

DICE HOLDINGS, INC.  
Form 10-Q  
April 28, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**x** **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

**OR**

**..** **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission File Number: 001-33584

**DICE HOLDINGS, INC.**

(Exact name of Registrant as specified in its Charter)

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**Delaware**  
(State or other jurisdiction of

**20-3179218**  
(I.R.S. Employer

incorporation or organization)

Identification No.)

**1040 Avenue of the Americas, 16<sup>th</sup> Floor**

**New York, New York**  
(Address of principal executive offices)

**10018**  
(Zip Code)

**(212) 725-6550**

(Registrant's telephone number, including area code)

**None**

(Former name, former address and former fiscal year - if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer ☐ Non-accelerated filer ☐ Accelerated filer ☒ Smaller Reporting Company ☐  
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 20, 2010, 62,737,132 shares of common stock ( Common Stock ) of the Registrant were outstanding.

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**DICE HOLDINGS, INC.**

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**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(unaudited)****(in thousands, except per share data)**

|                                                                                    | <b>March 31,<br/>2010</b> | <b>December 31,<br/>2009</b> |
|------------------------------------------------------------------------------------|---------------------------|------------------------------|
| <b>ASSETS</b>                                                                      |                           |                              |
| Current assets                                                                     |                           |                              |
| Cash and cash equivalents                                                          | \$ 39,975                 | \$ 44,925                    |
| Marketable securities                                                              | 2,689                     | 4,214                        |
| Accounts receivable, net of allowance for doubtful accounts of \$1,641 and \$1,764 | 9,353                     | 11,336                       |
| Deferred income taxes - current                                                    | 807                       | 812                          |
| Income tax receivable                                                              | 1,683                     | 906                          |
| Prepaid and other current assets                                                   | 2,148                     | 1,360                        |
| <b>Total current assets</b>                                                        | <b>56,655</b>             | <b>63,553</b>                |
| Fixed assets, net                                                                  | 5,742                     | 5,719                        |
| Acquired intangible assets, net                                                    | 45,975                    | 48,536                       |
| Goodwill                                                                           | 140,145                   | 142,638                      |
| Deferred financing costs, net of accumulated amortization of \$3,126 and \$2,918   | 1,667                     | 1,875                        |
| Other assets                                                                       | 233                       | 234                          |
| <b>Total assets</b>                                                                | <b>\$ 250,417</b>         | <b>\$ 262,555</b>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                        |                           |                              |
| Current liabilities                                                                |                           |                              |
| Accounts payable and accrued expenses                                              | \$ 8,801                  | \$ 10,205                    |
| Deferred revenue                                                                   | 38,442                    | 33,909                       |
| Current portion of long-term debt                                                  | 1,000                     | 1,000                        |
| Interest rate hedge liability - current                                            | 475                       |                              |
| Income taxes payable                                                               | 1,027                     | 601                          |
| <b>Total current liabilities</b>                                                   | <b>49,745</b>             | <b>45,715</b>                |
| Long-term debt                                                                     | 34,000                    | 49,300                       |
| Deferred income taxes - non-current                                                | 10,090                    | 10,886                       |
| Interest rate hedge liability - non-current                                        |                           | 550                          |
| Accrual for unrecognized tax benefits                                              | 5,763                     | 5,778                        |
| Other long-term liabilities                                                        | 1,666                     | 1,706                        |
| <b>Total liabilities</b>                                                           | <b>101,264</b>            | <b>113,935</b>               |

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Commitments and contingencies (Note 7)

## Stockholders' equity

Convertible preferred stock, \$.01 par value, authorized 20,000 shares; issued and outstanding: 0 shares

Common stock, \$.01 par value, authorized 240,000; issued and outstanding: 62,737 and 62,502 shares, respectively

|                                      |          |          |
|--------------------------------------|----------|----------|
|                                      | 627      | 625      |
| Additional paid-in capital           | 233,516  | 232,508  |
| Accumulated other comprehensive loss | (13,791) | (10,013) |
| Accumulated deficit                  | (71,199) | (74,500) |

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| <b>Total stockholders' equity</b> | <b>149,153</b> | <b>148,620</b> |
|-----------------------------------|----------------|----------------|

|                                                   |                   |                   |
|---------------------------------------------------|-------------------|-------------------|
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 250,417</b> | <b>\$ 262,555</b> |
|---------------------------------------------------|-------------------|-------------------|

*See accompanying notes to the condensed consolidated financial statements.*

**Table of Contents****DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except per share amounts)**

|                                             | <b>For the three months ended<br/>March 31,</b> |             |
|---------------------------------------------|-------------------------------------------------|-------------|
|                                             | <b>2010</b>                                     | <b>2009</b> |
| Revenues                                    | \$ 26,827                                       | \$ 29,569   |
| Operating expenses:                         |                                                 |             |
| Cost of revenues                            | 2,107                                           | 1,830       |
| Product development                         | 1,190                                           | 795         |
| Sales and marketing                         | 10,131                                          | 9,436       |
| General and administrative                  | 4,286                                           | 4,996       |
| Depreciation                                | 972                                             | 921         |
| Amortization of intangible assets           | 2,396                                           | 3,891       |
| Change in acquisition related contingencies | (324)                                           |             |
| Total operating expenses                    | 20,758                                          | 21,869      |
| Operating income                            | 6,069                                           | 7,700       |
| Interest expense                            | (1,121)                                         | (1,923)     |
| Interest income                             | 38                                              | 83          |
| Other income                                | 75                                              | 388         |
| Income before income taxes                  | 5,061                                           | 6,248       |
| Income tax expense                          | 1,760                                           | 2,390       |
| Net income                                  | \$ 3,301                                        | \$ 3,858    |
| Basic earnings per share                    | \$ 0.05                                         | \$ 0.06     |
| Diluted earnings per share                  | \$ 0.05                                         | \$ 0.06     |
| Weighted average basic shares outstanding   | 62,366                                          | 62,210      |
| Weighted average diluted shares outstanding | 66,900                                          | 65,660      |

*See accompanying notes to the condensed consolidated financial statements.*

**Table of Contents****DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

|                                                                                   | <b>For the three months ended<br/>March 31,</b> |             |
|-----------------------------------------------------------------------------------|-------------------------------------------------|-------------|
|                                                                                   | <b>2010</b>                                     | <b>2009</b> |
| Cash flows provided by operating activities:                                      |                                                 |             |
| Net income                                                                        | \$ 3,301                                        | \$ 3,858    |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                                 |             |
| Depreciation                                                                      | 972                                             | 921         |
| Amortization of intangible assets                                                 | 2,396                                           | 3,891       |
| Deferred income taxes                                                             | (753)                                           | (1,625)     |
| Amortization of deferred financing costs                                          | 208                                             | 208         |
| Share based compensation                                                          | 826                                             | 1,475       |
| Change in acquisition related contingencies                                       | (324)                                           |             |
| Gain from interest rate hedges                                                    | (75)                                            | (388)       |
| Changes in operating assets and liabilities:                                      |                                                 |             |
| Accounts receivable                                                               | 1,834                                           | 2,416       |
| Prepaid expenses and other assets                                                 | (805)                                           | (80)        |
| Accounts payable and accrued expenses                                             | (540)                                           | (1,794)     |
| Income taxes receivable/payable                                                   | (312)                                           | 296         |
| Deferred revenue                                                                  | 4,786                                           | (2,460)     |
| Other, net                                                                        | 70                                              | 97          |
| Net cash provided by operating activities                                         | 11,584                                          | 6,815       |
| Cash flows provided by (used for) investing activities:                           |                                                 |             |
| Purchases of fixed assets                                                         | (1,571)                                         | (846)       |
| Purchases of marketable securities                                                | (504)                                           |             |
| Maturities and sales of marketable securities                                     | 2,011                                           | 2,500       |
| Net cash provided by (used for) investing activities                              | (64)                                            | 1,654       |
| Cash flows used for financing activities:                                         |                                                 |             |
| Payments on long-term debt                                                        | (18,300)                                        | (20,300)    |
| Proceeds from long-term debt                                                      | 3,000                                           |             |
| Other                                                                             | 182                                             |             |
| Net cash used for financing activities                                            | (15,118)                                        | (20,300)    |
| Effect of exchange rate changes                                                   | (1,352)                                         | (947)       |
| Net change in cash and cash equivalents for the period                            | (4,950)                                         | (12,778)    |
| Cash and cash equivalents, beginning of period                                    | 44,925                                          | 55,144      |



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|                                          |           |           |
|------------------------------------------|-----------|-----------|
| Cash and cash equivalents, end of period | \$ 39,975 | \$ 42,366 |
|------------------------------------------|-----------|-----------|

*See accompanying notes to the condensed consolidated financial statements.*

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**DICE HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(unaudited)**

**1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Dice Holdings, Inc. ( DHI or the Company ) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company's management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial positions, the results of operations and cash flows for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2009 that are included in the Company's Annual Report on Form 10-K. Operating results for the three month period ended March 31, 2010 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management's estimates. There have been no significant changes in the Company's assumptions regarding critical accounting estimates during the three month period ended March 31, 2010.

**2. NEW ACCOUNTING STANDARDS**

In October 2009, new accounting standards were issued in the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) subtopic on Revenue Recognition-Multiple-Element Arrangements. The standards enable companies to account for certain products and services (deliverables) separately rather than as a combined unit. The standards are effective for the Company beginning on January 1, 2011, with early adoption permitted. The Company is currently evaluating the impact these standards will have on its financial statements.

**3. FAIR VALUE MEASUREMENTS**

The FASB ASC Fair Value Measurements and Disclosures Topic defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each class of assets and liabilities measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.

Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Money market funds are included in cash and cash equivalents on the Condensed Consolidated Balance Sheets. The money market funds and marketable securities are valued using quoted prices in the market. The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values. The estimated fair value of long-term debt, as of March 31, 2010 and December 31, 2009 was approximately \$35 million and \$50 million,

respectively.

The interest rate hedge liability is valued using the market approach, with the forward one-month LIBOR yield curve as the primary input. Valuations are obtained from two third-party providers, one of which is the swap counterparty.

In June 2009, the Company acquired substantially all of the assets of AllHealthcareJobs.com, a leading online career site dedicated to matching healthcare professionals with available career opportunities. The purchase price consisted of initial consideration of \$2.7 million in cash (including working capital adjustments) and the issuance of 205,000 shares of the Company's common stock (with certain restrictions) valued at \$959,000. Additional consideration of up to a maximum of \$1.0 million in cash is payable upon the achievement of certain operating and financial goals over the two year period ending June 30, 2011. The acquisition resulted in recording intangible assets of \$3.1 million and goodwill of \$1.4 million.

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The Company has an obligation, to be paid in cash, to the former owners of AllHealthcareJobs if certain future operating and financial goals are met. The fair value of this contingent consideration is determined using an expected present value technique. Expected cash flows are determined using the probability-weighted average of possible outcomes that would occur should certain events and certain financial metrics be reached. There is no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the future sales performance of the AllHealthcareJobs business to estimate the fair value of this liability. The liability for the contingent consideration was established at the time of acquisition in June 2009 and is evaluated at each reporting period. During the three months ended March 31, 2010, the liability for contingent consideration was reduced by \$324,000 due to the sales performance of the business and expectations of future sales being lower than the initial assumptions. The decrease in the liability resulted in a gain, which is included in Change in acquisition related contingencies on the Condensed Consolidated Statements of Operations. There was no impairment of goodwill or intangibles assets indicated.

The assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

|                                                                                         | As of March 31, 2010                                                       |                                                           |                                                    |           |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-----------|
|                                                                                         | Fair Value Measurements Using                                              |                                                           |                                                    |           |
|                                                                                         | Quoted Prices in<br>Active Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total     |
| Money market funds                                                                      | \$ 17,067                                                                  | \$                                                        | \$                                                 | \$ 17,067 |
| Marketable securities                                                                   | 2,689                                                                      |                                                           |                                                    | 2,689     |
| Interest rate hedge liability - current                                                 |                                                                            | 475                                                       |                                                    | 475       |
| Contingent consideration to be paid in cash for the<br>acquisition of AllHealthcareJobs |                                                                            |                                                           | 539                                                | 539       |

|                                                                                      | As of December 31, 2009                                                       |                                                           |                                                    |           |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-----------|
|                                                                                      | Fair Value Measurements Using                                                 |                                                           |                                                    |           |
|                                                                                      | Quoted<br>Prices in<br>Active Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total     |
| Money market funds                                                                   | \$ 23,655                                                                     | \$                                                        | \$                                                 | \$ 23,655 |
| Marketable securities                                                                | 4,214                                                                         |                                                           |                                                    | 4,214     |
| Interest rate hedge liability - non-current                                          |                                                                               | 550                                                       |                                                    | 550       |
| Contingent consideration to be paid in cash for the acquisition of AllHealthcareJobs |                                                                               |                                                           | 863                                                | 863       |

Certain assets and liabilities are measured at fair value on a non-recurring basis and therefore are not included in the table above. These assets include goodwill and intangible assets which result as acquisitions occur. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. Such instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment.

The Company determines whether the carrying value of recorded goodwill is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment test for goodwill from the 2005 Dice Inc. acquisition is performed annually as of August 31 and the impairment test for goodwill from the 2006 eFinancialCareers acquisition and the 2009 AllHealthcareJobs acquisition is performed annually as of October 31. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying



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the approach used to determine the value of the reporting units. Fair values of each reporting unit are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to the websites and investments to improve the candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value.

The indefinite-lived acquired intangible assets include the Dice trademarks and brand name. The Company determines whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The annual impairment test is performed annually as of August 31. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Changes in Company strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

**4. MARKETABLE SECURITIES**

DHI's marketable securities are stated at fair value. The following tables summarize the Company's marketable securities as of March 31, 2010 and December 31, 2009 (in thousands):

|                              | Maturity        | March 31, 2010       |                       |                      |
|------------------------------|-----------------|----------------------|-----------------------|----------------------|
|                              |                 | Gross Amortized Cost | Gross Unrealized Loss | Estimated Fair Value |
| U.S. Government and agencies | Within one year | \$ 2,490             | \$ (5)                | \$ 2,485             |
| U.S. Government and agencies | 1 to 5 years    | 204                  |                       | 204                  |
| <b>Total</b>                 |                 | <b>\$ 2,694</b>      | <b>\$ (5)</b>         | <b>\$ 2,689</b>      |

|                              | Maturity        | December 31, 2009    |                       |                      |
|------------------------------|-----------------|----------------------|-----------------------|----------------------|
|                              |                 | Gross Amortized Cost | Gross Unrealized Gain | Estimated Fair Value |
| U.S. Government and agencies | Within one year | \$ 4,203             | \$                    | \$ 4,203             |
| Corporate debt securities    | 1 to 5 years    | 11                   |                       | 11                   |
| <b>Total</b>                 |                 | <b>\$ 4,214</b>      | <b>\$</b>             | <b>\$ 4,214</b>      |

**Table of Contents****5. ACQUIRED INTANGIBLE ASSETS, NET**

Below is a summary of the major acquired intangible assets and weighted average amortization periods for the acquired identifiable intangible assets (in thousands).

|                                   | As of March 31, 2010 |                          |                                         |                                 |                                      |
|-----------------------------------|----------------------|--------------------------|-----------------------------------------|---------------------------------|--------------------------------------|
|                                   | Total Cost           | Accumulated Amortization | Foreign Currency Translation Adjustment | Acquired Intangible Assets, Net | Weighted Average Amortization Period |
| Technology                        | \$ 12,558            | \$ (12,413)              | \$ (61)                                 | \$ 84                           | 3.7 years                            |
| Trademarks and brand names- Dice  | 39,000               |                          |                                         | 39,000                          | Indefinite                           |
| Trademarks and brand names- Other | 7,270                | (4,612)                  | (560)                                   | 2,098                           | 4.6 years                            |
| Customer lists                    | 36,943               | (32,336)                 | (746)                                   | 3,861                           | 4.6 years                            |
| Candidate database                | 18,982               | (18,004)                 | (46)                                    | 932                             | 3.5 years                            |
| Order backlog                     | 17                   | (17)                     |                                         |                                 | 0.5 years                            |
| Acquired intangible assets, net   | \$ 114,770           | \$ (67,382)              | \$ (1,413)                              | \$ 45,975                       |                                      |

|                                   | As of December 31, 2009 |                                   |            |                          |                                         |                                 |                                      |
|-----------------------------------|-------------------------|-----------------------------------|------------|--------------------------|-----------------------------------------|---------------------------------|--------------------------------------|
|                                   | Original Cost           | Acquisition of AllHealthcare Jobs | Total Cost | Accumulated Amortization | Foreign Currency Translation Adjustment | Acquired Intangible Assets, Net | Weighted Average Amortization Period |
| Technology                        | \$ 12,420               | \$ 138                            | \$ 12,558  | \$ (12,396)              | \$ (61)                                 | \$ 101                          | 3.7 years                            |
| Trademarks and brand names- Dice  | 39,000                  |                                   | 39,000     |                          |                                         | 39,000                          | Indefinite                           |
| Trademarks and brand names- Other | 6,400                   | 870                               | 7,270      | (4,279)                  | (474)                                   | 2,517                           | 4.6 years                            |
| Customer lists                    | 36,361                  | 582                               | 36,943     | (30,483)                 | (667)                                   | 5,793                           | 4.6 years                            |
| Candidate database                | 17,440                  | 1,542                             | 18,982     | (17,811)                 | (46)                                    | 1,125                           | 3.5 years                            |
| Order backlog                     |                         | 17                                | 17         | (17)                     |                                         |                                 | 0.5 years                            |
| Acquired intangible assets, net   | \$ 111,621              | \$ 3,149                          | \$ 114,770 | \$ (64,986)              | \$ (1,248)                              | \$ 48,536                       |                                      |

Based on the carrying value of the acquired finite lived intangible assets recorded as of March 31, 2010, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

|                                         |          |
|-----------------------------------------|----------|
| April 1, 2010 through December 31, 2010 | \$ 5,066 |
| 2011                                    | 1,568    |
| 2012                                    | 274      |
| 2013                                    | 67       |

**6. INDEBTEDNESS**

In March 2007, the Company entered into an Amended and Restated Financing Agreement (the "Amended and Restated Credit Facility") which provides for a revolving credit facility of \$75.0 million and a term loan facility of \$125.0 million, maturing in March 2012. Borrowings under the facility bear interest, at the Company's option, at the LIBOR rate plus 3.25% or reference rate plus 1.75%. Quarterly payments of \$250,000 of principal are required on the term loan facility. Payments of principal on the term loan facility result in permanent reductions to that facility. The borrowing capacity of the revolving credit facility is reduced by reserves against our interest rate swaps, which are determined by the swap counterparty. The Amended and Restated Credit Facility contains certain financial and other covenants. The Company was in compliance with all such covenants as of March 31, 2010.

Payments of principal of \$15.3 million on the term loan were made during the three month period ended March 31, 2010.





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The amounts borrowed and terms of the financing agreement as of March 31, 2010 and December 31, 2009 are as follows (dollars in thousands):

|                                                   | March 31,<br>2010 | December 31,<br>2009 |
|---------------------------------------------------|-------------------|----------------------|
| Maximum available under revolving credit facility | \$ 74,500         | \$ 74,400            |
| Maximum available under term loan facility        | \$ 35,000         | \$ 50,300            |
| Amounts Borrowed:                                 |                   |                      |
| LIBOR rate loans                                  | \$ 35,000         | \$ 50,300            |
| Reference rate loans                              |                   |                      |
| Total borrowed                                    | \$ 35,000         | \$ 50,300            |
| Interest rates:                                   |                   |                      |
| LIBOR option:                                     |                   |                      |
| Interest margin                                   | 3.25%             | 3.25%                |
| Minimum LIBOR rate                                | 3.00%             | 3.00%                |
| Actual interest rates                             | 6.25%             | 6.25%                |

Future maturities as of March 31, 2010 are as follows (in thousands):

|                                         |           |
|-----------------------------------------|-----------|
| April 1, 2010 through December 31, 2010 | \$ 750    |
| 2011                                    | 1,000     |
| 2012                                    | 33,250    |
| Total minimum payments                  | \$ 35,000 |

As of March 31, 2010, the Company has an interest rate swap agreement in place which fixes the interest rate on \$20.0 million of LIBOR-based borrowings at 6.37% until February 11, 2011. The swap is used by the Company for the purpose of interest rate risk management. The fair value of the swap agreement is reflected as interest rate hedge liabilities in the Condensed Consolidated Balance Sheets. The Company does not apply hedge accounting under the Derivatives and Hedging topic of the FASB ASC. The change in the fair value of the swap agreements is included in Other income in the Condensed Consolidated Statements of Operations. A current liability of \$475,000 is reflected in the Condensed Consolidated Balance Sheets as of March 31, 2010.

**7. COMMITMENTS AND CONTINGENCIES***Leases*

The Company leases equipment and office space under operating leases expiring at various dates through February 2020. Future minimum lease payments under non-cancelable operating leases as of March 31, 2010 are as follows (in thousands):

|                                         |          |
|-----------------------------------------|----------|
| April 1, 2010 through December 31, 2010 | \$ 973   |
| 2011                                    | 1,248    |
| 2012                                    | 714      |
| 2013                                    | 384      |
| 2014                                    | 384      |
| 2015 and thereafter                     | 2,102    |
| Total minimum payments                  | \$ 5,805 |

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Rent expense was \$375,000, and \$332,000 for the three month periods ended March 31, 2010 and 2009, respectively, and is included in General and administrative expense on the Condensed Consolidated Statements of Operations.

### *Litigation*

The Company is subject to various lawsuits, claims, and complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

**Table of Contents****8. COMPREHENSIVE INCOME (LOSS)**

The components of comprehensive income (loss) are as follows (in thousands):

|                                                                            | <b>Three Months Ended<br/>March 31,</b> |             |
|----------------------------------------------------------------------------|-----------------------------------------|-------------|
|                                                                            | <b>2010</b>                             | <b>2009</b> |
| Net income                                                                 | \$ 3,301                                | \$ 3,858    |
| Foreign currency translation adjustment, net of tax of \$0, and \$0        | (3,775)                                 | (2,192)     |
| Unrealized losses on marketable securities, net of tax of \$(2), and \$(8) | (3)                                     | (12)        |
| Total other comprehensive income (loss)                                    | (3,778)                                 | (2,204)     |
| Comprehensive income (loss)                                                | \$ (477)                                | \$ 1,654    |

Accumulated other comprehensive income (loss), net consists of the following components, net of tax, (in thousands):

|                                                                            | <b>March 31,<br/>2010</b> | <b>December 31,<br/>2009</b> |
|----------------------------------------------------------------------------|---------------------------|------------------------------|
| Foreign currency translation adjustment, net of tax of \$1,336 and \$1,336 | \$ (13,788)               | \$ (10,013)                  |
| Unrealized losses on marketable securities, net of tax of \$(2) and \$0    | (3)                       |                              |
| Total accumulated other comprehensive income (loss), net                   | \$ (13,791)               | \$ (10,013)                  |

**9. STOCK BASED COMPENSATION**

The Company has two plans (the 2005 Plan and 2007 Plan) under which it may grant stock-based awards to certain employees, directors and consultants of the Company and its subsidiaries. Compensation expense for stock-based awards made to employees, directors and consultants in return for service is recorded in accordance with Compensation-Stock Compensation of the FASB ASC. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. The Company estimates forfeitures that it expects will occur and records expense based upon the number of awards expected to vest.

The Company recorded stock based compensation expense of \$826,000 and \$1.5 million during the three month periods ended March 31, 2010 and 2009, respectively. At March 31, 2010, there was \$9.0 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

**Restricted Stock** Restricted stock is granted to employees and to non-employee members of the Company's Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company's stock on the date of grant was used to determine the fair value of the grants. The expense related to the restricted stock grants is recorded over the vesting period. There was no cash flow impact resulting from the grants.

| <b>Grant Date</b> | <b>Number of<br/>shares issued</b> | <b>Awarded to</b> | <b>Fair value of<br/>common stock</b> | <b>Vesting<br/>Period</b> |
|-------------------|------------------------------------|-------------------|---------------------------------------|---------------------------|
| April 18, 2008    | 16,000                             | Board members     | \$ 8.09                               | 1 year                    |
| May 21, 2009      | 45,000                             | Board members     | \$ 4.15                               | 1 year                    |
| February 10, 2010 | 120,000                            | Employees         | \$ 6.08                               | 4 years                   |

A summary of the status of restricted stock awards as of March 31, 2010 and 2009, and the changes during the three month periods then ended is presented below:

|                                       | Three Months Ended<br>March 31, 2010 |                                            | Three Months Ended<br>March 31, 2009 |                                            |
|---------------------------------------|--------------------------------------|--------------------------------------------|--------------------------------------|--------------------------------------------|
|                                       | Shares                               | Weighted<br>Average Fair<br>Value at Grant | Shares                               | Weighted<br>Average Fair<br>Value at Grant |
| Non-vested at beginning of the period | 45,000                               | \$ 4.15                                    | 16,000                               | \$ 8.09                                    |
| Granted- Restricted Stock             | 120,000                              | \$ 6.08                                    |                                      | \$                                         |
| Non-vested at end of period           | 165,000                              | \$ 5.55                                    | 16,000                               | \$ 8.09                                    |

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**Stock Option Plans** The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the weighted average assumptions in the table below. Because the Company's stock has not been publicly traded for a period long enough to use to determine volatility, the average historical volatility rate for a similar entity was used. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant.

|                                                    | Three Months Ended<br>March 31, |         |
|----------------------------------------------------|---------------------------------|---------|
|                                                    | 2010                            | 2009    |
| The weighted average fair value of options granted | \$ 2.56                         | \$ 1.54 |
| Dividend yield                                     | 0.00%                           | 0.00%   |
| Weighted average risk free interest rate           | 1.44%                           | 1.38%   |
| Weighted average expected volatility               | 48.91%                          | 66.00%  |
| Expected life (in years)                           | 4.6                             | 4.6     |

During the three months ended March 31, 2010 the Company granted the following stock options with exercise prices as follows:

| Grant Date        | Number of stock<br>options issued | Fair value of<br>common stock | Exercise<br>price | Intrinsic<br>value |
|-------------------|-----------------------------------|-------------------------------|-------------------|--------------------|
| February 10, 2010 | 1,490,800                         | \$ 6.08                       | \$ 6.08           | \$                 |
| February 15, 2010 | 20,000                            | \$ 6.31                       | \$ 6.31           | \$                 |

A summary of the status of options granted as of March 31, 2010 and 2009, and the changes during the three month periods then ended is presented below:

|                                                | Three Months Ended<br>March 31, 2010 |                                       | Three Months Ended<br>March 31, 2009 |                                       |
|------------------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
|                                                | Options                              | Weighted<br>Average<br>Exercise Price | Options                              | Weighted<br>Average<br>Exercise Price |
| Options outstanding at beginning of the period | 11,451,740                           | \$ 2.82                               | 9,653,074                            | \$ 2.77                               |
| Granted                                        | 1,510,800                            | \$ 6.08                               | 1,707,900                            | \$ 2.88                               |
| Exercised                                      | (115,373)                            | \$ 1.27                               |                                      | \$                                    |
| Forfeited                                      | (4,000)                              | \$ 4.03                               | (32,252)                             | \$ 4.85                               |
| Options outstanding at end of period           | 12,843,167                           | \$ 3.22                               | 11,328,722                           | \$ 2.78                               |
| Exercisable at end of period                   | 8,623,107                            | \$ 2.26                               | 6,671,280                            | \$ 1.90                               |

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The following table summarizes information about options outstanding as of March 31, 2010:

| Exercise Price    | Options Outstanding |                                                        | Options Exercisable |
|-------------------|---------------------|--------------------------------------------------------|---------------------|
|                   | Number Outstanding  | Weighted-Average Remaining Contractual Life (in years) | Number Exercisable  |
| \$0.20 - \$0.99   | 3,779,682           | 5.4                                                    | 3,779,682           |
| \$1.00 - \$2.99   | 3,918,335           | 5.6                                                    | 2,636,113           |
| \$4.00 - \$5.99   | 954,669             | 6.6                                                    | 687,042             |
| \$6.00 - \$8.99   | 4,150,681           | 6.1                                                    | 1,497,883           |
| \$10.00 - \$10.99 | 39,800              | 7.7                                                    | 22,387              |
|                   | 12,843,167          |                                                        | 8,623,107           |

**10. SEGMENT INFORMATION**

The Company has two reportable segments: DCS Online (which includes Dice.com and ClearanceJobs.com) and eFinancialCareers. Management has organized its reportable segments based upon similar geographic locations and similar economic characteristics. Both DCS Online and eFinancialCareers generate revenue from sales of recruitment packages. In addition to these two reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include Targeted Job Fairs, JobsintheMoney.com, AllHealthcareJobs (beginning June 2009), and eFinancialCareers North American operations and are reported in the Other category. The Company's foreign operations are comprised of eFinancialCareers, whose business is principally in Europe, Middle East and Asia Pacific. The following table shows the segment information for the three month periods ended March 31, 2010 and 2009 (in thousands):

|                                         | Three Months Ended March 31, |           |
|-----------------------------------------|------------------------------|-----------|
|                                         | 2010                         | 2009      |
| Revenues:                               |                              |           |
| DCS Online                              | \$ 19,092                    | \$ 21,995 |
| eFC                                     | 6,123                        | 5,922     |
| Other                                   | 1,612                        | 1,652     |
| Total revenues                          | \$ 26,827                    | \$ 29,569 |
| Depreciation:                           |                              |           |
| DCS Online                              | \$ 856                       | \$ 828    |
| eFC                                     | 101                          | 53        |
| Other                                   | 15                           | 40        |
| Total depreciation                      | \$ 972                       | \$ 921    |
| Amortization of intangible assets:      |                              |           |
| DCS Online                              | \$ 1,215                     | \$ 2,777  |
| eFC                                     | 768                          | 936       |
| Other                                   | 413                          | 178       |
| Total amortization of intangible assets | \$ 2,396                     | \$ 3,891  |



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|                                                       | <b>Three Months Ended March 31,</b> |             |
|-------------------------------------------------------|-------------------------------------|-------------|
|                                                       | <b>2010</b>                         | <b>2009</b> |
| Operating income (loss):                              |                                     |             |
| DCS Online                                            | \$ 4,756                            | \$ 5,976    |
| eFC                                                   | 1,410                               | 1,576       |
| Other                                                 | (97)                                | 148         |
| Operating income                                      | 6,069                               | 7,700       |
| Interest expense                                      | (1,121)                             | (1,923)     |
| Interest income                                       | 38                                  | 83          |
| Other income                                          | 75                                  | 388         |
| Income from continuing operations before income taxes | \$ 5,061                            | \$ 6,248    |
| Capital expenditures:                                 |                                     |             |
| DCS Online                                            | \$ 832                              | \$ 833      |
| eFC                                                   | 93                                  | 10          |
| Other                                                 | 103                                 | 3           |
| Total capital expenditures                            | \$ 1,028                            | \$ 846      |

The following table shows the segment information as March 31, 2010 and December 31, 2009 (in thousands):

|                    | <b>March 31,<br/>2010</b> | <b>December 31,<br/>2009</b> |
|--------------------|---------------------------|------------------------------|
| Total assets:      |                           |                              |
| DCS Online         | \$ 150,894                | \$ 160,513                   |
| eFinancial Careers | 84,811                    | 86,854                       |
| Other              | 14,712                    | 15,188                       |
| Total assets       | \$ 250,417                | \$ 262,555                   |

The following table shows the change in the carrying amount of goodwill by reportable segment as of December 31, 2009 and the changes in goodwill for the three month period ended March 31, 2010 (in thousands):

|                                         | <b>DCS Online</b> | <b>eFC</b> | <b>Other</b> | <b>Total</b> |
|-----------------------------------------|-------------------|------------|--------------|--------------|
| <b>Balance, December 31, 2009</b>       | \$ 84,778         | \$ 47,357  | \$ 10,503    | \$ 142,638   |
| Foreign currency translation adjustment |                   | (2,493)    |              | (2,493)      |
| <b>Balance, March 31, 2010</b>          | \$ 84,778         | \$ 44,864  | \$ 10,503    | \$ 140,145   |



**Table of Contents****11. EARNINGS PER SHARE**

Basic earnings per share ( EPS ) is computed based on the weighted average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus common stock equivalents assuming exercise of stock options and conversion of outstanding convertible securities, where dilutive. Options to purchase 457,000 and 5.2 million shares were outstanding during the periods ended March 31, 2010 and 2009, respectively, but were excluded from the calculation of diluted EPS for the periods then ended because the options' exercise price was greater than the average market price of the common shares. The following is a calculation of basic and diluted earnings per share and weighted average shares outstanding for continuing operations and discontinued operations (in thousands except per share amounts):

|                                                                                           | <b>Three Months Ended March 31,</b> |             |
|-------------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                           | <b>2010</b>                         | <b>2009</b> |
| Income attributable to common stockholders from continuing operations - basic and diluted | \$ 3,301                            | \$ 3,858    |
| Weighted average shares outstanding - basic                                               | 62,366                              | 62,210      |
| Add shares issuable upon exercise of stock options                                        | 4,534                               | 3,450       |
| Weighted average shares outstanding - diluted                                             | 66,900                              | 65,660      |
| Basic earnings per share                                                                  | \$ 0.05                             | \$ 0.06     |
| Diluted earnings per share                                                                | \$ 0.05                             | \$ 0.06     |

\* \* \* \* \*

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### **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this report.

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as may, will, should, believe, expect, anticipate, intend, plan, estimate or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, competition from existing and future competitors, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicalities or downturns in the economy or industries we serve, and the failure to attract qualified professionals or grow the number of qualified professionals who use our websites. These factors and others are discussed in more detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, under the headings Risk Factors, Forward-Looking Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations. You should keep in mind that any forward-looking statement made by us herein, or elsewhere, speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other material information concerning us are available free of charge on the Investor Relations page of our website at [www.diceholdingsinc.com](http://www.diceholdingsinc.com).

#### **Overview**

We are a leading provider of specialized career websites for select professional communities. We target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our career websites serve as online marketplaces where employers and recruiters find and recruit prospective employees, and where professionals find relevant job opportunities and information to further their careers. Each of our career websites offers job postings, content, career development and recruiting services tailored to the specific needs of the professional community that it serves. Our largest websites by revenue are Dice.com, the leading career website in the United States for technology professionals, and eFinancialCareers.com, the leading global career website for financial services professionals.

We have identified two reportable segments based on our operating structure. Our reportable segments include DCS Online (which includes Dice.com and ClearanceJobs.com) and eFinancialCareers' international business. eFinancialCareers' North American operations, AllHealthcareJobs (beginning in June 2009), Targeted Job Fairs, and JobsintheMoney.com do not meet certain quantitative thresholds, and therefore are reported in aggregate in the Other segment.

#### **Our Revenues and Expenses**

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customer based on the number of individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. In the United States, we sell recruitment packages that include both access to our databases of resumes and job posting capabilities. Internationally, our job postings and access to our resume databases are often sold separately and not as a single package.

We believe the key metrics that are material to an analysis of our U.S. businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. Similar metrics are important to our international businesses. At March 31, 2010, Dice.com had approximately 6,400 total recruitment package customers and as of the same date our other websites collectively served approximately 2,300 customers, including some customers who are also customers of Dice.com. Deferred revenue is another key metric of our business as it indicates a level of sales already made that will be recognized as revenue in the future. Deferred revenue reflects the impact of our ability to sign customers to long-term contracts. We recorded deferred revenue of \$38.4 million and \$33.9 million at March 31, 2010 and December 31, 2009, respectively.



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Our ability to continue to grow our revenues will largely depend on our ability to grow our customer bases in the markets in which we operate by acquiring new recruitment package customers while retaining a high proportion of the customers we currently serve, and to expand the breadth of services our customers purchase from us. We continue to make investments in our business and infrastructure to help us achieve our long-term growth objectives.

Our revenues are generated primarily from servicing customers seeking to recruit qualified professionals in the technology and finance sectors. Accordingly, significant increases or decreases in the unemployment rate, labor shortages or a decrease in available jobs, specifically in the technology, finance, healthcare, and other vertical industries we serve, can have a material affect on our revenues and results of operations. The significant increase in the unemployment rate and general reduction in recruitment activity during late 2008 and throughout 2009 negatively impacted our revenues and income. During the first quarter of 2010, total revenues declined 9% as compared to the first quarter of 2009. The decline in revenues is a result of reduced need for our services which impacted the number of companies using our primary services. We began to see improvement in recruitment activity during the latter half of 2009 and that improvement has continued in the first quarter in 2010. Our revenues in the first quarter of 2010 were essentially flat with the fourth quarter of 2009, and we saw an increase in the number of customers served at Dice.com from approximately 5,900 customers to approximately 6,400 customers during the first quarter of 2010.

Any slowdown in recruitment activity that occurs will negatively impact our revenues and results of operations. Alternatively, a decrease in the unemployment rate or a labor shortage, including as a result of an increase in job turnover, generally means that employers (including our customers) are seeking to hire more individuals, which would generally lead to more job postings and have a positive impact on our revenues and results of operations. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

Other material factors that may affect our results of operations include our ability to attract qualified professionals to our websites and our ability to attract customers with relevant job opportunities. The more qualified professionals that use our websites, the more attractive our websites become to employers, which in turn makes them more likely to become our customers, resulting in positive impacts on our results of operations. If we are unable to continue to attract qualified professionals to our websites, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, in order to attract qualified professionals to our websites we need to ensure that our websites remain relevant.

The largest components of our expenses are personnel costs and marketing and sales expenditures. Personnel costs consist of salaries, benefits, and incentive compensation for our employees, including commissions for salespeople. Personnel costs are categorized in our statements of operations based on each employee's principal function. Marketing and sales expenditures primarily consist of online advertising and direct mail programs.

## **Critical Accounting Policies**

This discussion of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States ( U.S. GAAP ). The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue, goodwill and intangible assets, stock-based compensation and income taxes. We based our estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that we believe are reasonable. In many cases, we could reasonably have used different accounting policies and estimates. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Our actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments used in the preparation of our consolidated financial statements.

### *Revenue Recognition*

We recognize revenues when persuasive evidence of an agreement exists, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Payments received in advance of services being rendered are recorded as deferred revenue and recognized generally on a straight-line basis over the service period. We generate a majority of our revenue from the sale of recruitment packages.

Recruitment package revenues are derived from the sale to recruiters and employers of a combination of job postings and access to a searchable database of candidates on Dice.com, ClearanceJobs.com, eFinancialCareers.com and AllHealthcareJobs.com. Certain of our arrangements include multiple deliverables, which consist of access to job postings and access to a searchable database of resumes. We consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis, if there is objective and reliable evidence of the fair

value of the undelivered elements, and, if the arrangement includes a general right of return

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relative to the delivered element, delivery or performance of the undelivered element is considered probable and is substantially within our control. Services to customers buying a package of available job postings and access to the database are delivered over the same period and revenue is recognized ratably over the length of the underlying contract, typically from one to twelve months. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage.

### *Fair Value of Acquired Businesses*

We completed the acquisition of Dice Inc. in 2005, eFinancialGroup in 2006, and AllHealthcareJobs in 2009. FASB ASC topic on Business Combinations requires acquired businesses are to be recorded at fair value by the acquiring entity. The Business Combinations Topic also requires that intangible assets that meet the legal or separable criterion be separately recognized on the financial statements at their fair value, and provides guidance on the types of intangible assets subject to recognition. A significant component of the value of these acquired businesses has been allocated to intangible assets.

The significant assets acquired and liabilities assumed from our acquisitions consist of intangible assets, goodwill, deferred revenue and contingent consideration. Fair values of the technology and trademarks were determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the Company owns the asset. Fair values of the customer lists were estimated using the discounted cash flows method based on projections of the amounts and timing of future revenues and cash flows, discount rates and other assumptions as deemed appropriate. Fair values of the candidate database were determined based on the estimated cost to acquire a seeker applied to the number of active seekers as of the acquisition date. The acquired deferred revenue is recorded at fair value as it represents an assumed legal obligation. We estimated our obligation related to deferred revenue using the cost build-up approach which determines fair value by estimating the costs related to fulfilling the obligation plus a reasonable profit margin. The estimated costs to fulfill our deferred revenue obligation were based on our expected future costs to fulfill our obligation to our customers. Contingent consideration is an obligation to transfer assets or equity interests to the former owners if certain future operating and financial goals are met. The fair value of the contingent consideration is determined based on management's estimation that certain events will occur and certain financial metrics will be reached. Goodwill is the amount of purchase price paid for an acquisition that exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The remaining useful life of the technology was determined through review of the technology roadmaps, the pattern of projected economic benefit of each existing technology asset, and the time period over which the majority of the undiscounted cash flows are projected to be achieved. The remaining useful life of the trademarks and brand names was determined based on the estimated time period over which each asset is projected to be used, the pattern of projected economic benefit, and the time period over which the majority of the undiscounted cash flows are projected to be achieved. The remaining useful life of the customer list was determined based on the projected customer attrition rates, the pattern of projected economic benefit of each list and the time period over which the majority of the undiscounted cash flows are projected to be achieved.

Determining the fair value for these specifically identified intangible assets involves significant professional judgment, estimates and projections related to the valuation to be applied to intangible assets such as customer lists, technology and trade names. The subjective nature of management's assumptions increases the risk associated with estimates surrounding the projected performance of the acquired entity. Additionally, as we amortize the finite-lived intangible assets over time, the purchase accounting allocation directly impacts the amortization expense we record on our financial statements.

### *Goodwill*

As a result of our various acquisitions, we have recorded goodwill. We record goodwill when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

We determine whether the carrying value of recorded goodwill is impaired on an annual basis or more frequently if indicators of potential impairment exist. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. Our annual impairment test for the goodwill from the 2005 Dice Acquisition is performed as of August 31 by comparing the goodwill recorded from the 2005 Acquisition to the fair value of the DCS Online and Targeted Job Fairs reporting units. The annual impairment test performed as of August 31, 2009 resulted in no impairment. The goodwill at the eFinancialCareers international business and eFinancialCareers U.S. business, was the result of the eFinancialGroup Acquisition in October 2006. Goodwill at the AllHealthcareJobs reporting unit is the result of the acquisition of AllHealthcareJobs assets in June 2009. The annual test of impairment of goodwill from the eFinancialGroup and AllHealthcareJobs acquisitions is performed as of October 31 by comparing the goodwill recorded from these acquisitions to the fair value of the respective reporting units. The annual impairment test performed as of October 31, 2009 resulted in no impairment.



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The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of our reporting units. Fair values are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to our websites and investments to improve our candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of goodwill.

### *Indefinite-Lived Acquired Intangible Assets*

The indefinite-lived acquired intangible assets include the Dice trademarks and brand name. The Dice.com trademark, trade name and domain name is one of the most recognized names of online job boards. Since Dice's inception in 1991, the brand has been recognized as a leader in recruiting and career development services for technology and engineering professionals. Currently, the brand is synonymous with the most specialized online marketplace for industry-specific talent. The brand has a significant online and offline presence in online recruiting and career development services. Considering the recognition and the awareness of the Dice brand in the talent acquisition and staffing services market, Dice's long operating history and the intended use of the Dice brand, the remaining useful life of the Dice.com trademark, trade name and domain name was determined to be indefinite.

We determine whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The impairment test is performed annually as of August 31. No impairment was recorded at August 31, 2009.

The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the Company owns the asset. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

### *Income Taxes*

We utilize the liability method of accounting for income taxes as set forth in FASB ASC topic, Income Taxes. Under this method, deferred income taxes are recognized for differences between the financial statement and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. We have concluded that based on expected future results and the future reversals of existing taxable temporary differences, it is more likely than not that the deferred tax assets will be used in the future, net of valuation allowances. Uncertain tax positions are evaluated and amounts are recorded when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Judgment is required in evaluating each uncertain tax position to determine whether the more likely than not recognition threshold has been met.

### *Stock and Stock-Based Compensation*

We have granted stock options to certain of our employees and directors under our 2005 Omnibus Stock Plan and our 2007 Equity Award Plan. We follow the Compensation-Stock Compensation subtopic of the FASB ACS. Compensation expense is recorded for stock awards made to employees and directors in return for service to the Company. The expense is measured at the fair value of the award on the date of grant and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. The fair value of options granted was estimated on the grant date using Black-Scholes option-pricing model. The use of an option valuation model includes highly subjective assumptions based on long-term predictions, including the expected stock price volatility and average life of each grant.





**Table of Contents****Results of Operations****Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009***Revenues*

|                       | Three Months Ended March 31, Increase<br>2010 2009 (Decrease)<br>(in thousands, except percentages) |                  |                   | Percent<br>Change |
|-----------------------|-----------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|
| DCS Online            | \$ 19,092                                                                                           | \$ 21,995        | \$ (2,903)        | -13.2%            |
| eFinancialCareers     | 6,123                                                                                               | 5,922            | 201               | 3.4%              |
| Other                 | 1,612                                                                                               | 1,652            | (40)              | -2.4%             |
| <b>Total revenues</b> | <b>\$ 26,827</b>                                                                                    | <b>\$ 29,569</b> | <b>\$ (2,742)</b> | <b>-9.3%</b>      |

Our revenues were \$26.8 million for the three months ended March 31, 2010 compared to \$29.6 million for the same period in 2009, a decrease of \$2.7 million, or 9%. The decline in revenues is a result of reduced recruitment activity during 2009, which impacted customer usage of our primary services. We experienced a decline in revenue at the DCS Online segment of \$2.9 million, or 13% which was driven by reduced revenues at Dice.com.

Recruitment activity began to strengthen in the latter part of 2009 and into 2010, as we saw increases in our job count and database usage by our customers. There is a lag from the time customers begin to increase purchases of our services and the impact to our revenue due to the recognition of revenue occurring over the length of the contract, which can be several months to a year. The strengthening of recruitment activity is evidenced by an increase in our recruitment package customer count. The number of customers served at Dice.com increased from approximately 5,900 at December 31, 2009 to approximately 6,400 at March 31, 2010. At March 31, 2009, Dice.com customers totaled approximately 6,850. Average revenue per recruitment package customer decreased by approximately 5% from the three months ended March 31, 2009 to the three months ended March 31, 2010. Partially offsetting the decrease experienced at Dice.com was an increase in revenues at ClearanceJobs of \$329,000, or 27% during the three months ended March 31, 2010 compared to the same period in 2009. ClearanceJobs was largely unaffected by the economic downturn experienced in late 2008 and throughout 2009.

We experienced an increase in the eFinancialCareers segment revenues of \$201,000, or 3%. The increase is the result of the strengthening of the pound sterling versus the U.S. dollar in comparing the three month period ended March 31, 2010 with the three month period ended March 31, 2009, partially offset by reduced recruitment activity in the markets we serve in Europe and the Middle East. The increase in revenue due to the favorable effect of foreign exchange rates was \$471,000, with an offsetting decline in revenue related to reduced recruitment activity of \$270,000. Similar to in the U.S., we have begun to see an improvement in recruitment activity in United Kingdom and Asia. Revenue from our United Kingdom market measured in pound sterling increased 5% during the three months ended March 31, 2010 compared to the prior year period.

Revenues from the Other segment, which consists of eFinancialCareers North America operations, Targeted Job Fairs, AllHealthcareJobs and JobsintheMoney.com, declined by \$40,000, or 3%. A decline in revenues at Targeted Job Fairs and JobsintheMoney.com from the first quarter of 2009 to the same period in 2010 was largely offset by revenues from AllHealthcareJobs which was acquired in June 2009 and from revenues from eFinancialCareers North America operations, which grew 9% year over year.

*Cost of Revenues*

|                        | Three Months Ended March 31, Increase<br>2010 2009 (Decrease)<br>(in thousands, except percentages) |          |        | Percent<br>Change |
|------------------------|-----------------------------------------------------------------------------------------------------|----------|--------|-------------------|
| Cost of revenues       | \$ 2,107                                                                                            | \$ 1,830 | \$ 277 | 15.1%             |
| Percentage of revenues | 7.9%                                                                                                | 6.2%     |        |                   |

Our cost of revenues for the three months ended March 31, 2010 were \$2.1 million compared to \$1.8 million for the same period in 2009, an increase of \$277,000, or 15%. The increase in cost of revenues experienced at DCS Online of \$263,000 was primarily due to an increase in

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subscription and maintenance contracts and due to the number of network services personnel we employed to support our websites. Cost of revenues at eFinancialCareers increased by \$114,000 primarily due to an \$80,000 increase in salary and benefits costs for our customer support and network services personnel, due to employing more personnel. The remainder of the increase at eFinancialCareers was due to the strengthening of the pound sterling versus the U.S. dollar. These increases were partially offset by a decrease of \$100,000 in the Other segment primarily due to a decrease in the number of job fairs conducted.

**Table of Contents***Product Development Expenses*

|                        | Three Months Ended March 31,       |        | Increase | Percent Change |
|------------------------|------------------------------------|--------|----------|----------------|
|                        | 2010                               | 2009   |          |                |
|                        | (in thousands, except percentages) |        |          |                |
| Product Development    | \$ 1,190                           | \$ 795 | \$ 395   | 49.7%          |
| Percentage of revenues | 4.4%                               | 2.7%   |          |                |

Product development expenses for the three months ended March 31, 2010 were \$1.2 million compared to \$795,000 for the same period of 2009, an increase of \$395,000, or 50%. Product development expenses increased by \$330,000 for the U.S. businesses, due to costs incurred related to adding features and functionality on the Dice and ClearanceJobs sites, the addition of the AllHealthcareJobs site and due to costs related to building the editorial and community aspects of the websites. Product development expenses increased at eFinancialCareers by \$65,000 due primarily to an increase in salaries and benefit costs for the product development team.

*Sales and Marketing Expenses*

|                        | Three Months Ended March 31,       |          | Increase | Percent Change |
|------------------------|------------------------------------|----------|----------|----------------|
|                        | 2010                               | 2009     |          |                |
|                        | (in thousands, except percentages) |          |          |                |
| Sales and Marketing    | \$ 10,131                          | \$ 9,436 | \$ 695   | 7.4%           |
| Percentage of revenues | 37.8%                              | 31.9%    |          |                |

Sales and marketing expenses for the three months ended March 31, 2010 were \$10.1 million compared to \$9.4 million for the same period in 2009, an increase of \$695,000, or 7%. Of the increase, \$362,000 is related to the U.S. businesses. The remaining \$333,000 relates to the eFinancialCareers segment, of which \$154,000 related to the strengthening of the pound sterling versus the U.S. dollar.

Advertising and other marketing costs for the U.S. businesses totaled \$3.9 million for the three month period ended March 31, 2010 compared to \$4.0 million for the same period in 2009. We continue to focus our marketing spending on online media, particularly paid search and banner advertising programs. In marketing to customers, we continue to dedicate the majority of our spend to direct mail and email campaigns focused on communicating the value proposition of our services to current and potential customers. During the three month period ended March 31, 2010, approximately 65% of our advertising and marketing spending for the U.S. businesses was focused on reaching professionals who visit our sites and increasing their levels of activity on the websites. The portion of our marketing spend that focused on attracting professionals to our sites was approximately 60% during 2009 and has historically been approximately 75%. With recruitment activity and job postings lower and job seeker activity high during 2009, we were able to reduce the amount of spending on job seeker marketing and still provide results that match our customers' needs. We expect to increase our spending on job seekers through the remainder of 2010.

The salaries, commissions, and benefits component of sales and marketing expense for the U.S. businesses totaled \$3.2 million for the three months ended March 31, 2010, compared to \$2.8 million during the same period in 2009, an increase of \$395,000, or 14%. Increased commission expense due to the increase in sales during the current period contributed \$333,000 of this increase with the remainder coming from an increase in sales and marketing personnel salaries and other incentive compensation expense.

The eFinancialCareers segment experienced an increase in sales and marketing expense of \$333,000 during the three month period ended March 31, 2010 compared to the same period in 2009. Of this increase, \$247,000 was from sales costs, which is driven by increased commissions on higher sales. The strengthening of the pound sterling versus the U.S. dollar caused an increase in sales and marketing expense of \$154,000. Partially offsetting these increases was a reduction in marketing expense of \$69,000.

*General and Administrative Expenses*

|                            | Three Months Ended March 31,       |          | Decrease | Percent Change |
|----------------------------|------------------------------------|----------|----------|----------------|
|                            | 2010                               | 2009     |          |                |
|                            | (in thousands, except percentages) |          |          |                |
| General and administrative | \$ 4,286                           | \$ 4,996 | \$ (710) | -14.2%         |

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|                        |       |       |
|------------------------|-------|-------|
| Percentage of revenues | 16.0% | 16.9% |
|------------------------|-------|-------|

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General and administrative expenses for the three months ended March 31, 2010 were \$4.3 million compared to \$5.0 million for the same period in 2009, a decrease of \$710,000, or 14%. A decrease of \$649,000 was related to a reduction in stock-based compensation expense due to certain options becoming fully vested during 2009, and thus fully expensed in 2009. The remainder of the decrease is related to a decrease in several miscellaneous administrative expenses in both the U.S. and at eFinancialCareers.

*Depreciation*

|                        | Three Months Ended March 31,       |        |          | Percent |
|------------------------|------------------------------------|--------|----------|---------|
|                        | 2010                               | 2009   | Increase | Change  |
|                        | (in thousands, except percentages) |        |          |         |
| Depreciation           | \$ 972                             | \$ 921 | \$ 51    | 5.5%    |
| Percentage of revenues | 3.6%                               | 3.1%   |          |         |

Depreciation expense for the three month period ended March 31, 2010 was \$972,000 compared to \$921,000 for the same period in 2009, an increase of \$51,000, or 6%. The increase was due to a higher depreciable fixed asset balance at eFinancialCareers during the three month period ended March 31, 2010 compared to the same period in 2009 due to additional fixed asset purchases.

*Amortization of Intangible Assets*

|                        | Three Months Ended March 31,       |          |            | Percent |
|------------------------|------------------------------------|----------|------------|---------|
|                        | 2010                               | 2009     | Decrease   | Change  |
|                        | (in thousands, except percentages) |          |            |         |
| Amortization           | \$ 2,396                           | \$ 3,891 | \$ (1,495) | -38.4%  |
| Percentage of revenues | 8.9%                               | 13.2%    |            |         |

Amortization expense for the three month period ended March 31, 2010 was \$2.4 million compared to \$3.9 million for the same period in 2009, a decrease of \$1.5 million, or 38%. Amortization expense in the three month period ended March 31, 2010 decreased by \$1.9 million due to certain intangible assets from the 2005 Dice acquisition and 2006 eFinancialCareers acquisition becoming fully amortized, partially offset by \$324,000 of amortization of intangible assets for AllHealthcareJobs which was acquired in June 2009 and \$80,000 due to the strengthening of the pound sterling versus the U.S. dollar.

*Change in Acquisition Related Contingencies*

The change in acquisition related contingencies for the three month period ended March 31, 2010 was a gain of \$324,000. The contingent liability related to the AllHealthcareJobs acquisition was reduced due to the sales performance of the business and expectations of future sales being lower than the initial assumptions.

*Operating Income*

Operating income for the three months ended March 31, 2010 was \$6.1 million compared to \$7.7 million for the same period in 2008, a decrease of \$1.6 million, or 21%. The decrease is primarily the result of the lower revenues at Dice, offset partially by lower operating expenses and the gain from the change in acquisition related contingencies. Operating expenses have decreased due to lower amortization of intangible assets, offset partially by increased sales compensation expense due to increased sales in the quarter and costs related to investments made in product development.

*Interest Expense*

Interest expense for the three months ended March 31, 2010 was \$1.1 million compared to \$1.9 million for the same period in 2009, a decrease of \$802,000, or 42%. The decrease in interest expense was due to lower borrowings outstanding in the three months ended March 31, 2010, on average, as compared to the same period in 2009 due to payments made on the term loan portion of our Amended and Restated Credit Facility. Payments totaling \$31.2 million were made in 2009 and an additional \$15.3 million of payments were made during the three months ended March 31, 2010 on the term loan.



**Table of Contents***Interest Income*

Interest income for the three months ended March 31, 2010 was \$38,000 compared to \$83,000 for the same period in 2009, a decrease of \$45,000, or 54%. The decrease in interest income was due to both smaller average cash and marketable securities balances and lower rates earned on those balances during the three months ended March 31, 2010 as compared to the same period in 2009. The smaller cash balance was primarily due to payments made on our Amended and Restated Credit Facility.

*Other income*

Other income of \$75,000 and \$388,000 during the three months ended March 31, 2010 and 2009, respectively, resulted from a gain on an interest rate hedges. The gains resulted from increases in the fair value of our interest rate swap agreements.

*Income Taxes*

|                            | <b>Three Months Ended March 31,</b>       |             |
|----------------------------|-------------------------------------------|-------------|
|                            | <b>2010</b>                               | <b>2009</b> |
|                            | <b>(in thousands, except percentages)</b> |             |
| Income before income taxes | \$ 5,061                                  | \$ 6,248    |
| Income tax expense         | 1,760                                     | 2,390       |
| Effective tax rate         | 34.8%                                     | 38.3%       |

Income tax expense for the three month period ended March 31, 2010 was \$1.8 million compared to \$2.4 million for the same period in 2009 and the effective tax rate decreased to 34.8% from 38.3%. The three months ended March 31, 2009 included \$142,000 of interest charged by the United Kingdom related to the timing of estimated tax payments made in 2007 and 2008.

**Liquidity and Capital Resources**

We have shown our cash flows for the three month periods ended March 31, 2010 and 2009 in the table below.

|                                                  | <b>For the three months ended</b> |             |
|--------------------------------------------------|-----------------------------------|-------------|
|                                                  | <b>March 31,</b>                  |             |
|                                                  | <b>2010</b>                       | <b>2009</b> |
| Cash provided by operating activities            | \$ 11,584                         | \$ 6,815    |
| Cash provided by (used for) investing activities | (64)                              | 1,654       |
| Cash used for financing activities               | (15,118)                          | (20,300)    |

*Operating Activities*

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred income taxes, share based compensation, gain on interest rate hedges, change in contingent liabilities and for the effect of changes in working capital. Net cash provided by operating activities was \$11.6 million and \$6.8 million for the three month periods ended March 31, 2010 and 2009, respectively. The increase in cash provided by operating activities during these periods was primarily due to an increase in deferred revenue during the current period. Deferred revenue increased by \$4.8 million during the three months ended March 31, 2010 compared to a decrease of \$2.5 million in the comparable period in 2009. The increase in deferred revenue is due to an increase in sales during the three months ended March 31, 2010.

*Investing Activities*

Cash used for investing activities during the three month period ended March 31, 2010 was \$64,000 compared to cash provided by investing activities of \$1.7 million for the comparable period in 2009. Cash used for investing activities for the three month period ended March 31, 2010 consisted of \$1.6 million of capital expenditures, purchases of marketable securities of \$504,000, partially offset by maturities and sales of



marketable securities of \$2.1 million. Cash provided by investing activities for the three month

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period ended March 31, 2009 consisted of maturities of marketable securities of \$2.5 million, partially offset by capital expenditures of \$846,000. Capital expenditures are generally comprised of computer hardware, software, and website development costs.

*Financing Activities*

Cash used for financing activities during the three month periods ended March 31, 2010 and 2009 of \$15.1 million and \$20.3 million, respectively, was related primarily to payments on the term portion of our Amended and Restated Credit Facility.

**Amended and Restated Credit Facility**

In March 2007, we entered into our Amended and Restated Credit Facility which provides for a revolving facility of \$75.0 million and a term loan facility of \$125.0 million, both of which mature in March 2012. Quarterly payments of \$250,000 are due on the term loan facility. We may prepay our revolving facility or the term loan facility at any time without penalty. Payments of principal on the term loan facility result in permanent reductions to that facility.

During the three months ended March 31, 2010, we made payments on our term loan facility of \$15.3 million, resulting in total borrowings at March 31, 2010 of \$35.0 million. Cash and marketable securities as of March 31, 2010 totaled approximately \$42.7 million.

Our existing and future domestic subsidiaries unconditionally guaranteed our borrowings under the Amended and Restated Credit Facility. The obligations under the Amended and Restated Credit Facility and the guarantees are secured by substantially all of the individual assets of each of the borrowers and guarantors. Our Amended and Restated Credit Facility also contains certain financial covenants, including a senior leverage ratio, fixed charge coverage ratio, and a minimum adjusted EBITDA. The Company was in compliance with all such covenants as of March 31, 2010.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**Commitments and Contingencies**

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of March 31, 2010:

|                               | Total     | Payments by period                                  |           |           |            |
|-------------------------------|-----------|-----------------------------------------------------|-----------|-----------|------------|
|                               |           | April 1,<br>2010<br>through<br>December 31,<br>2010 | 2011-2012 | 2013-2014 | Thereafter |
|                               |           | (in thousands)                                      |           |           |            |
| Term loan facility            | \$ 35,000 | \$ 750                                              | \$ 34,250 | \$        | \$         |
| Operating lease obligations   | 5,805     | 973                                                 | 1,962     | 768       | 2,102      |
| Total contractual obligations | \$ 40,805 | \$ 1,723                                            | \$ 36,212 | \$ 768    | \$ 2,102   |

We make commitments to purchase advertising from online vendors which we pay for on a monthly basis. We have no long-term obligations to purchase a fixed or minimum amount with these vendors.

Our principal commitments consist of obligations under operating leases for office space and equipment and long-term debt. As of March 31, 2010, we had \$35.0 million outstanding under our Amended and Restated Credit Facility. Interest payments are due monthly on a portion of the facility and at varying, specified periods (to a maximum of three months) for the remaining portion. See Note 6 *Indebtedness* in our condensed consolidated financial statements for additional information related to the Amended and Restated Credit Facility.

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Future interest payments on our term loan and revolving facilities are variable due to our interest rate being based on LIBOR or a reference rate. We also have an interest rate swap agreement which fixes the interest rate on \$20.0 million of LIBOR-based borrowings at 6.37% until February 11, 2011. Assuming a rate of 6.25% on our debt, and payments on the swap agreements, interest payments for the remainder of 2010, and 2011-2012, would be \$2.4 million and \$3.2 million, respectively, and none thereafter.

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We have contingent payments related to the AllHealthcareJobs acquisition of up to a maximum of \$1.0 million in cash upon the achievement of certain operating and financial goals over the two year period ending June 30, 2011. As of March 31, 2010, a liability of \$539,000 is recorded for this contingency.

As of March 31, 2010, we have recorded approximately \$5.8 million of unrecognized tax benefits as liabilities, and we are uncertain as to if or when such amounts may be settled. Related to the unrecognized tax benefits considered permanent differences, we have also recorded a liability for potential penalties and interest. Included in the balance of unrecognized tax benefits at March 31, 2010, are \$5.8 million of tax benefits that, if recognized, would affect the effective tax rate.

## **Recent Accounting Pronouncements**

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Condensed Consolidated Financial Statements.

## **Cyclicality**

The labor market and certain of the industries that we serve have historically experienced short-term cyclicality. However, we believe that the economic and strategic value provided by online career websites has led to overall growth in the use of these services during the most recent labor market cycle, and has somewhat lessened the impact of cyclicality on our businesses as compared to traditional offline competitors.

The significant increase in the unemployment rate and general reduction in recruitment activity has negatively impacted our revenues and income during late 2008 and throughout 2009. During the first quarter of 2010, total revenues declined 9% as compared to the first quarter of 2009. The decline in revenues is a result of reduced need for our services which impacted the number of companies using our primary services. We began to see improvement in recruitment activity during the latter half of 2009 and that improvement has continued thus far in 2010. Our revenues in the first quarter of 2010 were essentially flat with the fourth quarter of 2009, and we saw an increase in the number of customers served at Dice.com from approximately 5,900 customers to approximately 6,400 customers during the first quarter of 2010.

Any slowdown in recruitment activity that occurs will negatively impact our revenues and results of operations. Alternatively, a decrease in the unemployment rate or a labor shortage generally means that employers (including our customers) are seeking to hire more individuals, which would generally lead to more job postings and have a positive impact on our revenues and results of operations. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have exposure to financial market risks, including changes in interest rates, foreign currency exchange rates and other relevant market prices.

### **Foreign Exchange Risk**

We conduct business serving 18 markets, in five languages across Europe, Asia, Australia, and Canada using the eFinancialCareers name. Our revenues earned outside the United States and collected in local currency for the three months ended March 31, 2010 and 2009 were approximately 23% and 20%, respectively. We are subject to risk for exchange rate fluctuations between such local currencies and the pound sterling and the subsequent translation of the pound sterling to U.S. dollars. We currently do not hedge currency risk because our Amended and Restated Credit Facility places limitations on our ability to do so. A decrease in foreign exchange rates during a period would result in decreased amounts reported in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and of Cash Flows. For example, if foreign exchange rates between the pound sterling and U.S. dollar decreased by 1.0%, the impact on our revenues during the first quarter of 2010 would have been a decrease of approximately \$60,000.

The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars using current exchange rates, with gains or losses included in the cumulative translation adjustment account, which is a component of stockholders' equity. As of March 31, 2010 and December 31, 2009 our cumulative translation adjustment, net of tax, decreased stockholders' equity by \$13.8 million and \$10.0 million, respectively. The change from December 31, 2009 to March 31, 2010 is primarily attributable to the strengthening of the U.S. dollar against the pound sterling.



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### **Interest Rate Risk**

We have interest rate risk primarily related to borrowings under our Amended and Restated Credit Facility and related to our interest rate swap agreement. Borrowings under our Amended and Restated Credit Facility bear interest, at our option, at either the LIBOR rate plus 3.25% or a reference rate plus 1.75%. As of March 31, 2010, we had outstanding borrowings of \$35.0 million under our Amended and Restated Credit Facility. If interest rates increased by 1.0%, interest expense for the remainder of 2010 on our current borrowings would decrease by approximately \$200,000. The decrease in interest expense is due to two factors: the rate we are currently paying on our LIBOR based borrowings and the payments on our interest rate swaps. Interest expense on our LIBOR based borrowings is calculated with reference to a 3.0% LIBOR floor. Current LIBOR rates are more than 1.0% below the floor on our LIBOR based borrowings. Therefore, we would incur no additional expense if interest rates were to rise 1.0% because the 3.0% LIBOR floor would still be in effect, nor would we incur additional expense until LIBOR rates exceeded 3.0%. Additionally, LIBOR rates are currently more than 1.0% below the fixed rate on our interest rate swaps; therefore as LIBOR rates rise, the difference between the fixed and floating portions of our interest rate swaps becomes smaller, reducing the net amount we pay on the swaps and thus reducing interest expense.

We also have interest rate risk related to our portfolio of marketable securities and money market accounts. Our marketable securities and money market accounts will produce less income than expected if market interest rates fall.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We have established a system of controls and other procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified by the Exchange Act and in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer and Chief Financial Officer for the period covered by this report. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective in alerting them in a timely basis to material information relating to the Company and its consolidated subsidiaries required to be included in our reports filed or submitted under the Exchange Act.

#### **Changes in Internal Controls**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) occurred during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time we may be involved in disputes or litigation related to claims arising out of our operations. We are not currently a party to any material legal proceedings.

### **ITEM 1A. RISK FACTORS**

We have disclosed under the heading Risk Factors in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**  
**Unregistered Sales of Equity Securities**

None.

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**Use of Proceeds**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. (REMOVED AND RESERVED)**

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

- 31.1\* Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
- 31.2\* Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
- 32.1\* Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
- 32.2\* Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

\* Filed herewith.



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**DICE HOLDINGS, INC.**

Registrant

**DATE:** April 28, 2010

/s/ Scot W. Melland  
Scot W. Melland  
Chairman, President and Chief Executive Officer

(Principal Executive Officer)

/s/ Michael P. Durney  
Michael P. Durney, CPA  
Senior Vice President, Finance and Chief Financial Officer

(Principal Financial Officer)

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