
MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the EDGAR Online Second Quarter 2009 Results. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation [Operator instructions]. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Philip Moyer, CEO for EDGAR Online. Thank you. Mr. Moyer, you may begin.

Philip Moyer, Chief Executive Officer and President

Thank you Jen. This is Philip Moyer, President and CEO of EDGAR Online. We want to welcome all of you to this conference call to discuss EDGAR Online's second quarter 2009 results. We would like to remind everyone that the statements made in this call, other than those concerning historical information, should be considered forward-looking and subject to various risks and uncertainties.

Our actual results may differ substantially from the results anticipated in these forward-looking statements as a result of a variety of factors, including those identified in our quarterly reports on Form 10-Q and annual reports on Form 10-K, which are filed with the Securities and Exchange Commission.

With that, I'd like to turn it over to John Ferrara, our CFO.

John C. Ferrara, Chief Financial Officer

Thank you, Philip. For the second quarter of 2009, total revenues were \$4.6 million and adjusted EBITDA was \$553,000 compared to revenues of 4.9 million and adjusted EBITDA of 210,000 for the second quarter of 2008. An increase in the XBRL filings revenues was offset by a decrease in subscription and data revenues. However, the decrease in total revenues was offset by reduced operating expenses.

For the second quarter of 2009, subscription revenues were \$1.8 million, down from 2.4 million from the second quarter of 2008. This decrease was due to a combination of lower new sales and higher cancellations. In the third quarter of 2008, we started seeing a net decrease in our subscription business with cancellations exceeding new sales and this trend continued into the quarter.

However, cancellations in the second quarter of 2009 were less than the cancellations in the first quarter of 2009. For the second quarter of 2009, revenues from data and solutions were \$2 million compared to 2.2 million in the second quarter of 2008. \$170,000 of this decrease was due to non-recurring data solution revenues reported in 2008 that were not repeated in 2009.

For the second quarter 2009, filings revenues were \$768,000, an increase of 450,000 or 141%, compared to the second quarter of 2008 and an increase of 526,000 or 217% compared to the first quarter of 2009. The SEC has mandated that beginning with the quarter ending after June 15, 2009 the largest U.S. companies are required to file their Form 10-Qs in XBRL. We'll report the revenues that we generate from these filings in the third quarter of 2009.

Gross profit for the second quarter was \$3.4 million compared to 4.1 million in the second quarter of 2008. The gross profit percentage for the second quarter of 2009 was 74% compared to 84% in the second quarter of 2008. A majority of the decrease in gross profit was due to higher payroll and related costs for the filings business. This gross profit percentage is about the same as reported in the first quarter of 2009.

Total operating expenses for the second quarter of 2009 were \$3.7 million approximately \$1 million less than the second quarter of 2008 due to cost reductions implemented to offset the lower revenues. These decreases included lower payroll and related expenses, lower outside services, and lower product development costs due to the capitalization of costs related to the continued development of our XBRL platform.

All of these factors resulted in operating loss for the second quarter of 292,000 compared to a loss of 551,000 for the second quarter of 2008. The net interest expense for the second quarter of 2009 was \$91,000 compared to \$136,000 for the second quarter of 2008 primarily due to lower debt outstanding. The net loss for the second quarter of 2009 was \$383,000 or \$0.01 per share compared to 687,000 or \$0.03 per share in the second quarter of 2008.

For the remainder of 2009 we expect to report continued growth in our filings business and continued weakness in our subscription and data businesses. In terms of our balance sheet the company had cash and cash equivalents of \$1.4 million as of June 30, 2009 compared to \$2.3 million as of December 31, 2008.

At June 30, 2009 the company's net receivables were \$2.5 million compared to 2.6 million at December 31, 2008 and at June 30, the company's accounts payable and accrued expenses were 2.3 million, compared to 2.4 million at December 31, 2008. During the second quarter of 2009, the company capitalized \$343,000 of product development costs related to the XBRL platform. At June 30, 2009, deferred revenues were \$4.2 million, the same amount as December 31, 2008. At June 30, 2009, the company has outstanding debt with a face amount of \$2.2 million and a revolving credit facility of \$2.5 million.

During the quarter, we paid down \$125,000 of outstanding debt and to date, none of the credit facility has been drawn down. In the first half of 2009, we continued to invest in people and software to meet the company's immediate XBRL revenue opportunities. Our current plan is to continue to invest in this business with cash flow from operations and our existing \$2.5 million credit line. However, the company will require additional growth capital to meet its longer-term XBRL revenue opportunities.

We have engaged The Jordan, Edmiston Group to help us evaluate strategic partnerships, potential scenarios for outside investments and other options to achieve the growth capital we are seeking. We have engaged in preliminary discussions but have nothing specific to report at this time.

And now, I would like to turn it back over to Philip.

Philip Moyer, Chief Executive Officer and President

Thank you, John. This quarter, we recognized the results of a great deal of preparation and investment in the filings business. However, we continue to feel the impact of the past nine months of higher than normal cancellations. We managed our costs, our cash and our investments in response to both of these dynamics in our business.

As many of you know, a little over 30 days ago, the U.S. SEC mandate went into effect, requiring all companies over \$5 billion in public flow to file their quarterly reports in XBRL. We estimate that just say a 500 companies we will have to file their first official XBRL filing with the SEC between June 16 and the end of August. EDGAR Online has developed a proprietary service that converts the company's financial reports into XBRL generally, more quickly, with higher fidelity and at a lower cost than most companies can do on their own. We partnered with R.R. Donnelley to take this service to the market. Up until this point, filing in XBRL with the SEC has been purely voluntary.

Since the beginning of 2008 we've created over 560 XBRL conversions for hundreds of companies representing over \$4.2 trillion of market cap. Many of these companies are the largest and most complex filers in the world. They have their choice of vendors and they could apply significant resources to ensure their own financial compliance.

We are pleased that they came on board with us early and have now chosen our solution versus doing the filings themselves or selecting another XBRL provider. In Q2 we experienced higher than expected demand for our XBRL filing service. Many of our customers mandated by the SEC rule to file an XBRL are doing so through our service.

In addition we had companies that even though they are not required to comply with the XBRL mandate until next year decided to get started early with XBRL trial filings. The results is that we exceeded our own internal forecast of this business and delivered 217% revenue growth over Q1 of this year, and 141% revenue growth over Q2 of 2008 in this filings business.

In Q3, so far we are continuing to see growth and demand in our filings business and I've already created 47 officially submitted XBRL filings for companies reporting under the mandate. Additionally, we are continuing to create XBRL conversions for customers in advance of their SEC mandated timeframe. This week is the peak of the 10-Q filing season, and we are pleased with the demand and the feedback we're getting on our offering during this peak season.

As we look beyond this quarter and into the next one to two years, it is essential that we ramp up our resources, infrastructure and software capacity to meet what we sense to be a growing demand for our filing service. It is also essential that we expand our capabilities and partnerships into other asset classes like mutual funds and across other countries.

Our partnership with R.R. Donnelley has been effective for our company and for our customers. It is our intention to continue that partnership. October 1 starts the second year of our contract, and we are actively working with R.R. Donnelley to jointly expand our market leadership into the next phase of filers. From a regulatory perspective the SEC has indicated that it is watching this first wave of filers closely. Based on the outcome of this first round of XBRL filings, it is not unreasonable to see some adjustments to the rule.

Based on the official filings that are visible in sec.gov we estimate that our market share as of today is holding steady and we'll remain the market leaders, which makes us the largest producer of SEC XBRL filings in the world. We have received great feedback from customers, from our partner and from the XBRL community inside and outside the SEC on the quality and quantity of XBRL data we are producing. All of these conditions make us hopeful and optimistic about the near and long-term potential of this business.

As a result, we are currently directing the majority of our investment dollars into our XBRL growth and opportunity. Last quarter we delivered gross margins in the range of 74% versus a year earlier, when we produced gross margins in the range of 80 to 84%. We've been forecasting growth in this business and we've been actively hiring additional resources and writing software in advance of expected demand.

We will continue to do so as long as we continue to see the kind of demand in regulatory momentum we are currently experiencing. Outside of the filings business we continue to sell new licenses in our data and subscriptions business, but our revenue recognition is feeling the effect of higher than average cancellations and lower total sales over the past nine months. In our data and solutions business, revenue from our fundamentals XBRL data product was up by approximately 10% over the prior year, but the overall revenue for the whole segment, the entire data segment, was down versus last year, due again to one-time data solutions revenues that has not been replaced.

We expect the next six months to be similar to this quarter in this data business, specifically limited growth in our detailed fundamental XBRL data business and potentially some lower growth to flat in solutions in other data products.

Subscriptions products continued to be a challenge as the economy struggles, financial services continue to cut back and unemployment is still growing. However, our cancellation rate has slowed somewhat, which we hope is a sign of a possible recovery. As you know, our subscription business is very efficient, is a very efficient enterprise that generates valuable cash and brand value for our company. We continue to evaluate and pursue new strategies to better monetize these assets in this business.

From an overall cost perspective, we have been very aggressive this quarter in managing our costs and our cash while still investing in our XBRL growth opportunity. This quarter we were pleased to report a loss of only \$0.01 per share. That is a significant improvement over prior quarters and is a direct result of a lot of hard work and diligent cost management by everyone in the company in response to the current economic conditions.

With the investments we are expecting ahead including the scaling up of our filing and data business I can't guarantee that we'll remain at this EPS level. However, this quarter should demonstrate that our team is committed to prudent cost management in line with revenue opportunities.

So in summary, overall this quarter we're pleased that the businesses we have been investing in are responding with good top line revenue growth and that we have again demonstrated that we're willing to aggressively manage our costs and cash in line with the opportunities we see in our business. With that I will open the line for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. Our first question comes from the line of Bob Renck with R.L. Renck. Please proceed with your questions.

<Q>: Yes, good afternoon. Phil, I'm just looking at some of what you reported in terms of XBRL revenues. I believe that last year – I believe that the first quarter of 2009 was the first year that you reported revenues on that kind of breakout and how...

<A – Philip Moyer>: Yes

<Q>: Can you share with us and that – and those numbers would have shown that you did 342,000 versus 83,000 in 2008. You did 768 and I believe in this quarter versus last year's 319. Can give us some numbers for what you did last year in the third and fourth quarter?

<A – Philip Moyer>: I don't think I have those numbers readily available.

<Q>: Can you tell us what you did for the year last year?

<A – Philip Moyer>: Sure. We did – I believe was approximately 1.8 million, I believe. John will confirm that in just one second here.

<Q>: Okay. What kind of going if we just – we can – John can come back and let us know on that one, but I guess the question that I have is that you have – I believe that you've talked numbers I believe you indicated what was it – you did a total of 560 filings so far this year or was it 460?

<A – Philip Moyer>: 560 filings since the start of January last year when really the voluntary filing program was in full swing.

<Q>: January of '08.

<A – Philip Moyer>: Yep. '08 of January of '08 all the way through to right now...

<Q>: Okay.

<A – Philip Moyer>: January of last year, January through May was a very, very small. I mean it was miniscule amount because that was prior to the mandate business.

<Q>: Okay. So now and right now basically from June – right now in the July quarter through today, which is August 3, I think you've indicated you've done 47 submissions.

<A – Philip Moyer>: Yes, and just that the official submissions that we've – that we've put. We've actually done slightly higher than that, but we're – what we're showing up on sec.gov is 47.

<Q>: Okay. So I believe that R.R. Donnelley, your partner, has approximately – based upon the data that we've gotten from your database – about 166 filers in the top three – in the top 500, as of a year ago or approximately 32% – they've got a declining share. Can you – should we assume, A0 are you maintaining – do you believe that of all of your – that all filers in the 500 who are clients of Donnelley, shouldn't we expect that they will file through you?

<A – Philip Moyer>: A majority will.

<A – John Ferrara>: We believe the majority will, just based on the trend that we're seeing a handful – and not even a handful, just a – I mean in the single digits right now filing themselves.

<Q>: Okay. But you only get paid when they file through Donnelley right?

<A – Philip Moyer>: Correct.

<Q>: Okay. And the next question is, do you believe that you still have a cost advantage in that – I believe in the Senate hearings it takes you under five hours to do a filing. And I think the next – I think the prep period on the next best was somewhere between 80 and 100.

<A – Philip Moyer>: Yeah, we had said that in the hearings that we said that do a maximum of 10 hours for the first filing and then a couple hours for the ones thereafter. And the, Microsoft – Bob Laux – just presented today and noted that it took him approximately I think 147 hours to create their first XBRL filing and so the short is answer is yes. We think we have a good solution.

<Q>: Are there any indications that because of your technology your partner is picking up market share?

<A – Philip Moyer>: Yes. We've seen some companies come in from other filing agents into R.R. Donnelley as a result of us. Yes, and...

<Q>: That's all public record. Can you share with us, some idea of who or either who they are or the numbers?

<A – Philip Moyer>: The official filings that have just come in – I would have to go and see which ones in a time period. There have been a number that have come in in the voluntary program that are not public that helped create XBRL, but were not released to the SEC and so I just have to – right off the top of my head I cannot recount which ones of the 47 that I mentioned came over from a competitor. I know I can find out for you.

<Q>: Okay. So basically where I'm going with this and then I'll – this is just one long question then I'll end it. But basically, there is a reasonable expectation that that you should be doing in the area of 160 or better filers who have – each and every quarter you would hope based upon Donnelley maintaining their share.

<A – Philip Moyer>: I think that, if those all file. We are only 47 into that 160 – related to 160, but we are staffed to capacity to handle at least that.

<Q>: Okay. And in your contract, which you filed in the third quarter of last year, I believe there were three elements of compensation and I believe that that still carries over into the next year. One, I believe, was a base fee for exclusivity. I believe that there was also a fee on a per document basis.

<A – Philip Moyer>: Yeah.

<Q>: And wasn't there a third fee and wasn't that incentive fee based upon market share or am I missing – and I know you didn't give the numbers but...

<A – Philip Moyer>: Yes now the market share there was not an incentive fee based on market share. It was purely – there was exclusivity fees and exclusivity/development fees.

<Q>: Okay.

<A – Philip Moyer>: And then there was an integration fee and then there's a per filing fee that we get.

<Q>: Okay. All right so is there anything that that we should look at that, other than your ability to continue to produce it, that would suggest on a competitive front you face any significant unforeseen or heretofore unforeseen competition in that area?

<A – Philip Moyer>: I think there is a number of competitors that are out there that are putting filings out as well that you can go and take a look at. So I know that, a number of the other financial printers are as, are very committed to try and to keep their market share. And so they've got a lot of resources and then they flood additional revenues, I am sorry additional investments into that.

There are a lot of different software companies that pop up; some of which sticks, some of which don't in terms of creating workflow solutions around the creation of the 10-K and 10-Q. I don't like to announce my competitors, I don't like to give them unnecessary press so I'll just simply leave that to you, but I will say there is new software entrants all the time. But you know what I would say is that these first 500, we've actually been pretty pleased with the leadership that we continue to deliver here with our partner R.R. Donnelley.

<Q>: Okay, and the final part of this is the 768,000 you did in this quarter reflects about how many filings?

<A – Philip Moyer>: It's just shy, it's a little bit shy – I will say shy of 200.

<Q>: Okay. All right thanks very much.

<A – John Ferrara>: And Bob to answer your question, the third quarter 2008 had \$464,000 in filings revenue, and the fourth quarter of 2008 had 508,000.

<Q>: Okay. So, you are running at a fairly good sequential number? 768, you should be able to beat those numbers fairly significantly?

<A – Philip Moyer>: That's our definite goal. I mean we ramp up to next year at this time 1,500 filers have to be creating XBRL. So it's 3X and if you remember last year around this time is when we started delivering results for – in advance of the 500 and so our – it is our strong belief that a filer really gets tremendous amount of benefit of coming in early; and so we're working very hard to make sure that that as many as possible, get started as soon as possible. So the answer to your question is that's what our expectation is, yes. We are expecting the ramp up that the revenue over top of that.

<Q>: And...

<A – Philip Moyer>: That's one of the reasons why we broke it out.

<Q>: And the 10 to 20,000 your expected revenues based on pricing holding is still a reasonable number?

<A – Philip Moyer>: Yes. We have not stepped away from that. We – like I said pricing competition could come into this marketplace, but right now we are not stepping away from that.

<Q>: Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Mark Makoff with EDGAR Online. Please proceed with your question.

<Q>: Hi, it's Mark Makoff, and I'm not with EDGAR Online. I had been with EDGAR Online. I want to know if you've determined what you see the market cap for the XBRL filing business domestically to be?

<A – Philip Moyer>: So the market cap of...

<Q>: What the potential is?

<A – John Ferrara>: Size of the market?

<Q>: Yes.

<A – Philip Moyer>: I've publicly stood up and said that the filings business is a potential of hundreds of million – for 10-Ks, 10-Qs is hundreds of millions of dollars annualized. And as you look to multi-asset classes that number goes up into the – I believe it goes up into the billions.

<Q>: Well, let's keep it at what you have capabilities for delivering today. That would be just the equity filings?

<A – Philip Moyer>: Yes, today the only service that we're currently offering is 10-K, 10-Q equity filings.

<Q>: And so 24 months from now, what do you expect the total filings – the number of total filings to be on an annual basis and what pieces of the market do you expect to own at that point in time?

<A – Philip Moyer>: Sure. So the – so you've got roughly about 10 to 11,000 10-K filers. They each have to file four statements per year. So that's roughly about 40,000 filings that have to occur per year, and we publicly stated that historically speaking the relationship that we have with R.R. Donnelley, R.R. Donnelley has generally had about 15% or greater; I've seen numbers as high from competitors of R.R. Donnelley stating that R.R. Donnelley is as high as 20% of that market.

<Q>: And therefore...

<A – Philip Moyer>: That's, if pricing holds and if the SEC mandate holds then you can apply the kind of numbers that we've talked about in terms of the revenue potential of – I have said you can easily double or greater the size of the company base from the opportunity.

<Q>: So you're saying a \$40 million company?

<A – Philip Moyer>: Like I said if things hold...

<A – John Ferrara>: Holds and...

<A – Philip Moyer>: ...if pricing holds, if the mandate holds...

<Q>: You're saying a \$40 million company. Not a \$400 million company?

<A – Philip Moyer>: I'm not going to forecast \$400 million, no.

<Q>: But I'm saying just as an order magnitude, you're saying that the benefit would be to grow to be approximately twice the size that the company currently is.

<A – Philip Moyer>: That's it. That's the filing revenues opportunity presents that to us, yes.

<Q>: And the other – and it seems from your discussion that the focus is on that revenue source relative to the other traditional businesses and the other things you may be pursuing.

<A – Philip Moyer>: We've said that we continue to sell, do a good job of selling I would say. Each quarter we're selling more data licenses. Around that XBRL data set we've been doing a decent job of that during this economy. I mean we have our up months, we have our down months, but we continue to sell that. One of the things that's really interesting is now that we have a – one of the biggest problems in XBRL data is that these have been our decisions around XBRL data, and the world quite frankly many times has said when XBRL arrives, that's when we'll start using it in our financial analysis. When we know it's for real with the SEC.

So it's been a little bit of a chicken-and-egg thing. What I'd like to remind people is that right now, literally since starting back in June 15 to now 86% of the U.S. market cap is producing more data than is available in any commercial data set in the world and that's – any of the big competitors that are out there.

And so this is transformative. We have the only history of XBRL data and so one of things that we're working very sincerely on right now is establishing distribution partnerships and potential strategic partnerships with distribution partners similar to how we have a partnership in the filing business with R.R. Donnelley. We have made no secret of the fact that and it's one the reasons why we have Jordan, Edmiston involved is working on relationships over on that data side and potentially the subscription side of our business.

And so our goal right now in the short-term is do a great job in executing on the filings business, make sure that we absolutely nail our SLA, that we have this contract on and that we establish a strong distribution partnership for the other parts of our business that are similar, that can take us to what we believe to be other opportunities in those markets as well.

<Q>: Thanks very much.

Operator: Thank you. Our next question comes from the line of Miles Jennings with OV Metrics, LLC. Please proceed with your question.

<Q – Miles Jennings, Jr.>: The last questioner asked about the potential market, and I think that your answer was incremental to your current level of business. So that if it is in the area of 40 million it would be more than a doubling of your current business. Is that correct?

<A – Philip Moyer>: It could. Yeah, the short answer is yes it could.

<Q – Miles Jennings, Jr.>: Yeah, I mean it's incremental that we're talking about – you have a business of 20 million now. My question is related to Investor Relations and on your website under one of your topic I think it's Data Solutions. You have some services that you provide companies regarding their IR aspect of their websites. And there is one page there that gives a sample of meeting the SEC mandate as far as posting XBRL data to corporate websites. And actually it's really a neat display of taking your own financials and showing how -- XBRL your website works. And my question is you have pricing that you don't disclose on data, data sets. It depends on so many issues it's not possible just to give a number.

But in looking at your IR product to meet the SEC mandate, there is a lot of programming in there that would be difficult for independent companies to easily install in a corporate website. And I just wondered in – in this revenue figure and you are talking with client companies, are you basically adding this in and if you are not what is the potential market there for compliance on website posting to meet this XBRL mandate?

<A – Philip Moyer>: Sure we have a – we actually have a long history of a partnership with shareholder.com, which is a NASDAQ company where we actually stream SEC filings onto IR websites. We also have partnerships with other IR relationship or IR website companies. And what we've done is that we build components to display XBRL. XBRL in many ways is like a PDF or it's

like a HTML. If you don't have a browser or you don't have a viewer you can open up the document.

I actually was on a call today with the SEC along with the – along with XBRL U.S., along with shareholder discussing the challenges of rendering. It's actually one of the most difficult aspects of XBRL – it was just simply getting it right to be able to show multidimensional data breaking in parts, sticking in the data I will mention and being able to reassemble all that information. The – and so it is difficult -- we actually have extended our partnership with shareholder to actually rotate a XBRL rendering component on some of their pages. And we have offered that we offer some, some interesting services as well to our filings customers to be able to – to get even a more enhanced view that links to the XBRL back to the source document.

And so the short answer is that we think that's the price the total price for what that is what you can do in the marketplace. We are experimenting with a lot of different price points and a lot of different packages as it relates to that topic right now. But we do think that that's an additional market for us to serve in terms of rendering it. In addition we also as you know we have ten years of history of every publicly traded company that we – that we have converted and so as a result we can also provide companies with a view of themselves as well as their competitor in that – in that model.

So we do think there is additional things, additional value that we can bring to customers over and beyond just the conversion. As I mentioned to you though the price points for those things are all over the map. Some people spend millions of dollars on their website I mean the microsoft.com website the Investor Relations portal it's literally -- it's the Taj Mahal of Investor Relations sites. I mean others are much lower than that. So it's a wide range, but that is one of the way that's one other things that we think lot about is the some of the additional services we can provide there so you are right call it out as – as potential revenue opportunity there for us.

<Q – Miles Jennings, Jr.>: But the one thing is different when you it's all over the map. It's now required to post XBRL data whereas now people can be all over the map. In the future they have to be on the XBRL map?

<A – Philip Moyer>: Yeah. They have to post the XBRL it doesn't necessarily have to be human readable at this stage, but potential in the future it may have to be. We think that's – we think it's going to be great opportunity and that's why today its almost voluntary that you put a bound that you put a XBRL rendered view up and that marketplace we expect to become competitive as well. And so that's why we experimenting with different price points and different offerings.

<Q – Miles Jennings, Jr.>: Good. Just a comment, I don't think you are going to disclose the information I'd really like to have on the quarter, which relates to the number of companies that are included in the \$768,000 of revenue. But I have always been sort of assuming that you are accruing revenue based on an annual contract with these companies. In the past you said between 10 and \$20,000. And I see that if you annualize \$768,000 it comes out to approximately \$15,500 per company if I were to assume 200 companies?

<A – John Ferrara>: That's not the way that the revenue is recorded. There is two pieces to the revenue. There are fixed fees that are on an annual basis, with R.R. Donnelley. Those are for exclusivity product development implementation et cetera. And then there is a variable charge per filing per company but they are not annual contracts. In other words they could come to us...

<Q – Miles Jennings, Jr.>: Okay.

<A – John Ferrara>: For one quarter or two quarters and then they...

<Q – Miles Jennings, Jr.>: Good. But I think – so I guess I – since only 47 companies have been filed for June and since they were not filed...

<A – John Ferrara>: For June

<Q – Miles Jennings, Jr.>: I mean excuse me after June 30?

<A – John Ferrara>: Yes. 47 have filed for July so far yes.

<Q – Miles Jennings, Jr.>: Yeah that's right. So that revenue has not been booked into the June 30.

<A – John Ferrara>: No, no...

<A – Philip Moyer>: No.

<A – John Ferrara>: That will be recorded – that's why I said all the revenue from these new filings will recorded in the third quarter for the – that in the filing.

<Q – Miles Jennings, Jr.>: Yeah, yeah. So this is a very impressive statement that you are getting \$768,000 before the filings are actually made to a large part of the companies that you're engaged with?

<A – John Ferrara>: Before the filings were mandated that's correct. Those are voluntary filings and also the exclusivity fees that we have with R.R. Donnelley.

<Q – Miles Jennings, Jr.>: Yeah, very nice. Nice quarter and thank you.

Operator: Thank you. Our nice question comes from the line of Chris Charles, Private Investor. Please proceed with your questions.

<Q>: Yeah, hi guys. Just some questions about you -- mentioned competition and pricing you're hoping to stay in I mean have you seen any deterioration there in the last call you mentioned \$15...

<A – Philip Moyer>: No, no, we haven't and what's been interesting is that, we really feel that, I said before in many way the gun hasn't really gone off in competition until really this quarter when the – when it's all of a sudden become a requirement to file it in a really timely fashion. Next quarter it has to be concurrent. We've been doing a great job of making sure that I believe 100% – I it's up to 100% of our filings have been concurrent with the EDGAR document or close to. I maybe off by one or two there, but – or couple there, but we – I feel like we've been doing a really good job of that.

The feedback that we've been getting around that and that's a hard thing to do. We better imagine as that you're taking thousands of elements and you are applying in the financial statements that are changing literally right up until hours before they have to file. And then you have to turn around with a high degree of accuracy, linkage and so forth and so that's one of the reasons why we've seen a couple of customers come over to us. They've gotten frustrated with another provider and come to us literally at the 11th hour to ask us to help them.

And so we think that that's going to be important. We also think that the quality of our XBRL is very high from what we've been – the feedback that we've been getting from I'll say independent third parties including auditors that have actually looked at the XBRL that we produce for people. And then also next year at this time detailed tagging of footnote starts based on the mandate. That's what the current schedule is for the mandate. When you have to move from the income statement cash flow balance sheet and stockholders' equity, which is about 3,500 elements up to the full 15,000 we think that the complexity is going to be couple orders of magnitude, which we think a lot of people are going to kind of throw their hands up and say this is not something that either want to

do or else they're willing to pay for high quality at that time. And so we are – I will say I expect a very dynamic evolving competitive landscape over the next couple of years here. Our goal is to make sure that we're able to provide everything I'll say that. We want to make sure we provide a really high touch, high quality service and also a good low cost value for companies and so price points may float around. They may go up quite frankly, or they may level out and or other competitors may drop out, as they can't keep up from a cost prospective to meet the requirements.

<Q>: Okay.

<A – Philip Moyer>: So there is some good things that can happen and there's some bad things that can happen, but yeah, I do believe that the complexity and the concurrent filing really gives us an opportunity.

<Q>: Okay. Now Thomson bought EDGARfilings, correct?

<A – Philip Moyer>: Yes.

<Q>: So have you – are they one of the main competitors or are still assimilating that acquisition?

<A – Philip Moyer>: We have not seen a lot of filings relatively speaking come in from them in this process and which was we have not seen a significant number. I mean it's really been among really the financial printers are where most people are still going to meet their compliance requirements.

<Q>: Okay. Of your customers how many were new versus repeat this last quarter?

<A – Philip Moyer>: From this past quarter...

<A – John Ferrara>: That's – it's a tough thing to answer because the companies weren't required to file. So some tested in this quarter; some tested in the prior quarter. So it's really not a relevant.

<Q>: Okay. I mean new customers completely new do you have in this past quarter?

<A – Philip Moyer>: Well, we're going to have what – I don't have that breakout right in front of me. I can tell you something that might actually give you a better indication of things and that we feel like roughly about 25% of the conversions that we've done are actually filers that are actually only scheduled to go next year. So that's a whole bunch of new companies that have come in that are not even involved. I mean many companies you got to imagine that some companies did a trial conversion back in Q4 of last year and then go completely quiet. They don't go, do anything and almost when they show up and so in some – so it's been a little bit dynamic. What I will say is that we did roughly about three times more companies in Q2 than we did in Q1, unique companies.

<Q>: Okay. Yeah, I noticed just in going over the revenues Q1 had a pretty dramatic dip between Q4 and this quarter it was...

<A – Philip Moyer>: Yes that was just related to – we really...

<A – John Ferrara>: The timing.

<A – Philip Moyer>: It was really timing. I mean I think we've said expectations that people in Q1 because they weren't under regulatory mandate they were really focused on getting their 10-K ready, getting their proxy statement ready, closing out the prior year and quite frankly the economic crisis. And so a lot of people, really just were completely distracted by other regulatory compliance requirements. Next year at this time we actually think that's when people are going to be doing their 10-Ks in XBRL and so we don't – we expect obviously higher revenue growth over the prior quarter and also over the prior year in that time period next year.

<Q>: Okay. Is there any way to put a number tag on your win rate I guess when you go new end customer and try convince them to use you as a XBRL printer I mean any idea what that is?

<A – Philip Moyer>: Sure. Well, I say is that we are up close to about 80 – over 85 almost or actually is 90% of the customers that have a choice to basically do it themselves. R.R. Donnelly customers have a choice to do it themselves or to do it through us. We're up in that range and then – so that tells you something. I mean we've had a number of customers that have been long-term, long time self-filers that literally this past quarter just said "go, do it for us". And so that's been really, really positive. I mean our goal was to make this really simple for people and make them hard pressed to figure out that they are going to get some kind of an ROI by doing this themselves.

<Q>: Great. Okay, okay and one more question and I will let other people jump in. Of the filings you – the revenues you had this last quarter what percentage of those came from R.R. Donnelly relationship and were outside.

<A – Philip Moyer>: Right now it's 100%.

<Q>: 100%. Okay

<A – Philip Moyer>: We struck relationship with Canadian Newswire that allows for us to be able to go and do Canadian filers – foreign ADRs from Canada down here in the U.S and also to do Canadian filings if the CR mandates XBRL. But right now our exclusivity among financial printer is among financial printers with R.R. Donnelly and we've been happy with that partnership, we feel it we can take it some market share and we feel it we steps a great leadership position with that partnership and so we don't -- we haven't felt really the need to go and do something else.

<Q>: Okay. And you think that – I mean with mandate that should be enough to carry you for the coming whatever number of quarters the mandate up ahead?

<A – Philip Moyer>: Assuming that they are happy with us and we're happy with them and pricing holds and then everything else the short answer is yes, yes and I think, we are very what I will tell you is that we are happy with our partnership with R.R. Donnelley; they are a strong company in compliance great history, great customer relationships, great customer service I mean I can't say enough good things about them as an organization both to work with and also with their customers and so I'm, it's a – it's a great path to the marketplace for us.

<Q>: Okay. I'll let other people jump on but I have a few more questions.

<A – Philip Moyer>: Sure.

Operator: Thank you. Our next question comes from the line of Walter Schenker with Titan Capital. Please proceed with your question.

<Q – Walter Schenker>: Thanks. A couple of questions – one of which is you indicated one of the needs for additional capital will be to expand your capability – that may not be the right word – toward mutual funds. Can you give us some sense if you already look thinking of raising capital for that as to when and what size that market may be?

<A – Philip Moyer>: Sure, the mutual funds are based on our estimate there is about 8,000 mutual funds in United States that have to file risk/return summaries by 2011 in XBRL. The risk/return summary – the XBRL risk/return summary is only about 400 or so elements – infinitely less complex than the 15,000 elements for the equities marketplace and so this is not as – I will say not as the complexity is much lower and as a result the price points are much lower and the – we'll say

is that we are really talking about annualized reports from mutual fund risk/return summaries and then occasion – on occasion semi annual or otherwise.

And so that marketplace is dramatically less in the short-term for that risk/return summary the opportunity there is obviously to also do the statement of holdings, which become a little bit more complex and also then and some additional regulatory reports for just funds in general. And so that market scales up to be \$1,500 million on a worldwide basis over time as well.

<Q – Walter Schenker>: Okay. And going back since we're talking about markets the discussion of the size of the equities market was a fully implemented equities including footnotes et cetera or the market as defined by the current level of XBRL requirements?

<A – Philip Moyer>: We have to make an assumption when we size the market that our pricing may not go up we try to be conservative about that. So we just make an assumption that is based on current pricing and it's U.S. equities.

<A – John Ferrara>: But Walter it's U.S. equities, which is currently mandated for the Qs the 10-Ks and Qs. It does not include 8-Ks or any other potential filings that could come in the U.S. equity markets or either even new areas such as MD&A or any other information that's in the Qs and the Ks that may be required. So it's just for Ks and Qs and initial registration statements that are covered under the current rules.

<Q – Walter Schenker>: And therefore if I'm trying to put together two statements just made on your side, while it is expected that the requirements will go up to the Ks and other filings you are not increasing the size of the market because current pricing or price competition may offset that so that the size of the market roughly stays the same – who knows is the right answer?

<A – Philip Moyer>: Exactly, yeah and these – some of these other filing types, the SEC ISO and the XBRL just got together and there was a great thing in a presentation about corporate actions. In corporate actions there is 10, there is over 10 billion transactions per year that are floating around on faxes and all sorts of other crazy paper documents right now, among broker-dealers and all sorts of organizations.

And the reality is that entire marketplace needs to go over to an XBRL specification for corporate actions Form 4s, 13-Fs, 13-Ds, 13-G the entire financial supply chain around the world works on paper. And one of the things we talk about is that the paper is overwhelm people and so these form types there is hundreds of form types that can move over to this format. Sustainability reporting for corporations over in Europe, there is a big effort underway around that topic. So we can keep – we kind of talk about it – a lot of different ways this can go what we try to be is conservative in saying listen – what we know is the pricing that we're getting right now in the marketplace and what's under our regulatory mandate and what's likely to happen in the three to five year time period.

But that certainly could go up and with the pricing and automation the price could go down. But we think it based – it is an expanding market opportunity, which is why we're investing so heavily. And it's green fields unlike I'll say in our subscription data business where we've got big entrenched competitors. This is a marketplace that is literally right now I'll say barren of big dominant players and so that's why we think we've got – that's one of the reasons why we're focusing a lot of resources and partnerships in that area.

<Q – Walter Schenker>: And one last question if I'm allowed. Your current partnership with Donnelley has been very good in very large corporations where they are very strong. Obviously over the next two years as XBRL expands it will be going to many, much broader universal companies many of which are fairly small. What are you doing? Or how do you get to that market where Donnelley is not as strong as they are with the large corporations?

<A – Philip Moyer>: This is where we think we really have a tremendous value proposition. If we're able to sit down with some of the biggest companies in the world and literally and I do mean some of the biggest companies in the world, and do their filings in less than 10 hours because of the automation of our solution and because of the capabilities of our team, and as partnership, we think that we're going to be able to – a filer is somebody like EDGAR Online, is – is we're going to be able to – to really provide a good value proposition for them. Both R.R. Donnelley as well as EDGAR Online are really committed to making sure that we've got a value proposition at all I'll say at all levels at the – the Tier 1 these first 500, the accelerated filers the 1500 and in the full 10,000. And so we think we've got – we think we've got a unique value proposition to go down market and continue to go up market.

<Q – Walter Schenker>: Okay. Thank you.

<A – Philip Moyer>: Good.

Operator: Thank you. [Operator Instructions] You have a follow up question from the line of Miles Jennings. Please proceed with your question.

<Q – Miles Jennings, Jr.>: A part of this is answered but and mentioning the 12,000 in approximate filers the SEC. What is the total number if Canada has a requirement for XBRL? What are the number of – What is the number of publicly filing companies in Canada that would be subject to the mandate as expected?

<A – Philip Moyer>: I believe it's over a – I believe it's close to 2,400.

<Q – Miles Jennings, Jr.>: 2,400 okay. And the real question I want to ask was- besides building this database in XBRL and working up conversion software and methods and everything. You went ahead and built an analytics program called I-Metrix. And could you give the year-over-year revenue of I-Metrix for this year versus last year.

<Q – Miles Jennings, Jr.>: It will probably be in the Q at some point.

<A – Philip Moyer>: Yeah, we haven't broken that out.

<Q – Miles Jennings, Jr.>: I know you have this – this arrangement with Thomson and Reuters as part of their checkpoint and I just have been looking for a little revenue from that product?

<A – Philip Moyer>: Yeah, it's – we've actually, we haven't broken that out so and what we – what we have announced.

<Q – Miles Jennings, Jr.>: Okay. Thanks.

<A>: Okay. Thanks.

Operator: Thank you, our next question this is a follow up from Chris Charles. Please proceed with your question.

<Q>: Yeah hi, you guys have done a great job in responding to the environment in making the corporation quite lean. How much I mean how much more do you see there is that even goes much?

<A – Philip Moyer>: No, I mean we – we really have to – we have to invest to go forward and in many ways, we were – we – we've been changing the wheels while the bus is moving here. And so, we have SLAs, we have expectations of moving from hundreds up to 1000 filings, 1000s of filings per year. You can't do that without investment and so that you will – you will see as invest

and sort the short answer is that, yeah I mean we – we look every single day, for otherwise that we kind of cut cost, we've got some lease commitments and so forth that are longer than what we may have liked. And so we're – we look for opportunities to do things in this kind of a real estate market if we can. We look for anything – anything we possibly can in the short-term and trying to take that dollar if we can get a dollar out of one area and put it back into getting prepared to – to go convert thousands – that's what we're doing right now

<Q>: Okay. Okay and what was the actual cash burn for this quarter?

<A – John Ferrara>: The cash burn was – from the beginning of the year for the first six months it was – if you look at difference our cash balance was \$850,000 – about \$140,000 a month for the – over the six month period.

<Q>: Okay. 140 and – has that – that hasn't changed I mean that rate of change has?

<A – John Ferrara>: Change has a little bit but I'm mean that's...

<Q>: Okay

<A – John Ferrara>: That's what we have for the first six months.

<Q>: And then regarding the \$2.5 million revolver that you guys have not tapped yet. Is there anything? Is there – is there any reason you haven't gone to that yet are there any covenants attached to that any?

<A – John Ferrara>: No, there are covenants. We are in total compliance. The money is readily available and so it's prepared to go now what it is – it's up to a maximum of \$2.5 million based upon our eligible receivables so there is probably – based upon our receivables and the eligibility almost \$2 million of immediately available money, which we will draw down as necessary and when needed and we're looking at that right now but it's totally available.

<Q>: And what's the rate on that?

<A – John Ferrara>: It's about 8%. It's prime plus two but there is a minimum on the prime 6%

<Q>: Okay. Okay and what are the key covenants around that?

<A – John Ferrara>: The key covenants are tangible net worth and working capital and we're in – we are fully compliant with that we – those covenants were reviewed at the beginning the year and changed so we've met our covenants for the first and second quarter and we don't see any problem with that.

<Q>: Okay. Okay and that's it. Thanks.

Operator: Thank you. Our next question is from the line of Leo Vental Private Investor. Please with your question.

<Q>: Yes, could you tell me a little bit about Jordan, Edmiston.

<A – Philip Moyer>: Sure, Jordan, Edmiston is a boutique strategic advisory firm that specializes in media. Media and I'll say financial or say information businesses, and they are assisting us in looking at a wide variety as I mentioned of strategic partnerships. We've said that our goal is to try to figure out some kind of a partnership on the – in the other side of our business where we distribute our data and subscription products and they're helping us with that.

<Q>: How long have they -- how long is this relationship or how old is it?

<A – Philip Moyer>: May I believe yeah, May or end of May, June of this year.

<A – John Ferrara>: Of course.

<Q>: Yeah.

<A – Philip Moyer>: End of May, or beginning of June.

<Q>: And where are they primarily from?

<A – Philip Moyer>: Here in Manhattan.

<A – John Ferrara>: Absolutely, yeah.

<Q>: Yeah. Thank you very much.

<A – Philip Moyer>: Thank you.

Operator: Thank you. Ladies and gentlemen at this time I would like to turn the conference back to management for closing remarks.

Philip Moyer, Chief Executive Officer and President

We want to thank you all for your belief in us your ongoing and certainly our entire team has a commitment to continue to try to expand the results that we're showing today. And we will look forward to talking to you next quarter. Thank you.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. [Operator Instructions]. Thank you for your participation.

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