question – Robert Renck, Jr.:** Which would give us a total of 206?

**Answer – Philip Moyer:** Yes.

**Question – Robert Renck, Jr.:** Okay. And I think that you also indicated, if my notes are correct, before I wait for the transcript, that your revenues in Q3 for filings were up 45%?

**Answer – Philip Moyer:** Yes. Y-over-y, I am sorry – q-over-q.

**Question – Robert Renck, Jr.:** It's second – sequentially, second quarter to third quarter?

**Answer – Philip Moyer:** Yeah.

**Question – Robert Renck, Jr.:** Okay. Now the implication then is that since your quarter was up basically – it sounds like you're getting some price improvements on those filings. Or am I missing something?

**Answer – Philip Moyer:** We are – it depends on what the market bears, is what I'll say to you. As I mentioned to you, our competitors listen in a lot on this. So we are seeing, yes, I would say some higher, prior to the announcement of the mandate, our price point on those filings were lower than they are today.

**Question – Robert Renck, Jr.:** Okay, well. Just arithmetically, 32%, if your number of filings are up 32.5% and your revenues are up 45, the implication is you got slightly better realization? Unless I...

**Answer – Philip Moyer:** Yeah, that's a good mathematical way of explaining it.

**Question – Robert Renck, Jr.:** My freshman algebra teacher would be proud, okay.

**Answer – Philip Moyer:** I agree.

**Question – Robert Renck, Jr.:** So we've got that. The second thing is, is I wasn't – I am not sure what exactly you're saying about the – again subject to listening – to reading the transcript. The – you indicated that your subscriptions were down, what did you say, close to 20% third quarter vs. second quarter, and that meant numbers of subscriptions?

**Answer – Philip Moyer:** No.

**Question – Robert Renck, Jr.:** Okay.

**Answer – Philip Moyer:** I didn't think I said down 20%. We had actually sold 20% more, but then we had also said the decline in or the cancellations exceeded that.

**Question – Robert Renck, Jr.:** Okay, so you sold 20% more units third quarter vs. second quarter, is that correct?

**Answer – Philip Moyer:** No, I am sorry. It was – this is on – that was on a YTD basis, a running YTD basis. I believe it's the – is how calculated that.

**Question – Robert Renck, Jr.:** Okay, so it's 20% more subscriptions YTD, but your subscription revenue was down?

**Answer – Philip Moyer:** Because, due to cancellations were exceeding the sales. And also, when we talk about sales, that's just – we're signing up a new customer. That's not the same as recognized revenue.

**Question – Robert Renck, Jr.:** Okay. So we're talking about sales, which is not recognized revenue. That's the point I was trying to get at.

**Answer – Philip Moyer:** Yes.

**Question – Robert Renck, Jr.:** Okay.

**Answer – Philip Moyer:** Yes.

**Question – Robert Renck, Jr.:** So sales, not the recognized revenue. And in terms of your...

**Answer – Philip Moyer:** And the reason why we talk – why I talk – specifically I talk to investors about that is I'm trying to give trending. I am trying to give a sense of trends that we're seeing in the business in addition to the recognized revenue that we're seeing in the business.

**Question – Robert Renck, Jr.:** Okay. Now, if we're looking at that, and I think that that's understandable, when we look at your deferred revenue components, I believe, when we're looking at your deferred revenue components in terms of liabilities side, subscription revenues will go into deferred revenues and your deferred revenues at the moment are 4.7 up vs. 4.1, vs. a year ago, I'm sorry vs. December?

**Answer – John Ferrara:** That's correct.

**Question – Robert Renck, Jr.:** Okay, thanks, John.

**Answer – John Ferrara:** And 4.7 it's the same amount that was June 30.

**Question – Robert Renck, Jr.:** Okay. So the question at hand was, can you give, can you share with us some, the thought process? It seems that from a contract point of view, can you tell us what sector of the business, how that deferred revenue breaks down. Does it break down more by subscriptions, which are really access, and in effect I-Metrix? Or does it break down by your – I mean where is it coming from, because you have different contractual terms?

**Answer – John Ferrara:** Of the 4.7mm, approximately two-thirds or 65% is from subscriptions and the difference is from the data business.

**Question – Robert Renck, Jr.:** Okay. Now, going back on that. I believe that the nature of the data business. Okay, when you sign a contract on data or many of your contracts on data, they may A) be longer term, but the payment terms may be shorter, like they may be monthly as opposed to annual subscriptions or quarterly subscriptions. Am I generally correct?

**Answer – John Ferrara:** You're generally correct. But let me just stop you there because roughly over 85% of this balance is in our annual contracts. Regardless of whether they are data or solutions, the majority of this is annual contracts.

**Question – Robert Renck, Jr.:** Okay, but of your data solutions business...?

**Answer – John Ferrara:** Yeah.

**Question – Robert Renck, Jr.:** Of your data solutions, but yeah, the majority of this may be annual contracts, but of your data solutions business, which is really the fast – your solutions business is the fast growing area of the business. How much of data solutions are subject to annual contracts – are annual contracts, a smaller percent?

**Answer – John Ferrara:** The data solutions, well, how would you answer that? I'm not, I ...

**Answer – Philip Moyer:** Yeah, I would actually say that roughly about, I would say between 85 and 90%. Every now and then, we'll do a one-time fee for something, but the majority of them are one year contracts.

**Question – Robert Renck, Jr.:** Okay. I'm talking about, but on your revenue line, the majority are one year contracts, but while they may be one year contracts, if I'm not mistaken, on the – in revenue recognition – these are one year contracts. But people are not paying you upfront on these – on your one year contracts, are they? In the -

**Answer – Philip Moyer:** Correct. Some pay quarterly, some pay monthly, and some pay in some cases EOY thing. Sometimes they will pay upfront.

**Question – Robert Renck, Jr.:** So what I'm – I guess what I'm trying to suggest, would it not be correct in saying that as you grow the number of contracts, you don't necessarily increase your deferred revenues as much when you're selling higher ticket products?

**Answer – John Ferrara:** I'm not sure I got to there from where you started from.

**Question – Robert Renck, Jr.:** Okay. If I am buying a Bloomberg machine, if I'm going out and renting a Bloomberg, and I have a 24-month contract...

**Answer – John Ferrara:** Right.

**Question – Robert Renck, Jr.:** I may have a 24-month contract, but since I have to pay only monthly, your deferred revenue at the end of every period is going to be less than – it'll be less than one half a month on any of their contracts?

**Answer – John Ferrara:** Okay, right.

**Question – Robert Renck, Jr.:** But if I'm buying an EDGAR Access product, and let's say it's 1,200 bucks and I'm paying – and I sign it in the last month – the first day of the third month of a quarter?

**Answer – John Ferrara:** Right.

**Question – Robert Renck, Jr.:** Then the deferred revenue portion that's on my books is going to be 11/12ths of the contract.

**Answer – John Ferrara:** Right. Yes, that is correct.

**Question – Robert Renck, Jr.:** Okay. So if that's the case...

**Answer – John Ferrara:** Okay.

**Question – Robert Renck, Jr.:** Then it means that what we shouldn't infer anything necessarily from the deferred revenue contracts. We couldn't extrapolate that and say, oh, that's going to tell us what's happening, because the larger contracts by their very nature are going to – may well be – have shorter payment terms.

**Answer – John Ferrara:** Yes, and not increase the deferred revenue as much, that's correct, as I said.

**Question – Robert Renck, Jr.:** Right.

**Answer – John Ferrara:** But generally, directionally, the increase in deferred revenue is up.

**Question – Robert Renck, Jr.:** Right, so you should have a decrease in the deferred revenue. But for example, if you started with 10 contracts in the high tech and data solutions business.

**Answer – John Ferrara:** Right.

**Question – Robert Renck, Jr.:** And then you got, went to 20 contracts, you are not going to see a very large increase in the percentage increase in deferred revenues necessarily, all other things being equal.

**Answer – John Ferrara:** Because of the billing cycle.

**Question – Robert Renck, Jr.:** Because of the billing cycle.

**Answer – John Ferrara:** You are correct.

**Question – Robert Renck, Jr.:** All right, that's, okay. I just wanted to make sure that nothing has changed there from...

**Answer – John Ferrara:** No.

**Question – Robert Renck, Jr.:** ...from prior years. Okay, when you get – how will you recognize – you've got two components, I believe, of the revenue, or at least two components on the Donnelley contract, one of which is going to be the minimum annual fee for three years. I believe that was the term of the contract. And I believe there's a second portion, they're helping you pay for development expense, and the third portion is the variable portion. Is that philosophically accurate?

**Answer – John Ferrara:** Philosophically, yes.

**Answer – Philip Moyer:** Yes.

**Question – Robert Renck, Jr.:** Okay. When you book in, and I would assume that there were virtually no deferred revenues relating to the Donnelley contract?

**Answer – John Ferrara:** That's a good assumption.

**Question – Robert Renck, Jr.:** Okay, so now, the other thing that you indicated, Phil, when you talked about it, the prior contract. I believe the way that it was articulated at the time it was signed, which was obviously prior to your being there, indicated that they have an exclusive on all SEC filings in the United States, with the possible exception of Canadian companies. In your comment here, and I just wonder if it means something different, you said in certain of their competitors. Did you mean to say all or is the set of people – is the subset of filings that they can do that other people could come to you for, is that, is there any difference?

**Answer – Philip Moyer:** The short answer to your question is that as the contract states is that it's for, you know we've really focused right now on 10-Ks and 10-Qs, those type of filings. And that's what we're in the marketplace pretty publicly with, along with handful of other filings related to that equity, and that we've identified the competitors that are traditional competitors to RR Donnelley here in the United States and in a handful of other markets around the world, as it relates to that – those type of filings. There are many other type of SEC filings that are being contemplated to be moved over to XBRL, and our contract does not currently cover those filings. Certainly, we've got a strong relationship with RR Donnelley, and so there is always terms of a contract and the spirit of a contract. And we are very careful to try and make sure that we do the right thing in the marketplace and that we look for opportunities as well.

**Question – Robert Renck, Jr.:** Okay. Can we assume that there was an increase in the annual – or maybe you said there was increase in the annual fee, correct?

**Answer – Philip Moyer:** The short answer to your question is yes.

**Question – Robert Renck, Jr.:** Okay. And I guess the – but, okay. In...

**Answer – John Ferrara:** In fees.

**Question – Robert Renck, Jr.:** In fees. Now the other area that I wish perhaps you could touch on is you were down, or the company was down, and I believe you were down at the XBRL International Conference in Washington last week. There were number of press releases, and for the life of me, having looked at some of the companies, could you explain to me the announcements that you made or explain to us, what's the significance, or what's the business purpose of the, for example, the JustSystems deal?

**Answer – Philip Moyer:** Sure, we – it's interesting because the XBRL community has a number of analytical tools, and we provide an analytical tool, as most people on this call know, but there's a lot of other tools that are out there that provide analysis tools to the marketplace. Without data, those tools are simply just – in some cases just eye candy for technologists. And what we've done is that we have worked with – this is a big announcement for us to be able to say listen, we're not – the way that we render our data in the marketplace is not only going to come through our tools, but we actually think that there is an opportunity for us to partner with lots of other organizations that

provide some kind of XBRL analytical tools. JustSystems provides this fantastic analytical tool and they had approached us and said, we could really provide a powerful solution around different types of XBRL analysis, whether or not it be corporate benchmarking or whether or not it be supply chain analysis or otherwise. And they said your data powering our tool is a really interesting combination. And we looked at it and said this is great, great technology. We can certainly learn more about both technology and our data, and also it gives us additional channel to the marketplace, different additional both sales and marketing opportunities in the marketplace that we wouldn't have on our own.

**Question – Robert Renck, Jr.:** Okay. But, and what is their customer base? Where is their target customer?

**Answer – Philip Moyer:** It's a variety of customers. They've actually – they have a strong position over in the Asia marketplace, as they do in an emerging customer base around XBRL technologies here in the United States marketplace. And it really does span, anyone that wants to really do – I wouldn't suggest to you that they have the same kind of customer base that I-Metrix Pro would have, in terms of financial analysts that are focused purely on the different types of market data and so forth, but they do have a strong analytics benchmarking customer base, as well as an accounting customer base.

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**Analyst:** Adam Fischer – Burnham Asset Management

**Question – Adam Fischer:** Would you talk a little bit about the NASDAQ 144 filings? I think that there was some thought that we'd be able to out-license added some point. Have you started doing that; is that still something we're looking at?

**Answer – Philip Moyer:** So, we – the short answer is that we are still very interested in bringing the 144A data set that we worked on with the NASDAQ to the market. Currently, I think that it's, there is – the SEC really governs when that kind of information can be released, and we have not received approval yet to be able to go out and market that information from the NASDAQ, and so we're just waiting for that approval.

**Question – Adam Fischer:** What would the timing be like? Is it an 2008 event, or...?

**Answer – Philip Moyer:** Honestly, I'll simply say to you, sitting here on this call, to be perfectly honest, I was expecting already be in the marketplace with it. But there's a lot of activity, as you can imagine with the SEC and with the NASDAQ in the marketplace and so these kind of things can take a little bit longer.

**Question – Adam Fischer:** And when we do get permission, who – will we sell that with our own sales force or...?

**Answer – Philip Moyer:** We're exploring options right now. We're exploring options on that, and also trying to understand what that means, from both a financial perspective as well as what we think the marketplace is going to be for that kind of information. So we're looking at the sales and marketing channel for that right now, as well as the costs associated with that.

**Question – Adam Fischer:** Do you think it's a market that's big enough to move the needle of the company? Revenue, I mean.

**Answer – Philip Moyer:** It was interesting. I will tell you that I've been on the phone with investors over the past 12 to 18 months, and I talk a lot about the fact that any one of these data sets, I've talked about a lot of different opportunities for data, and what was important for the 144A was to prove that we had some capabilities across that data outside of the U.S. equities marketplace. That we could just – that we could move into other asset classes. I've talked about the fact that back in the quarter, last quarter, that we actually had an intention to launch an asset-backed security data set, based on free writing prospectives, since we thought that was a great data set and we've done a lot of R&D on that. Those markets have been extraordinarily constricted. In the asset-backed space, literally, we made the decision back in Q2 not to launch that data set or launch into that type of data marketplace. I think the market had crawled down to something like, I want to say 10 within a month or something like that or three within a month. Whereas you were literally seeing hundreds come through in a quarter, you're now seeing, in some cases, none come through in a week to two weeks or three weeks. And so the participants in these marketplaces have been dramatically constricted. And so that data marketplace, what I'll say to you is that I'm just – I'll just

candidly say I'm unsure. We're evaluating right now and we really do have an open mind about this analysis that we're doing to see whether the data sets are going to sell in a restricted credit market like this.

**Question – Adam Fischer:** Right, okay. On the RR Donnelley development fees that they're helping us out with, how much of the additional costs that will be adding to the operating expense line do you think the RR Donnelley fees will cover, on a percentage basis?

**Answer – Philip Moyer:** It wasn't our intention to do that to cover all of the development that we had to do, and we've spent tens of millions of dollars to get to our position in our intellectual property that we use to do the filings business.

**Question – Adam Fischer:** Right.

**Answer – Philip Moyer:** And so we really, our intention with these fees is really to recognize the integration between the relationship, and also what it takes to be exclusive in the marketplace with RR Donnelley. And so it wasn't a – what I would say to you is that our intention is to make sure that – if we'd covered all of our scale, I would argue too that they would own all that scale. And I don't think that was their intention. I don't think it was our intention. Our intention was really to make sure that we were covering the fees associated with integration with their systems on a yearly basis and the scale associated with some of the things they asked us to do.

**Question – Adam Fischer:** All right, so it's really a – the fees get circled back then into the RR Donnelley relationship?

**Answer – Philip Moyer:** Yes.

**Question – Adam Fischer:** Would you just remind me about on the RR Donnelley, their market share in filings, in the top 500 filers, your sense as to their market share, to the extent that the SEC does approve – does mandate the standard later on this year or hopefully soon, how quickly we would ramp up in that kind of stuff?

**Answer – Philip Moyer:** Yeah. Their market share – one of the pieces of analysis you can do is actually go up on – I mean we – you can go up and actually do analysis by pulling down information from sec.gov about who the filing agent is, certainly something that for EDGAR Pro customers, people come up and ask us about that. We saw in one quarter that their entire market share was running somewhere between – in some quarters it runs higher, in some quarters it runs lower, but anywhere between 18 up to 22% in some quarters of the entire marketplace, for the filings that came in that quarter.

**Question – Adam Fischer:** Okay.

**Answer – Philip Moyer:** And so, and RR Donnelley is really, I consider them the Rolls-Royce of the industry, when it comes to really managing customers, those – the larger customers they do just an extraordinary job, and so they tend to actually have higher percentages in that marketplace even than they do across the entire market. So, but it really – it varies on a quarter-by-quarter basis. I've seen numbers as high as 40% in some cases in that 500. But that's again, as I said, it varies and the filing agents themselves keep very, very close tabs on what their market share is in any given quarter.

**Question – Adam Fischer:** Right. So to the extent that this launches in Q1 2009, their market share among the top filers is larger perhaps than it is among all filers. So our market share, therefore, might increase?

**Answer – Philip Moyer:** Yeah, that is a potential. One of the numbers that you can go up and look at on sec.gov is that we literally – I think it was at the end of – as of the end of September, we were running up around 50% market share up on sec.gov, if you actually just did the math on who did XBRL filings at that point in time. And that's certainly a reflection of the fact that it's mostly large companies that are filing right now in that voluntary filing program, but and then you make – I think we've drifted back down into that 40-plus percent range as we've headed through this month. So...

**Question – Adam Fischer:** Do you – sorry.

**Answer – Philip Moyer:** So yes, what I'd say to you is that, yeah, I mean we're running up in those mark – in some good market share numbers up in for those top 500. We don't expect that, just like I said. As you get into the broader marketplace, there's a lot of different ways that people decide to do filings, and so we don't suggest that we'd keep that kind of market share, the kind of market share that we have today in the future.

**Question – Adam Fischer:** Do you think you're actually helping them win clients among the voluntary filers, where the clients say we want to voluntary file, only we want to do it with EDGAR so therefore, we're going to do with RR Donnelley?

**Answer – Philip Moyer:** Yes, yes, so I think you could actually go up onto sec.gov and see companies that are self-filers, or that have filed with other entities in the past that have filed with RR Donnelley. And I think it's an incredible endorsement, some very, very big companies that you'll see up there. A huge endorsement of the fact that RR Donnelley and EDGAR Online make this really, really easy to do and allow you to focus on what's important about XBRL.

**Analyst:** Miles Jennings – Private Investor

**Question – Miles Jennings:** I read the various letters to the SEC regarding the EMMA or EMMA Muni initiative to have electronic filings, XBRL filings, and I know there's new market, and it will probably be delayed for some time, but given the general chaos in the Muni market, maybe a quick comment on that? But my real question is, and actually I don't need an answer, but perhaps just a comment. I understand from – in your data licensing business, you basically have rev share agreements with companies where you have perhaps fixed fees with incentives if revenues are higher than the fixed fees. And I just wonder a bit if you take that data licensing business as a big number, what percentage of that number would be the rev share, as opposed to the minimum fees? And the reason I ask this is it occurs to me that your data licensing business is basically, from an investor standpoint, a play on the success of various data programs out there that are trying to achieve market success.

**Answer – Philip Moyer:** Yeah, I would say, I haven't – on a percentage basis, I haven't broken that down. Off the top of my head, I would fear of giving you a number that would, you know you move forward with. I prefer – I'd rather come back to you on that question, maybe next quarter or next -

**Question – Miles Jennings:** Oh sure. That's fine.

**Answer – Philip Moyer:** Yeah, because I don't know that number off the top of my head. On the Muni bond marketplace, what I would tell you is that I've been very vocal about this topic, is that XBRL has applicability across every single asset class. One of the things that's inside of XBRL U.S. right now is some credible work by DTCC regarding corporate actions. There's work being done on proxies. There's work being done, additional work being done on executive compensation. There is active work that's being looked at around could XBRL add value in the asset-backed security marketplace, the way that, things that we've talked about. In the Muni bond marketplace, when you take a look at cappers, which is essentially financial statements plus some additional information that has to be disclosed by municipalities, they – I have to tell you. It feels very much like an annual report, like a 10-K in the equities marketplace. You'll talk about the health of that entity, and you have to be able to talk about how the money is being used, and also, so there's related notes as well as there is financial statements. And a significant portion of that marketplace actually adheres to FASB regulations as opposed to GASB regulations, because of the corporate conduit marketplace. And so we have been very, very vocal with the SEC that they need to take the same revolutionary step they took with the EDGAR system by requiring, when they required companies to file in a central location, and then all of a sudden this fantastic ecosystem of data has sprung up by the fact that you've got all these companies that can go to a central location and get access to information. We think the same thing is needed in the Muni bond marketplace. There is a ton of variable rate bonds that are out there, issues that are out there, and quite frankly I would challenge most people on the phone to say the Muni bond that you're holding in your portfolio, do you know that they have the kind of cash flow to handle increases or significant changes in their debt structure, in the rates they have. And I think that most people would find that it is incredibly difficult because you literally just can't get good access to income statement, cash flow, balance sheet for the corporate conduits or for traditional municipals, for simple things like hospitals or municipals, waste, energy plants, or otherwise. So, what we've been very vocal about with the SEC is make sure the EMMA system happens. It all starts with access to the document. And then second thing is this marketplace is not that different, in terms of the reporting needs of investors, than the U.S. equities marketplace. Certainly there is nuances of the instrument itself, but the

underlying asset and what it's worth and the income it has and the cash flow it has, that is something that is incredibly difficult, if not impossible, to be able to get access for somebody's entire portfolio. And so that is the next step, and certainly we've said we'd love to help with that.

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

**Question – Robert Renck, Jr.:** I have a modest follow-up, although I think Mr. Jennings covered part of it. One, with respect to – you indicated that you're getting a slightly larger – I believe you indicated not to Mr. Jennings but the prior questioner, I believe you indicated you're getting a slightly larger share of filings since the SEC put the mandate down than you were getting before. Is that correct?

**Answer – Philip Moyer:** Yes, market share, our market share went up in the quarter, and then I look at it on almost a weekly basis and so some weeks we're up, some weeks we're down slightly from the prior week. I don't know what we're at this week; that's why I am hesitating right now.

**Question – Robert Renck, Jr.:** Okay. The other question, and we're talking about the Muni bond area which, as you know, I think is a very interesting area. In light of the – have you seen – your letter, which I thought was a great letter that was sent to the SEC about bonds, I believe that that letter predated the current or the hearings, the recent hearings on rating agencies by at least two months?

**Answer – Philip Moyer:** Yeah.

**Question – Robert Renck, Jr.:** It would appear to me, A), it would appear to me that bond buyers, unlike equity buyers have typically relied on ratings. Whereas I know a very few equity buyers who will rely on anybody's "ratings schedule" like XYZ publishing service rates something a one, a two, a three, a four, or a five, or even firms buy, sell or hold ratings, people interested in the underlying numbers. Are you seeing in, after your comments, in light of the hearings that we've seen where the – some of the members of the rating agencies or some of the heads of the rating agencies have said the models are void, are you getting any feedback from the marketplace, particularly last week when you were down with XBRL about the greater demand for Muni data?

**Answer – Philip Moyer:** I am seeing some increased interest in Muni data, just a little bit I would say. I'm seeing probably more market interest in, if the asset-backed security marketplace is ever to come back, how're we going to provide – how is there going to be transparency in that marketplace because it has the same characteristics of most of the analysis being done on the sell-side, and it being extraordinarily expensive and very difficult to get access to the information on the buy-side to be able to do counter-party analysis in that marketplace.

**Question – Robert Renck, Jr.:** Okay.

**Answer – Philip Moyer:** So I would say that there's been a tremendous amount of interest around that asset-backed space as people realize that there may be hundreds of billions of dollars of these securities being potentially re-priced and sold back out to the marketplace. I was pretty vocal down at the XBRL International Conference that it's important to have a package of information that goes along with that this time around.

**Question – Robert Renck, Jr.:** Okay. Which market, which of these two markets would you guesstimate has more direct participation by individual investors, in terms of volume and size, Munis or asset-backed?

**Answer – Philip Moyer:** Guesstimate. Well, there – I heard there was \$62 trillion overhang in the credit for realtors marketplace so I'm not – I've got to kind of scratch my head here, I would have to believe the Muni marketplace.

**Question – Robert Renck, Jr.:** Okay, so okay. The other question is is with – in relationship to your subscription business just coming back to this, you talked about things declining. It would appear that you have two distinct markets in your subscriptions business. One would tend to be individual, you have individuals and you have businesses that are buying them. Is it fair to say that your individual subscriptions at the lower end, I believe they far out number your business subscriptions?

**Answer – Philip Moyer:** Yes.

**Question – Robert Renck, Jr.:** Okay, all right. That having been said, and I think that was both in size, in numbers and in really in dollars, if you go back to the conversation of last quarter, are you –

where are you seeing the fall off, are you seeing it – Main Street's been killed. Let's say Wall Street's been hurt, Main Street has been horrified. Are you seeing any noticeable changes as to where the fall-off's occurring?

**Answer – Philip Moyer:** Wall Street.

**Question – Robert Renck, Jr.:** Wall Street.

**Answer – Philip Moyer:** I mean, and that's a long way of me saying it's more of the corporate relationships. The individuals, we're seeing, again we're seeing, we're actually seeing some good sign ups there. But where – the corporations are where people are, people are under draconian cost cutting measures. Thompson Reuters just issued a press release today, I believe, or there was a big article about Thomson Reuters today, that they're going to very, very hardcore about cost cutting. I think we're seeing that across most corporations right now. So it's really in those corporate sales, is what I would say.

**Question – Robert Renck, Jr.:** Okay, and I don't want extrapolate from the particulars of the universal, but is it fair to say that, given what we've seen the market conditions that individuals who have portfolios where they are not being managed in mutual funds and others may be more likely to buy tools, based on your experience, or are less likely to cancel than businesses where you've, where people have bought lots and lots of tools, yours is at the low end on the pricing point of view. What you seeing in the...?

**Answer – Philip Moyer:** Yeah, I think that in some cases, yes, competitors are getting very aggressive in this kind of a climate, as you can imagine. And so one of things I've been pleasantly surprised by, but I am not going to – I don't want to suggest that this is a trend, but I will tell you that somebody will get laid off from a company, but asked what it's going to take to continue their subscription, because they use it as an individual and use it, they want to use it professionally. I mean they may continue some kind of analysis. We are seeing as you could imagine, the legal profession is a great marketplace right now, as are, so individuals continue to see some value in our products. And so, we continue to see good sign ups, individual sign ups online for our products. And so the short answer to your question is that yes, the low cost tool and this is – we call main street individual accountants that are out in the marketplace or individuals and organizations, looking for opportunities, our tool can assist with that. So yes, short answer to your question is that, yeah, we're seeing that a lower priced tool is a value in the marketplace, outside of corporations.

**Question – Robert Renck, Jr.:** So is it fair to, I don't want to put words in your mouth, but I'll try. So is it fair to say that the free part of the market gives basic data and lots of individuals will do that because they expect that data on the web. People who are going from corporations where they've had tools are generally going from a product that on an incremental user – that if they tried to buy a single unit of XYZ's product, the cost would far exceed what a single unit of your product is, by a multiple?

**Answer – Philip Moyer:** Likely, unless somebody's being very price competitive.

**Question – Robert Renck, Jr.:** Well, unless they changed in the last 90 days, they are not.

**Answer – Philip Moyer:** Yeah.

**Question – Robert Renck, Jr.:** Okay, I mean that's my point. You're in a sweet spot of the market, or you could be in a sweet spot on the market and...?

**Answer – Philip Moyer:** I'd like to add a dose of caution to any kind of trending discussion.

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