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## The Knot, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Jeetil Patel - Deutsche Bank Securities.

#### Jeetil Patel - Deutsche Bank Securities

Can you just give a sense of attrition rate going from 17% to 30% on the local side? Can you give us a basis of when you were at 17% and how has the attrition trended so far in terms of the month of July? Is it getting better, getting worse? Second, if you look at the rough range of growth for the year of \$9 million to \$11 million now it basically assumes call it a 20% to 25% increase in the back half or maybe mid teens. Curious how much is the acquisition expected to incrementally contribute on a quarterly basis?

#### Richard Szefc

On the attrition for the local vendors we started to see that pick up as we got into the 30% price increase that we instituted in June of last year so over the course of the last half of 2007 the rate moved up to the little over 30%. It basically stayed there rather consistently through the end of June. So far in terms of July the attrition rate is still about the same although we have seen a lower amount of let's say cancellations that'll take place in August that's in the Q right now so that's at the least the first indication that we may see a little bit of lightening in the cancellation rate there but we are going to remain a little conservative in terms of our anticipation on that.

#### David Liu

If the 17% attrition rate had been pretty steady going into this last rate hike and despite the fact that in the prior years we had a 10% weighted average 20% rate hike the prior years we've always seen about 15% to 17% prior to this past year.

#### Richard Szefc

On the acquisition side for the Bump media guide we're still looking at revenue approaching \$1 million over the last half of the year, the majority of it in the fourth quarter.

#### Jeetil Patel - Deutsche Bank Securities

In terms of your investments that you're making in the business is your plan to basically get a lot of these initiatives done by the end of this year, technology and marketing, to try to position for 09 or do

you think this is going to be more like a 12 to 18 month investment process in terms of technology still getting finished up on the marketing front in particular?

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