MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the EDGAR Online Third Quarter 2009 Results Conference Call. 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. You may begin.

Philip Moyer, Chief Executive Officer and President

Thank you, Joe. 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 third 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 would like to turn it over to our CFO, John Ferrara.

John C. Ferrara, Chief Financial Officer

Thank you, Philip. For the third quarter of 2009, total revenues were 5.2 million and adjusted EBITDA was 1.3 million, compared to revenues of 4.7 million and adjusted EBITDA of 156,000 for the third quarter of 2008. The improved financial results were primarily due to the increase in XBRL filings revenues and lower operating expenses.

Filings revenues were $1.5 million for the third quarter of 2009, an increase of 710,000 or 92%, compared to 768,000 in the second quarter of 2009. And an increase of $1 million or 219% compared to the third quarter of 2008. This increase was due to the SEC mandate, which required certain companies to file an XBRL in the third quarter of 2009, as well as increased exclusivity fees in XBRL conversions for companies that were not required to file with the SEC.

For the third quarter of 2009, subscription revenues were 1.6 million, down from 2.1 million in the third quarter of 2008. The decrease was due to lower new sales.

In the third quarter of 2008, we started seeing a net decrease in our subscription business with cancellations exceeding new sales. In the current quarter, cancellations continue to exceed new sales but were lower than the cancellations in the third quarter of 2008 and generally consistent with the second quarter of 2009.

Revenues from data and solutions were $2.2 million in the third quarter of 2009, compared to 2.1 million in the third quarter of 2008. An increase in data licenses was partially offset by a decrease in solutions revenues.

Gross profit for the third quarter of 2009 was $4.1 million, the same amount as reported in the third quarter of 2008. However, the gross profit percentage for the third quarter of 2009 decreased to 78%, compared to 86% in the third quarter of 2008. The decrease in gross profit percentage was primarily due to higher costs related to the filings business.

Total operating expenses for the third quarter of 2009 were $3.6 million, approximately $1 million less than the third quarter of 2008. The decrease in operating expenses was due to cost reductions in payroll and related expenses, marketing and other outside services implemented to conserve cash until we complete a capital raise, as well as lower product development costs.

All of these factors resulted in an operating profit for the third quarter of 2009 of $451,000, compared to a loss of $629,000 for the third quarter of 2008, an improvement in operating profit of approximately $1.1 million.

The net interest expense for the third quarter of 2009 was $91,000, compared to 121,000 in the third quarter of 2008.

I am pleased to announce that the company reported net income of $360,000 or $0.01 per share for the third quarter of 2009, compared to a net loss of 750,000 or $0.03 per share in the third quarter of 2008. This is the highest reported net income in the company's history.

However, on a going forward basis, we need to invest in people, infrastructure and software to build capacity in advansive revenues. Because of this, we expect our cost to grow at a faster rate than revenues, which will have a negative impact on our operating results.

In terms of our balance sheet, the company had cash in investments of $1.7 million as of September 30, compared to 1.4 million at June 30, and 2.3 million at December 31, 2008.

At September 30, 2009, the company's net accounts receivable were 2.4 million, compared to 2.5 million at June 30, and 2.6 million at December 31, 2008.

As of December – as of September 30, 2009, company's accounts payable and accrued expenses were $2.2 million, compared to 2.2 million at June 30 and 2.4 million at December 31, 2008.

During the third quarter of 2009, the company capitalized approximately $236,000 of product development costs related to the XBRL platform. At September 30th, deferred revenues were $3.7 million, compared to 4.2 million at June 30, 2009 and December 31, 2008.

At September 30, 2009, the company had outstanding debt with a face amount of $2.1 million and a revolving credit facility of $2.5 million.

During the quarter, we paid down the $125,000 of outstanding debt. To-date, none of our – none of the credit facility has been drawn down.

As reported in today's earnings release, the second year of our limited exclusive contract with R. R. Donnelley to provide XBRL services began October 1, 2009. The contract requires that pricing will be agreed to each year. Negotiations with respect to pricing for the second year are ongoing. The contract currently remains in force and we are continuing to provide services using year one pricing, while we are negotiating with R. R. Donnelley.

While, we are continuing to negotiate, we cannot assure you that we will be able to agree on new pricing or other terms that will be attractive to us. As we continue to negotiate with R. R. Donnelley, we are also exploring other alternatives to deliver our XBRL services to the market if that becomes necessary. Should our relationship with RRDN, we believe we'll be able to pursue other relationships that will allow us to continue to grow our XBRL business. Because we are in active negotiations, we will not be able to respond to any questions relating to this matter at this time.

The uncertainties relating to these negotiations have impacted and delayed our ability to successfully complete a capital raise, which as previously disclosed, we have been working towards. Nevertheless, we are continuing our efforts in this area.

And now I'd like to turn it over to Philip.

Philip Moyer, Chief Executive Officer and President

Thank you, John. Q3 2009 has been a good quarter for our company. We achieved quarterly revenues of over $5 million for the first time in our history and for the first time in five years we've achieved net income positive for the quarter, which is also the highest net income we have ever achieved. We are leaving this quarter with more cash in our balance sheet than we entered the quarter with.

Filings revenue has now become the largest single business line in our company on a monthly run rate business – on a monthly run rate perspective, surpassing EDGAR Pro business and our other businesses.

We've created more filings than any other company in the market and sales and out data businesses have been better than expected. Simply said, we are thrilled with these results. We are starting to see the results of our investment in XBRL.

At the same time, we also know that we have a dynamically evolving market and we must invest in future quarters at higher levels across all of our business lines to achieve the potential we see for shareholders.

This quarter, as mentioned, our growth was primarily driven by strong demand in our filings business, where we achieved over 200% growth over the prior year and 90% growth over Q2 of this year and to some extent, growth in our data and solutions business, where we achieved 3% growth over the prior year.

Our subscriptions business continued to decline by 25%. However, we have seen a deceleration in cancellations. For the first time in six quarters, we left this quarter with higher total annualized contract values on our books than the previous quarter. I'm cognizant that many people are predicting a double-dip recession. So, while I'm excited by lower cancellations and better sales, I'm hesitant to declare that the worse is behind us.

As John mentioned, our net income results were assisted by higher revenues and some short-term temporary steps we took to preserve cash, including temporary reductions in salaries for our executive team, some reductions in benefits and lower spending on non-essential parts of the business.

We have delayed some hiring, was stretching and optimizing our current head count and improving our processing times. As we look to the coming 18 to 24 months, we must move from handling hundreds of filings per year to potentially thousands of filings. This will require additional software automation in our systems and additional people to assist in quality management.

In addition, we intend to expand our reach in the market with additional partnerships and additional offerings across all of our businesses. Simply put, in order to deliver additional growth, we must invest and we do not expect to remain net income positive in the short term.

Finally, I would like to focus on a few details in our XBRL filings business. We are exceptionally proud of not just our financial results but also of our customer results. For one, we created approximately 35% of all the filings submitted to the SEC as part of the first phase of the SEC's

XBRL mandate. But this calculation is difficult to arrive at because the market share figures for filing agents often contained for XBRL filings created by the actual filer, but then simply turned over to the filing agent for delivery.

If you look at market share based on actual filing solutions, we created approximately two times the next closest competitor in XBRL filings. Since the inception of our XBRL filing engine, we have created over 800 XBRL-tagged financial documents for customers, not all of which have been filed with the SEC.

This quarter, we expect to cross the 1,000 mark for XBRL documents created for customers. This is a significant internal milestone that should give you a sense of the potential of the XBRL horsepower that we have been building.

Second and there are third-party XBRL validation engines publishing their interpretation of the quality of XBRL that is being produced by filing agents. These agents and these validations annuals are not sanctioned by the SEC. The SEC is the only organization that's authorized to determine validation of SEC filings.

If your XBRL filing is error free, it's accepted by the SEC's validation engine. If it has errors, it is either rejected and/or you must file an amendment, if the error is not initially caught.

EDGAR Online has been one of the only XBRL providers that had no rejections by the SEC thus far and to our knowledge no amendments have been filed by our customers based on the XBRL we created for them.

In addition, all of our customer had the ability to file XBRL concurrently with their standard 10-Q document. While we believe that errors in a variety of interpretations are inevitable in a process of this level of complexity, we are proud of the results we've achieved for first-time filers this part quarter.

Third, we are in the peak fee – peak of the filing season, as I'm speaking to you. We're running multiple shifts in our company producing hundreds of filings again this quarter. We are again pleased with the customer results we're seeing and look forward to discussing these in future calls.

Finally, our filing business is clearly growing and its importance to our company. It remains subject to risks that are also may not be evident in our financial results; for one, as John mentioned, the second year of our service agreement with R. R. Donnelley still being negotiated. We are unable to comment on these negotiations and are cognizant of our need to be thorough in these negotiations.

Second, the price of our XBRL filing service may face more competition and price pressures. As I've commented before, the price of conveying primary financial statements may come down for the massive companies.

However, companies will soon be required to file those footnotes with detailed XBRL tagging as mandated by the SEC. Translating detailed footnotes is a more complex and labor-intensive process and has the potential to increase prices.

Third, there is always a risk that the SEC may change its original mandate. Although to our knowledge, we have not seen any signs of this. They may clarify aspects of the rule, but we don't have any knowledge of any changes at this time.

Fourth, we need capital to scale ahead of the mandate. We need to invest in our people, infrastructure, and software to maintain our leading market position. I'd hope to be on this call with a more definitive resolution for – to this capital need, but I'm not. We are closer and have a number of options that we're pursuing, but I'm not comfortable discussing them at this time.

Again, as I noted earlier in the call, I referred you to a fuller discussion of our risk factors as set forth in our reports of Form 10-Q and Annual Reports on Form 10-K.

Overall, we feel this quarter demonstrated our competitive advantage in the XBRL market. We believe our positive results are due to the significant investment we've made in our XBRL platform and the good work we've done with our partners and customers.

We are proud of these results and embolden by the potential we see. However, we also recognize that this is a rapidly evolving market and we want to tamper temper our enthusiasm with the need we see ahead to continue to evolve our strategy and scale our resources.

So with that, I will open up the lines for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions].

<A – Philip Moyer>: Okay. I think we have no questions, and so I want to thank you all.

Operator: We did just get a question, would you like to take it?

<A – Philip Moyer>: Sure.

Operator: The question is from [Inaudible] from Heller Capital Partners. Please go ahead.

<Q>: Okay. Philip, I thought you want a question?

<A – Philip Moyer>: We could have first hang-up.

<Q>: Yes, I almost missed it with – assuming that you're successful in negotiating obviously something with R. R. Donnelley or what you mentioned, sounds like you're juggling some other balls, if something were to fall through. But assuming that something were to be in place, which I would expect something to be in place; with the SEC going to – am I right that Stage two, which is ramping to 1,800 filing companies from the current 500, am I correct that that would start with the second quarter filings of 2010. So we would see that revenue to you more in the July, August timeframe of 2010. My question is since that more than triple of the number of filers would – could one assume that you would be able to triple your current XBRL run rate which is six million annually through closer to 18 to 20 million, if everything else was held constant?

<A – Philip Moyer>: Number one, the number of filers that are impacted by the second phase of the mandate, we estimated it's going to be close to about 1,500, it's called – it's defined as large accelerated filers and that number varies literally with the recession and with the market and number of other factors. And so, I'd say – I'd feel more comfortable talking about a number closer to 1,500 or potentially even below that, but I'd say 1,500. It is really depended on the market share of our partner. I would say and so as I mentioned, clearly, we can't comment on negotiations. But the numbers are purely depended on the market share of our partner. And so we do see a greater opportunity ahead of us.

<Q>: Okay, all right. And can you touch a little bit outside of the U.S. XBRL initiatives. Can you talk at all in just general terms of the potential scope and possible timelines of something beyond that either with the Canadian SEDAR or something over in Europe or Asia?

<A – Philip Moyer>: Sure. There is 19 stock exchanges around the world right now, that have projects underway, as we understand it from based on informations available up on XBRL.org. 19 stock exchanges have projects underway around XBRL. As I've mentioned before China has already mandated, Japan has already mandated, Singapore has already mandated, Korea has mandated, a number of other large exchanges have already mandated. And so, we feel like – we feel like we're well above, well, I'm going to say, 50 to 60% of the world's market cap is under some kind of a mandated timeframe. Toronto – I'm sorry, Toronto, I should say SEDAR is actively investigating XBRL, they have not announced a definitive date. But we've seen some positive movement out of markets like Canada in those regards.

<Q>: So with the ones that have mandated that you mentioned, is there a potential role for EDGAR in those or is there one – how does that work, you have to find a partner?

<A – Philip Moyer>: Sure. In some cases, yes; in some cases, no. It's – It really is depended on the type of filing model that they have. China is a much more the performance based environment, whereas Japan feels a lot more like our filing environment. And so, it really depends on what the market looks like and the level of complexity as to whether or not they need the type of force power we have in our solution.

<Q>: Okay. And again to enter one or more of those markets though you would need to engage with a partner is that correct or not?

<A – Philip Moyer>: The short answer is, yes and no. We can enter with a partner, clearly, we would need to establish a presence over in that marketplace and either do that by having enough capital to go do that by ourselves or doing it with a partner. So it's – it really depends on the market. It really depends on the market. I can't give a blanket answer across the world because some markets we have relationships that allow us to already enter that market.

<Q>: Okay, great. Thanks a lot and congrats on a great quarter.

<A – Philip Moyer>: Thank you.

Operator: The next question is from Miles Jennings with OV Metrics. Please go ahead with your question.

<Q – Miles Jennings, Jr.>: I'd like to know if EDGAR Online can independently solicit XBRL business from U.S. companies that you wish to solicit. In other words, yesterday there was a company that filed an XBRL with the market cap of something like $400 million, substantially below the cap required to file. And so there seems to be some activity in the smaller companies we're filing early versus the mandate. And the way you have your business setup with your partner. And let's say, there'd be no reason for another company to particularly use one certain printer, they may have their own printer. Can you solicit business independently of your partnership?

<A – Philip Moyer>: The contract that we have with R.R. Donnelley that we filed with the SEC. Clearly, there were parts that had to be redacted, for confidentiality reasons. It does talk about a list of prohibited companies that we cannot partner with in the market. But we – and it all – but it does not necessarily prohibit us from, I'll say, from working with customers directly. That's not been something that we've done in the past. And as I said, what the contract really addresses is just the, the companies that were not allowed to partner with in the market.

<Q – Miles Jennings, Jr.>: Oh, yes. That makes good sense. And such a large market out there, I'm sure you guys would want to deserve the right to try and develop some business yourself, as well as regular business with your partners?

<A – Philip Moyer>: We've been a – what I'll say is that we've had a strong partnership and we believe in the model. And so, but we – as you can imagine, we've got to keep all options open.

<Q – Miles Jennings, Jr.>: Very pleased to see some prior to this quarter, is this the only quarter in the history of EDGAR Online, that you had a profit?

<A – John Ferrara>: We had two prior quarters, one of which was – the profit was entirely due to a one-time non-operating gain, and the other quarter was we did have a profit of about of less than $100,000.

<Q – Miles Jennings, Jr.>: Congratulations. It's been about a decade, so I hope the next decade is certainly along these lines.

<A – John Ferrara>: It's not quite a decade, but...

<Q – Miles Jennings, Jr.>: Well, 1999, is that right?

<A – John Ferrara>: Yes – a decade, yes. But we reported our profits, not quite a decade ago.

<Q – Miles Jennings, Jr.>: Yes, all I see you mean, good. Thanks, John.

<A – John Ferrara>: Yep.

<Q – Miles Jennings, Jr.>: Keep it up.

<A – Philip Moyer>: Thank you.

Operator: There are no further questions in queue.

Philip Moyer, Chief Executive Officer and President

Okay. Thank you very much, everyone.

Operator: This concludes the teleconference and you may disconnect your lines. Thank you for your participation.