

Mining SEC Documents

- ▶ Michelle Leder
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- ▶ Conference Phone: 800 549-9585
Access Code: 8099010
Mute *6
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- ▶ Footnoted launched in August 2003
- ▶ FootnotedPro launched Oct. 2008
- ▶ Acquired by Morningstar in Feb. 2010

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SEC filings are:

- ▶ Long
- ▶ Dense
- ▶ Sometimes boring
- ▶ Where the really good stuff lurks

Total Results: 31 Filter by Form Group: [Viewing ... All Forms]

DL	Company Name (Symbol)	Form Type	Date	Size	Pages	Links
<input type="checkbox"/>	LIMITED BRANDS INC (LTD)	10-K	03/26/2010	5.51 MB	485	
<input type="checkbox"/>	PNC FINANCIAL SERVICES GROUP INC (PNC)	10-K	03/11/2010	11.03 MB	420	
<input type="checkbox"/>	MCKESSON CORP (MCK)	10-K	05/04/2010	3.00 MB	260	
<input type="checkbox"/>	TARGET CORP (TGT)	10-K	03/12/2010	4.41 MB	233	
<input type="checkbox"/>	WAL MART STORES INC (WMT)	10-K	03/30/2010	3.38 MB	174	
<input type="checkbox"/>	BEST BUY CO INC (BBY)	10-K	04/28/2010	5.43 MB	171	

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Searching SEC filings

- ▶ SEC website (www.sec.gov)
- ▶ Company websites, IR pages
- ▶ Subscription services (Morningstar Document Research, EdgarOnline)

Morningstar® Document Research™

BETA SITE NOTICE :The BETA SITE is a PHASE 1 test site with more to come. INTRO WEBINAR SCHEDULE

<p>Advanced</p> <p>Exhibits</p> <p>Basic</p> <p>10-K Items</p> <p>8-K Search</p> <p>Profile</p> <p>Insider</p> <p>Global Reports</p> <p>SEC News Digest</p>	<p>Advanced Search</p> <p>Ticker <input type="text"/> OR CIK <input type="text"/> OR Company Name <input type="text"/></p> <p><input type="radio"/> Begins With <input checked="" type="radio"/> Contains</p> <p>File-Number <input type="text"/> OR Accession-Number <input type="text"/></p> <p>Word Search (<input type="checkbox"/> Focus Search within...) <input type="text"/></p> <p><input type="checkbox"/> Geographic Filter</p> <p>Accelerated Status : <input type="text"/></p>
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Search only goes so far

- ▶ Computers are dumb
- ▶ “Subpoena” turns up hypotheticals as well as actual events

reasonable basis, to answer questions that may arise to achieve a smooth transition. The Employer's obligations under this Agreement are contingent upon the Employee returning all Employer documents, data, and other property and cooperating with the Employer as set forth above. The Employee agrees to be available after the Termination Date at reasonable times and upon reasonable notice from the Company, with or without a subpoena, to be interviewed, review documents or things, give depositions, testify, or engage in other reasonable activities, with respect to investigations, litigation, arbitration or other legal proceedings concerning which the Employee has or may have knowledge as a result of or in connection with his employment by the Employer. In performing his obligations to testify or otherwise provide information, the Employee will honestly, truthfully, forthrightly, and completely provide

During the first quarter of 2010, we received a subpoena from the United States Department of Justice exercises for certain senior level executives and a subpoena from the DOJ seeking various other stock i



Human judgment wins

- ▶ Focus your attention on:
 - ▶ Key filing types
 - ▶ Key parts of those filings
 - ▶ When documents are filed
 - ▶ Changes in phrasing



Key filings:

- ▶ 10-K (annual report): 60 days after fiscal year ends
- ▶ 10-Q (quarterly report): 40 days after quarter ends
- ▶ 8-K (material event): periodic
- ▶ DEF 14A (proxy statement): annual due 120 days after end of fiscal year
- ▶ SC 13F (institutional disclosures)
- ▶ Forms 3, 4, 5: periodic (within 10 & 2 days, and 45 days after the FYE)



Special filings:

- ▶ DEFM-14A (merger proxy)
- ▶ PREM-14A: Preliminary merger proxy
- ▶ S-4: Merger-related filing on registration of securities
- ▶ S-1 (initial public offering)
- ▶ SC 13D and 13G (5% ownership disclosure)



Some of my favorite finds

- ▶ [Freddie Mac](#) discloses \$2 million signing bonus and \$1.6 million in add'l annual salary
- ▶ Martha Stewart's \$3 million [retention payment](#)
- ▶ Outgoing CEO of A. Schulman gets deal on [fishing lodge](#) as part of severance



Inside the 10-K

- ▶ Follows specific format
- ▶ Pay closest attention to Sections 1, 2, 3, 7 and 8 to find the best stuff
- ▶ Don't forget the exhibits (they're at the end; the SEC displays them separately)
- ▶ Material contract exhibits start with the number 10; they are often worth looking at



Inside the 10-Q

- ▶ No specific format required (but many companies are now treating the Q like a mini K)
- ▶ Be on the hunt for any new disclosures
 - ▶ Risk factors, legal proceedings
- ▶ The Q that comes out after the annual meeting usually has voting results
- ▶ Don't forget the exhibits!

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Other filings: 8-K

- ▶ Required for any material event
- ▶ What's material? Just about anything could be, with plenty of second-guessing
- ▶ Not just earnings releases, slide shows and conference calls
- ▶ Too important to ignore

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Other filings: 3,4,5, 13D,13G

- ▶ 3,4,5: Stock ownership disclosures by top executives and directors
- ▶ 13D, 13G: Disclosures about investors -- typically outsiders -- buying stock.
- ▶ Not very detailed, hard to get excited
- ▶ Systematic tracking is possible; plenty of services do it

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Other filings: S-1

- ▶ Filed when a company plans to go public
- ▶ Often the first look at the financials of a private company
- ▶ Lots of juicy details about competitors
- ▶ Typically revised many times pre-IPO
- ▶ Quality of underwriters speaks volumes
- ▶ Can be withdrawn, closing the curtain

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Amended filings

- ▶ Designated by an A on the filing (10-K/A or 10-Q/A or S-1/A, etc...)
- ▶ Can be minutiae or something juicy
- ▶ No real limit to how many amendments can be filed
- ▶ Explanation of changes, if there is one, may not be particularly meaningful

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Following the breadcrumbs:

- ▶ Unusual SEC filings (lots of 8Ks)
- ▶ New disclosures in routine filings (Ks, Qs, and proxy statements)
- ▶ Anything late on a Friday, especially before a holiday weekend
- ▶ Insider trading (even 10-b5 trading)
- ▶ Activist activity (Schedule 13Ds)

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What are we looking for?

- ▶ Executive comings and goings
- ▶ Director or accounting firm resigning
- ▶ Restatement (or restatements)
- ▶ Comment letters/informal/formal investigation or subpoena
- ▶ M&A activity (or even rumor)
- ▶ IPO
- ▶ Going private
- ▶ Anything amusing, interesting or puzzling

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