PARTICIPANTS

Corporate Participants

Paul Cox – Assistant Vice President, Sapphire Investor Relations, LLC.
Daryl Otte – Chief Executive Officer
Thomas J. Etergino – Chief Financial Officer

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the TheStreet Second Quarter of 2011 Earnings Conference Call. This call is being webcast live on the Investor Relations section of TheStreet's website at www.t.st. This call is property of TheStreet and any recording, reproduction or transmission of this call without the expressed written consent of TheStreet is strictly prohibited. As a reminder, today's call is being recorded. You may listen to a webcast replay of this call by going to the Investor Relations section of TheStreet's website.

I would now like to turn the call to Paul Cox from Sapphire Investor Relations for TheStreet.

Paul Cox, Assistant Vice President, Sapphire Investor Relations, LLC.

Good afternoon. Thank you for joining us to discuss TheStreet's financial and operating results for the second quarter of 2011.

With me today are Daryl Otte, Chief Executive Officer; and Tom Etergino, Executive Vice President and Chief Financial Officer. Today, Daryl will begin with an overview of the second quarter's progress and achievements as well as an overview of the company's strategy, and Tom will review Q2 financial results.

All statements made on this call, other than statements of historical facts, are deemed to be forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, including those described in the company's filings with the Securities and Exchange Commission that could cause actual results to differ materially from those reflected in the forward-looking statements. Although the company believes that the expectations reflected in the forward-looking statements are reasonable, the company cannot guarantee future results or occurrences.

The company disclaims any obligation to update these forward-looking statements, whether as a result of new information, future developments or otherwise. You may obtain copies of the company's filings with the SEC at the Commission's website, www.sec.gov. And additional information related to matters discussed today also will be set forth in the company's quarterly report on Form 10-Q for the second quarter of 2011, which the company expects to file shortly.

Now, I will turn the call over to Daryl Otte.

Daryl Otte, Chief Executive Officer

Thanks, Paul. Welcome to our second quarter of 2011 earnings call. As you all have seen from our earnings release, we recorded solid second quarter results despite the choppy conditions in our market.

For the quarter, we recorded $15 million of revenue for our continuing businesses, the highest that it has been in 11 quarters. The company was adjusted EBITDA and operating cash flow positive for the quarter and year-to-date, showing good operating leverage.

On the call today, I will provide an overview of how we see the market conditions and our performance given those market conditions. I will also share with you some of the milestones we achieved over the past three months and reiterate our strategy. Then Tom will review in detail our financial results with an emphasis on the operating leverage of the business and provide a perspective on our long-term business model.

Our year-on-year growth rates moderated in Q2 compared to those in Q1 as uncertainty in the global financial markets increased and advertisers and investors became more cautious as the quarter progressed. The caution was reflected in weakening indicators of retail interest in the investing sector, as evidenced by data from comScore on a consolidated number of unique visitors to the vertical, Google keyword search volumes in our category and data on retail trading volumes at our advertising clients.

While our business was not immune, our top line metrics faired better than these data would predict. We attribute this improvement to the rollout of our strategy and the payoff in the investments in our business initiated late into Q2 2010 and into the second half of that year. We have a number of key proof points in traffic development, marketing services and premium services, which demonstrate this progress, and we will highlight some of them for you today.

First, with respect to traffic, the size of the audience to our network of sites grew 33% year-over-year, according to our internal measurements, showing demand preference for our content and the improved content distribution capabilities we are building. In June 2011, we entered the top 10 comScore rankings in our category up two ranking points compared to the same period last year.

We showed very strong engagement figures as well near the top among our competitors. We attribute this to the investments we made in human capital, technology and distribution over the past year. We believe that increasing the size and quality of the audience visiting our network is the single most important factor in developing long-term revenue momentum for both subscription and advertising revenue.

There were three main drivers to improve distribution this quarter. One, strong natural search content discovery. Visits to our site via this channel were up 50% in the quarter versus last year. Two, the rollout of our white label business news, markets coverage and wealth management content service. We now power over 50 horizontal contents sites. And three, additions to the ranks of distribution partner sites we work with. Also, while not yet moving our overall results materially, our new mobile offerings are achieving good adoption and usage rates. That covers traffic.

Now, with respect to marketing services, advertising grew in the quarter, but was less robust than the rate of growth in the size of our audience. This is to be expected in any market conditions due to the customized nature of our advertising sales strategy. As we sell through a direct sales force and high rates and not through networks, it naturally takes time for the market to absorb our new inventory. Moderated rate of growth in advertising revenue in Q2 reflect the mood and the broad financial industry and to some extent the broader economy. Advertising for our online brokerage clients remain robust because we are a core buyer for them. Gains there were moderated, however, by lower spending from broader financial category accounts and non-endemics.

That said, data we have suggest that overall we gained share market over the period. This is because we remain a key buyer for advertisers given the exceptional nature of our audience. By external measures such as ad plan, TheStreet networks audience is number one or over-indexed in key demographic characteristics of wealth, education, investing propensity and the like. We did break some new names in the non-core financial category, including the Hartford, Allianz and Prudential and in non-endemic we ran great campaigns from brands such as Acura and The Ritz-Carlton Hotels, which were all new to our sites.

We rolled out some new high value non-traditional advertising units, the results of some of the new technology we have in place. For example, we placed a new content unit on our quote pages, which helps users map individual stocks to relevant exchange traded funds. This information that until now has been difficult for users to access, this utility creates intense engagement right at the point of a purchase decision, something our launch partner, State Street Global Advisors found appealing.

I have some other examples where we have extended beyond traditional display advertising, paid sponsorships for our educational programs, our best of breed ETF and mutual funds award programs, integration of third-party data into our advertising delivery system to identify specific high-value segments of our audience and sponsored opportunities around our great new iPad application, which I encourage listeners to download.

In fact, BMW is running on high frequency on our iPad application today. These new initiatives started during the quarter and will be rolling out and building momentum in Q3 and future quarters. After premium services, the second quarter showed the beginning of the trend of our stronger bookings performance over the last couple of quarters converting into revenue growth. With the revenue growth rate from our ongoing premium services business more than doubling sequentially from Q1. This quarter's bookings performance can be attributed to the rollout of our multiple distribution channels last year and into this year, the growing traffic to our network of sites and new initiatives put in place this quarter such as behavior targeting and expanded social media distribution.

There are a number of new developments in this line of business, which I'd like to highlight as well, each with some impact on the quarter, but also showing proof points of success – of return on investment of last year's strategic investments.

First, new versions of our flagship RealMoney and RealMoney Pro premium services are now an invitation-only soft launch. A full scale roll out, will take place this quarter. RealMoney and RealMoney Pro are launching on our new content management system, which are fast and flexible to publish with, offering a substantially better user experience and more functionality. These new services have been specifically redesigned from the ground up with a number of important business objectives: retention, natural search discovery, new account acquisition and upgrade selling opportunities. Early user response has been good and we look forward to rolling these services out more fully as the third quarter progresses.

Second, we have launched TheStreet's first investing oriented premium service, specifically built for full-time investing professionals. It is called ChatOnTheStreet available initially through proprietary terminals and as of yesterday in a web version. ChatOnTheStreet offers real-time trading ideas and marketing commentary from accomplished professionals as they trade. ChatOnTheStreet has a high ARPU and the potential for good renewal rates given its clientele. We were able to launch and begin selling this service quickly and inexpensively because of last year's technology investments.

I hope the preceding descriptions give you some sense of the rollout of our strategy and the proof points we are beginning to see in traffic, marketing services and premium services. For those new to TheStreet, I'd like to take a moment and review our strategic plan to build long-term profitable growth for the business and describe how we are executing on that plan. We're applying the proven and profitable business model inherent in vertical media against our key assets, which are TheStreet's strong market position and brands in the finance vertical, our robust editorial content and our strong advertising and subscription monetization skill.

We generate original top-quality, timely content and monetizing the consumption of that content with diverse revenue streams. We create a large volume of content over 3,000 original articles and 500 videos a month, to high journalistic standards with deep domain experience and strong web publishing skills. This content because of its quality and relevance, attract highly engaged users, affluent educated professionals who come to our content for a purpose. These users attract advertisers that are attracted to the demographic characteristics of our audience and the level of engagement users have with our sites. We're also industry leader in building a large-scale subscription business in digital media.

Having both subscription revenue and advertising revenue allows us to monetize our high-value content in a superior manner. Our strategy is to build the size and engagement levels of the audience that visits our network, while maintaining targeted and highly valuable demographic characteristics of that audience.

This is important. This quality audience growth is a precursor to revenue growth for both our premium services and marketing services businesses. This then in turn allows us to earn a higher rate of return on the relatively fixed cost of our business.

During 2010, we made significant investments with the objective of strengthening our platform and building our team to support our strategy. These investments include replacing legacy technologies, building out our subscription telesales capabilities, investing in human capital and expanding distribution channels for both our advertising support and our premium content. For 2011, we are focused on seeing returns on these investments. We believe our second quarter results demonstrate that our strategy is showing traction.

Let me concluded by thanking our employees and contributors for their great work, also want to thank our shareholders, subscribers, advertisers, and distribution and content partners for their support.

With that, I'll hand the call over to Tom, who can provide some additional financial details and a discussion on the general business model we expect over time.

Thomas J. Etergino, Chief Financial Officer

Thanks, Daryl, and welcome, everyone. As mentioned on previous calls, our pro forma adjustments in 2011 will be far less dramatic than they were in 2010 and 2009. Based on where we stand today, the pro forma adjustments we have made to our 2010 financials revolve primarily around the divestiture in May, 2010 of our banking and insurance ratings product line, while in 2011 there have been effectively no material adjustments. As such, we continue to see our 2011 business results, closely track our GAAP financials and expect to do so in the foreseeable future. All numbers referred to herein on a pro forma basis, please see the press release financials for a full reconciliation of pro forma to GAAP.

Now, turning to the results. The company's ongoing businesses recorded revenue of $15 million in the second quarter of 2011, an increase of 4% compared to the prior year period and 6% sequentially, with $5 million in revenue contribution from marketing services and $10.1 million in revenue contributions from our ongoing premium services business. The company's marketing service business showed a moderate growth rate in Q2 2011 over Q2 2010 of 2% and an increase of 10% over the first quarter of 2011.

Our year-over-year growth rates were tempered by the non-core financial and non-endemic advertisers pulling back due to market conditions, while we continue to see strong growth from our core endemic financial advertisers. As Daryl mentioned regarding our traffic, the size of our audience to our network of sites grew by 33% year-over-year, speaking well the long-term opportunities of our business and the return on investments we made in improving our distribution, content quality and technology infrastructure over the past year.

Moving on to the company's premium services business, subscription bookings were $10.1 million for the second quarter of 2011, an increase of 9% as compared to the second quarter of 2010 with respectable results from all marketing channels, but particularly robust contributions from our telesales organization, which I will remind everyone was one of the key components of our investment program in 2010. These bookings growth includes both bookings from our investing oriented premium services as well as our Rate-Watch, BankRate information service, which with the low volatility in rates these days has found growth more of a challenge. That being said, Rate-Watch has shown some early success in finding other areas of monetization of their core asset. As an example of this, in July, we signed an agreement with another large government entity to license our data. This is in addition to the FDIC, our current government client, to supply them with our rate information on an ongoing basis. We're happy to see the quality of our data being recognized.

Revenue from ongoing premium service businesses increased 4% year-over-year and 5% sequentially. The year-over-year increase was primarily attributable to a 4% increase in the average number of subscriptions during the quarter as compared to the prior year period. Additionally, average revenue per subscription increased by 1% during the quarter as compared to the prior year period. Reversing declines we had seen in most recent quarters. This increase in ARPU was supported by the favorable product mix again showing the value of our telesales force and the execution of upsell up sales strategy and a combination of stronger renewal rates and higher renewal pricing.

Our sequential premium service revenue growth rates are beginning to reflect our stronger bookings performance over the last couple of quarters. In Q1 2011, we reported a 2% sequential revenue increase versus Q4, 2010. And for Q2 2011, we have reported a 5% increase over Q1, showing that our strong bookings performance over the last couple quarters is beginning to convert into sequential revenue growth. As a reminder, since most of our subscriptions are annual in length, most bookings become revenue evenly over 365 days after they are booked. And thus, bookings in the quarter combined with that of previous quarters, is generally a good predictor of future premium services revenue. Given amount we would expect this momentum to continue in the near-term. Our average monthly churn rate was 3.6% in the second quarter of 2011 compared to 3.4% in the first quarter of 2011 and 3.9% in the second quarter of 2010.

As I mentioned on the last call, we expect that there will be a moderate quarterly fluctuations in churn due to the significant progress we have made in our core businesses performance, as wins come more slowly. The relative fluctuations going forward can be impacted by new marketing trials and we continue to undertake to find new sources of subscriber growth, although we expect churn to fluctuate within a reasonable range.

Operating expenses for the company's ongoing businesses were $16.9 million in the second quarter of 2011, an increase of 12% as compared to prior year period. The increase in operating expenses for the company's ongoing businesses is primarily result of $800,000 increase in cost of service expense, a net reduction of $800,000 in the prior year period related to a net gain on disposition of assets partially offset by an impairment charge of $500,000 increase in depreciation and amortization and a $300,000 increase in sales and marketing expense, partially offset by a $500,000 decrease in general and administrative expenses as compared to Q2 2010.

The increase in sales and marketing and cost of services are primarily related to our implementation of several 2010 strategic initiatives as mentioned on previous calls. The increase in depreciation and amortization is primarily due to acceleration and the depreciation of certain capitalized assets that will become obsolete as a result of our expected continued upgrade to the company's technical infrastructure and it's content management systems throughout 2011.

On a sequential basis, operating expenses were down 1% further reinforcing what we have said on previous calls, specifically that the company's 2010 investment program has reached maturity. Despite our sequential expense rates being relatively flat, it should be noted that our general and administrative expenses were up $400,000, with a lion's share of this increase resulting from certain legal costs associated with the SEC investigation regarding formal officers of the company. We believe these costs are largely behind us and do not expect them to have a material impact on our results on a go forward bases.

The company reported a net loss from its ongoing businesses of $1.7 million in the second quarter of 2011 as compared to a net loss from such ongoing businesses of $400,000 in the prior year period. Adjusted EBITDA for the company's ongoing businesses were $700,000 in the quarter of 2011 as compared to $900,000 in the prior year period. Adjusted EBITDA is now positive for the six-month year-to-date as well. There have been no changes to our Q1 view that we will be adjusted EBITDA positive for the year.

The company ended the quarter with cash, cash equivalents, restricted cash and marketable securities of $77.4 million, an increase of $1.8 million compared to March 31, 2011. The company generated $3.2 million in cash flow from operations for the quarter. For the six months ended June 30, we are free cash flow positive. There have been no changes to our Q1 view that we will be free cash flow positive for the year.

Now, for a little color on our business model. I would like to give everyone a little bit better understanding of the long-term target operating model and specifically the leverage we see in our cost structure moving forward. Assuming a notional $100 million annual revenue from our existing business with no guidance as to timing of achieving this, we expect that approximately $20 million will flow to the adjusted EBITDA line. I would caution against assuming at this approximate 50% conversion of new revenue to adjusted EBITDA would be consistent quarter-to-quarter, as that would not necessarily be the case.

That said, as you can see, in the second quarter, we grew approximately $900,000 sequentially in revenue and we had over 100% conversion rate to the bottom line, an indicator of the leverage of the business model.

With that, I would like to ask the operator to open up the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We have a question from [ph] Michael Moskoff (21:37) from MRM Capital.

<Q>: Tom.

<A – Thomas Etergino – Chief Financial Officer>: Hey, [ph] Mike (21:42).

<Q>: The traffic you reported last quarter was $6.517 million. What was it this quarter?

<A – Daryl Otte – Chief Executive Officer>: That's with the comScore's statistics, right?

<A – Thomas Etergino – Chief Financial Officer>: Yeah. It was $57.6 million or $57.7 million.

<Q>: [ph] Wait, in 50 (22:03). It was $6.517 million, so you're saying $5.7 million? I lost you there. It was --

<A – Daryl Otte – Chief Executive Officer>: Well, Mike, it's Daryl. We're disclosing our year-on-year growth rates as measured by our internal logs, which will differ from comScore measures. So we use comScore for cross-industry comparison of performance, particularly ranking. And we disclosed the internal server logs, which are far more accurate. We're disclosing the year-on-year growth rates.

<Q>: Okay. So what was – all right, so last quarter's $6.517 million.

<A – Daryl Otte – Chief Executive Officer>: That's the comScore statistic.

<A – Thomas Etergino – Chief Financial Officer>: [indiscernible] (22:49) statistic.

<A – Daryl Otte – Chief Executive Officer>: So that's what comScore publicly reports them, as having measured. They measure our traffic and try to estimate what our – are the size of our audiences and that's what they're estimating.

<Q>: And this quarter you're saying it's not from comScore?

<A – Daryl Otte – Chief Executive Officer>: No. The 33% is consistently recorded, internal server logs, we were up 33% year-on-year.

<Q>: Right. But what was the actual number?

<A – Daryl Otte – Chief Executive Officer>: We don't disclose that. We're just disclosing growth rates.

<Q>: Okay. But you did disclose it last quarter.

<A – Daryl Otte – Chief Executive Officer>: No.

<A – Thomas Etergino – Chief Financial Officer>: No. We just disclosed comScore last quarter.

<Q>: Okay. Can you disclose comScore this quarter?

<A – Daryl Otte – Chief Executive Officer>: Yeah, I don't believe we actually gave it on the call. I maybe mistaken, but we can get you the comScore statistic, I don't' think I have it here.

<Q>: Okay. As far as the average unique visitors versus last quarter, can you tell me sequentially, up, down sideways? I'm trying to get a gauge of sequential versus year-over-year.

<A – Daryl Otte – Chief Executive Officer>: Yeah. I think it moderated sequentially. And that's a function of kind of retail interest in the stock market softening, offset by gains in our distribution.

<Q>: Can you quantify when you say moderated from last quarter, what it was?

<A – Daryl Otte – Chief Executive Officer>: No. I don't. I mean, I don't have. No, I can't do that. And we're trying to give enough statistics so that folks know that we have momentum in the business, but, as you know, we're trying to limit the total number of statistics that we give out because we obviously tip our hand to our competitors by making these public disclosures.

<Q>: Okay, how about ARPU?

<A – Daryl Otte – Chief Executive Officer>: The ARPU was up year-on-year in the quarter.

<Q>: And what about sequentially?

<A – Thomas Etergino – Chief Financial Officer>: Sequentially, we were – sequentially, it was up as well.

<Q>: Any quantification?

<A – Daryl Otte – Chief Executive Officer>: No, We're giving year-on-year stats. But as color, it was up sequentially as well.

<Q>: Okay. Just for curiosity, anyway going forward that you could also give sequential versus year-over-year? Just to give...

<A – Daryl Otte – Chief Executive Officer>: We'll certainly think about it. I mean, I think there's this kind of an ongoing discussion that certainly we've had with you and had with some other investors. We need to try to balance giving full transparency to investors, but since we're a small public company, if we give full disclosure of our statistics, it also puts us and our marketing teams at a disadvantage. So we need to balance the two.

<Q>: When you talk about the – in the press release, the second paragraph, when you talked about growth rates experienced in the first quarter moderated, as a level of uncertainty, blah, blah, blah, did you see it moderate – like what month did you see it moderate, and are you seeing it pick up or continue in this moderation in this quarter that we're in, now the third quarter, from a linearity standpoint?

<A – Daryl Otte – Chief Executive Officer>: From a linearity's perspective, it certainly was stronger in the first half of the second quarter, then it moderated in the back half of the quarter. And I think if you look at the kind of publicly available stats, the comScore report – and makes an estimation of the total number of unique visitors in the universe that read financial sites, you look at the Google index, search terms in the finance vertical, if you look at kind of the online brokerages who report their volumes on a monthly basis, you'll see that trend kind of mirrored across all those different statistics. And that certainly was reflected in our business as well.

<Q>: And how about in the first five weeks of this quarter?

<A – Daryl Otte – Chief Executive Officer>: It's a little early for us to kind of be giving forward-looking guidance on that.

<Q>: Tom, when you talk about 100 % conversion rate, that was the last thing you just said, can you just explain that a little better?

<A – Thomas Etergino – Chief Financial Officer>: Sure, I often get asked about the expenses and how we're going to – how the leverage of the business. What I was just pointing out was that, between Q1 and Q2, our expenses were actually down a little bit. And our revenue was up about $900,000 so that – and so our adjusted EBITDA, all of that revenue flowed through to the bottom line. And I was just trying to point out the fact that we're starting to show the leverage of the business.

<Q>: Do you foresee like what the G&A – with that $400,000 obviously, no longer. And you talked about, I don't know, a few quarters ago, about being helped out by the rental situation, the new building, I believe, and then new technology and stuff. From an operating expense going forward, is it plateaued and going lower, kind of thing where obviously, if revenues, top line continues to go north, then you'll even have that much more expansion [ph] of margins (28:10) that kind of thing?

<A – Thomas Etergino – Chief Financial Officer>: So I haven't given specific guidance on OpEx. But the trend over time, I think as I stated in my prepared remarks, that we expect over the long-term, that about 50% of the conversion of additional revenue was going to hit adjusted EBITDA. Again, as I said, the quarter-over-quarter, the ratio can't – may not hold, but that's kind of what we're expecting. So I'm not giving kind of forward guidance. I do think that we've – we have – I mentioned in Q1 that we kind of plateaued or we had seen the full quarter impact of our spending program in Q1 of this year. And I think that we're still comfortable with saying that.

<Q>: And as far as the ARPU for this new ChatOnTheStreet thing, Daryl, I think you said it's a higher ARPU. Can you give like some kind of number versus the average ARPU, which I believe you said somewhere is in the 300 and something level last quarter? I don't have a number off hand.

<A – Daryl Otte – Chief Executive Officer>: Yeah, it's substantially higher. I'll have a salesperson call you to sell you a product if you like and you can talk about pricing. But this is a professional – joking aside, this is a professionally-oriented product, it has a really high value and we expect to get much higher ARPU for it.

<Q>: I actually got a call today and I actually used it today. Who are the guys and women on the site, like, what are their claim to fame, so to speak?

<A – Daryl Otte – Chief Executive Officer>: I am glad it was well-distributed so quickly. That's fantastic. We're working with a partner to hand-recruit some folks, accomplished investing professionals, who are providing the content for us. It's very along the line of business that we do, throughout all of our properties.

<Q>: Okay. And is Options Profits – how is that doing?

<A – Daryl Otte – Chief Executive Officer>: We don't really talk about the individual service performance levels. I wouldn't really have anything different to say about its performance relative to what we said in the past. One of the things that occurred to me, we have not really talked about – we did not talk in the prepared remarks about, is that they're starting to really develop a real nice educational component to it. It's largely been webinars, monthly webinars, that help folks learn to trade options and this past, I believe, it was June we had our first live event at the New York Stock Exchange. They were nice enough to host us. It was a paid event with sponsorships and so they're that's one of the new initiatives that's working on there which we're pretty excited about.

<Q>: One last thing. Regarding – so going forward you have a revenue growth starting to go on a northerly direction, hopefully continues. You have expenditures. You've already discussed that. Deferred revenues were up $247,000 which is great. When I look at your balance sheet, your cash went up, have you thought about – Kramer wrote an article, a few months ago, talking about dividends. Just a general thing about how dividends have become so important. You look at the landscape today, as the market started to falter and they're so much concerned with the Fed looking like they going to probably have to elongate this model even longer of 0% interest rate. And have you guys thought about maybe raising the dividend from a $0.10 to $0.15? Doing something, because again, you still haven't had any coverage being picked up.

<A – Daryl Otte – Chief Executive Officer>: Mike, I think I know where we're going on this. Yeah, I mean, I think that if you look at the terms of the preferred shares, which TCV holds 100% of, that one of the – they have relatively few rights with respect to that. But one of them that they do have is we are required to seek their approval prior to raising the dividend. And I wouldn't expect that they would be interested in giving that approval. So share buybacks and dividend increases are not part of the arsenal tools we have.

<Q>: So they're more on a pure growth thing based on where the stock is in and what have you – and you're still paying a decent dividend?

<A – Daryl Otte – Chief Executive Officer>: Yeah, I don't want to speak for them, but it's not likely that they would have – it's more than not likely that they would agree to that.

<Q>: Okay. Thanks guys.

<A – Daryl Otte – Chief Executive Officer>: yeah. Thank you, Mike.

<A – Thomas Etergino – Chief Financial Officer>: Thanks, Mike.

Operator: [Operator Instructions] And our next question comes from [ph] Mohammed Amla (32:54) from Dean Capital Management.

<Q>: Hi, good afternoon. Can you please elaborate on the fact that you had 33% more visitors to your sites this year compared to last year? And you only had a 2% increase in your marketing services revenue?

<A – Daryl Otte – Chief Executive Officer>: Yeah, gladly. I mean, I think that we sell our advertising through a direct sales force and not through networks. So there is – it takes quite a while for – it does not take quite a while, it takes some time for that excess capacity that we create to be absorbed by the advertising marketplace. So what we do is we show the growth in our audience and then we go back to sell that broader audience to our advertisers. And so it's not an instantaneous connection there. If we did sell through networks, we would be able to do that, but the pricing that networks offer versus the direct sales, kind of handcrafted custom marketing efforts that we take, those pricing on networks is much, much lower than the approach that we take.

<Q>: Well, absolutely I mean, that is understandable. But one thinks that – there is a backup ad network or backup source of revenue that you have when you have – when you are all – when you don't have these direct sales arrangements available. When you have more inventory than...

<A – Daryl Otte – Chief Executive Officer>: [ph] Mohammed (34:25), we don't – I mean, we haven't – I'm not sure that we've met, so maybe we haven't given you our full pitch, but we don't sell through networks. Networks undermine the value of our advertising, so it would be – you cannot buy. Advertisers cannot get onto street.com sites. They can't get next to our great content and they can't access our high-quality audience through a network. If we offered it through a network, then all of our advertisers would, of course, buy through the network and not directly from us.

<Q>: I see. And just another technical question. Those visitors, I guess, that you're accounting as an increase over last year, they all – those are – also those who are visiting your premium services. Is that true? Is it that – are we – are they under the same count?

<A – Daryl Otte – Chief Executive Officer>: Yeah. And we do have advertising and marketing sponsorships against our premium services.

<Q>: Got you. That was my question. So, I guess, if you – since you are having increased traffic volume and you have mentioned an increase in search engine organic traffic, I think you mentioned, by 50%, how can we avoid running out of inventory? Or the other way around, I guess, having excess inventory and not selling against it?

<A – Daryl Otte – Chief Executive Officer>: We view the growth in traffic in audience as a good thing because it's a precursor to advertising revenue growth in the future. As we take, this better performance statistics and go out to our advertising partners and demonstrate that they have a broader buying opportunity than they have in the past.

<Q>: Got you. All right. I guess that's it for now.

<A – Daryl Otte – Chief Executive Officer>: Okay. Thanks a lot.

Operator: And there are no more questions at this time. I'd like to turn the call back over to Daryl Otte for any closing remarks.

Daryl Otte, Chief Executive Officer

All right. Thanks everyone for participating in the call, appreciate it. And we look forward to speaking with everyone soon. Take care.

Operator: Ladies and gentlemen, this concludes today's presentation. Thank you once again for your participation. You may now disconnect and have a wonderful day.