

DICE HOLDINGS, INC.  
Form 10-Q  
April 24, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended March 31, 2009

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  
incorporation or organization)

**20-3179218**  
(I.R.S. Employer  
Identification No.)

**3 Park Avenue**

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

**10016**  
(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.

Large accelerated filer ☐ Accelerated filer ☒ Non-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, 2009, 62,209,853 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, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 42,366	\$ 55,144
Marketable securities	3,959	6,497
Accounts receivable, net of allowance for doubtful accounts of \$1,745 and \$1,504	10,086	12,653
Deferred income taxes - current	1,088	1,346
Prepaid and other current assets	1,840	2,219
<b>Total current assets</b>	<b>59,339</b>	<b>77,859</b>
Fixed assets, net	5,898	5,938
Acquired intangible assets, net	55,041	59,119
Goodwill	136,196	137,416
Deferred financing costs, net of accumulated amortization of \$2,293 and \$2,085	2,500	2,708
Other assets	211	129
<b>Total assets</b>	<b>\$ 259,185</b>	<b>\$ 283,169</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 8,448	\$ 10,306
Deferred revenue	38,143	40,758
Current portion of long-term debt	1,000	1,000
Interest rate hedge liability - current	1,394	
Income taxes payable	2,097	2,195
<b>Total current liabilities</b>	<b>51,082</b>	<b>54,259</b>
Long-term debt	60,200	80,500
Deferred income taxes - non-current	14,067	15,998
Interest rate hedge liability - non-current	787	2,568
Other long-term liabilities	6,410	6,338
<b>Total liabilities</b>	<b>132,546</b>	<b>159,663</b>
Commitments and contingencies (Note 8)		
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: 62,210 and 62,210 shares, respectively	622	622

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Additional paid-in capital	227,911	226,432
Accumulated other comprehensive loss	(17,761)	(15,557)
Accumulated deficit	(84,133)	(87,991)
<b>Total stockholders' equity</b>	<b>126,639</b>	<b>123,506</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 259,185</b>	<b>\$ 283,169</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 March 31,</b>	
	<b>2009</b>	<b>2008</b>
Revenues	\$ 29,569	\$ 39,569
Operating expenses:		
Cost of revenues	1,830	2,417
Product development	795	1,172
Sales and marketing	9,436	14,906
General and administrative	4,996	5,549
Depreciation	921	863
Amortization of intangible assets	3,891	4,242
Total operating expenses	21,869	29,149
Operating income	7,700	10,420
Interest expense	(1,923)	(2,684)
Interest income	83	482
Gain (loss) from interest rate hedges	388	(2,266)
Income from continuing operations before income taxes	6,248	5,952
Income tax expense	2,390	2,186
Income from continuing operations	3,858	3,766
Discontinued operations:		
Income from discontinued operations		519
Income from discontinued operations, net of tax		519
Net income	\$ 3,858	\$ 4,285
Basic and diluted earnings per share:		
From continuing operations	\$ 0.06	\$ 0.06
From discontinued operations		0.01
	\$ 0.06	\$ 0.07
Weighted average basic shares outstanding	62,210	62,173
Weighted average diluted shares outstanding	65,660	65,346

*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 March 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash flows provided by operating activities:		
Net income	\$ 3,858	\$ 4,285
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	921	863
Amortization of intangible assets	3,891	4,242
Deferred income taxes	(1,625)	493
Gain on sale of joint venture		(611)
Amortization of deferred financing costs	208	208
Share based compensation	1,475	1,296
(Gain) loss from interest rate hedges	(388)	2,266
Changes in operating assets and liabilities:		
Accounts receivable	2,416	1,040
Prepaid expenses and other assets	(80)	(55)
Accounts payable and accrued expenses	(1,794)	2,015
Income taxes payable	296	1,505
Deferred revenue	(2,460)	6,030
Other, net	97	(415)
Net cash provided by operating activities	6,815	23,162
Cash flows provided by (used for) investing activities:		
Purchases of fixed assets	(846)	(756)
Maturities and sales of marketable securities	2,500	100
Net cash provided by (used for) investing activities	1,654	(656)
Cash flows used for financing activities:		
Payments on long-term debt	(20,300)	(2,400)
Payment of costs related to initial public offering		(354)
Proceeds from stock option exercises		3
Net cash used for financing activities	(20,300)	(2,751)
Effect of exchange rate changes	(947)	793
Net change in cash and cash equivalents for the period	(12,778)	20,548
Cash and cash equivalents, beginning of period	55,144	57,525
Cash and cash equivalents, end of period	\$ 42,366	\$ 78,073

*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, 2008 that are included in the Company's Annual Report on Form 10-K. Operating results for the three month period ended March 31, 2009 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 first three months of 2009.

**2. NEW ACCOUNTING PRONOUNCEMENTS**

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, *Business Combinations* and *Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51*. These statements change the accounting for business combinations and noncontrolling interests including requiring more assets acquired and liabilities assumed to be measured at fair value, requiring liabilities related to contingent consideration to be remeasured at fair value in each subsequent reporting period, requiring the acquirer in preacquisition periods to expense all acquisition-related costs and requiring noncontrolling interests in subsidiaries initially to be measured at fair value and classified as a separate component of equity. Both statements are to be applied prospectively and were adopted by the Company on January 1, 2009. The adoption of the standards did not impact the Company's financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133*. Companies are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under FASB Statement No. 133, and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The statement was adopted by the Company on January 1, 2009. The disclosures are presented in Note 7.

In April 2009, the FASB issued Staff Position FAS 107-1 and Accounting Principles Board Opinion 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. The position amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. The position also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. The position is effective for interim periods ending after June 15, 2009 with early adoption permitted. The Company plans to adopt SFAS 107-1 and APB 28-1 and provide the additional disclosures in the second quarter of 2009.

**3. FAIR VALUE INSTRUMENTS**

Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ( SFAS 157 ) defines fair value, establishes a framework for measuring fair value and expands disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions, SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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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

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

SFAS 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements.

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 interest rate hedge liabilities are valued using observable inputs from a third-party provider. The assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

As of March 31, 2009			
Fair Value Measurements Using			
Quoted Prices in			
Active			
Markets			
for			
Identical			
Assets			
(Level 1)			
Significant			
Other			
Observable			
Inputs			
(Level 2)			
Significant			
Unobservable			
Inputs			
(Level 3)			
Total			
Money market funds	\$ 23,185	\$	\$ 23,185
Marketable securities	3,959		3,959
Interest rate hedge liability - current		1,394	1,394
Interest rate hedge liability - non-current		787	787

As of December 31, 2008			
Fair Value Measurements Using			
Quoted			
Prices in			
Active			
Markets			
for			
Identical			
Assets			
(Level 1)			
Significant			
Other			
Observable			
Inputs			
(Level 2)			
Significant			
Unobservable			
Inputs			
(Level 3)			
Total			
Money market funds	\$ 33,957	\$	\$ 33,957
Marketable securities	6,497		6,497
Interest rate hedge liability - non-current		2,568	2,568

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 and 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 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 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

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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 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. DISCONTINUED OPERATIONS**

**Dice India** Dice India Holdings, Inc. ( Dice India ), a wholly owned subsidiary of the Company, entered into a joint venture agreement with CyberMedia (India) Limited ( CyberMedia ) in 2004 to form CyberMedia Dice Careers Limited ( CMD ), an online technology-focused career website for the posting of technology-related jobs based in India. Dice India owned a majority of CMD. During the fourth quarter of 2007, Dice India decided to exit the joint venture, after assessing the long-term economic viability of the business in light of its operating losses. Dice India sold its interest in the joint venture to an affiliate of CyberMedia on January 28, 2008. Accordingly, the Company now reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to Dice India or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for Dice India were as follows for the three months ended March 31, 2008 (in thousands):

Revenues	\$ 37
Operating expenses:	
Cost of revenues	14
Sales and marketing	40
General and administrative	75
Total operating expenses	129
Operating loss	(92)
Gain on sale of joint venture	611
Income tax benefit	0
Income from discontinued operations	\$ 519

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### 5. MARKETABLE SECURITIES

DHI's marketable securities are stated at fair value. The following tables summarize the Company's marketable securities as of March 31, 2009 and December 31, 2008 (in thousands):

	Maturity	As of March 31, 2009		Estimated Fair Value
		Gross Amortized Cost	Gross Unrealized Gain	
U.S. Government and agencies	Within one year	\$ 3,415	\$ 28	\$ 3,443
U.S. Government and agencies	1 to 5 years	499	6	505
Corporate debt securities	1 to 5 years	11		11
Total		\$ 3,925	\$ 34	\$ 3,959

	Maturity	As of December 31, 2008		Estimated Fair Value
		Gross Amortized Cost	Gross Unrealized Gain	
U.S. Government and agencies	Within one year	\$ 5,028	\$ 18	\$ 5,046
U.S. Government and agencies	1 to 5 years	1,404	36	1,440
Corporate debt securities	1 to 5 years	11		11
Total		\$ 6,443	\$ 54	\$ 6,497

**Table of Contents****6. 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, 2009				Weighted Average Amortization Period
	Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	
Technology	\$ 12,420	\$ (10,939)	\$ (103)	\$ 1,378	3.75 years
Trademarks and brand names- Dice	39,000			39,000	Indefinite
Trademarks and brand names- Other	6,400	(3,323)	(748)	2,329	5 years
Customer lists	36,361	(24,846)	(1,052)	10,463	4.5 years
Candidate database	17,440	(15,499)	(70)	1,871	3.75 years

Acquired intangible assets, net	\$ 111,621	\$ (54,607)	\$ (1,973)	\$ 55,041	
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	As of December 31, 2008				Weighted Average Amortization Period
	Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	
Technology	\$ 12,420	\$ (10,168)	\$ (126)	\$ 2,126	3.75 years
Trademarks and brand names- Dice	39,000			39,000	Indefinite
Trademarks and brand names- Other	6,400	(3,086)	(644)	2,670	5 years
Customer lists	36,361	(23,035)	(953)	12,373	4.5 years
Candidate database	17,440	(14,427)	(63)	2,950	3.75 years

Acquired intangible assets, net	\$ 111,621	\$ (50,716)	\$ (1,786)	\$ 59,119	
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Based on the carrying value of the acquired finite lived intangible assets recorded as of March 31, 2009, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

April 1, 2009 through December 31, 2009	\$ 9,320
2010	6,006
2011	715

**7. 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, 2009.

Payments of principal of \$20.3 million on the term loan were made during the three month period ended March 31, 2009.



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The amounts borrowed and terms of the financing agreement as of March 31, 2009 and December 31, 2008 are as follows (dollars in thousands):

	March 31, 2009	December 31, 2008
Maximum available under revolving credit facility	\$ 72,250	\$ 72,250
Maximum available under term loan facility	\$ 61,200	\$ 81,500
Amounts borrowed:		
LIBOR rate loans	\$ 60,900	\$ 81,200
Reference rate loans	300	300
Total borrowed	\$ 61,200	\$ 81,500
Interest rates:		
LIBOR option:		
Interest margin	3.25%	3.25%
Minimum LIBOR rate	3.00%	3.00%
Actual interest rates	6.25%	6.25% to 7.1325%
Reference rate option:		
Interest margin	1.75%	1.75%
Minimum reference rate	6.00%	6.00%
Actual interest rate	7.75%	7.75%

Future maturities as of March 31, 2009 are as follows (in thousands):

April 1, 2009 through December 31, 2009	\$ 750
2010	1,000
2011	1,000
2012	58,450
Total minimum payments	\$ 61,200

In December 2007, the Company entered into an interest rate swap agreement which fixed the interest rate on \$60.0 million of LIBOR-based debt at 7.39% for the two-year period from January 2, 2008 to January 2, 2010. In February 2008, the Company entered into an interest rate swap agreement which fixed the interest rate on \$20.0 million of LIBOR-based debt at 6.37% for the three-year period from February 11, 2008 to February 11, 2011. The swaps are used by the Company for interest rate risk management purposes. The fair values of the swap agreements are reflected as Interest rate hedge liabilities on the Condensed Consolidated Balance Sheets. During the first quarter of 2008, the Company elected hedge accounting under Statement of Financial Accounting Standards No. 133 ( SFAS 133 ), *Accounting for Derivatives, as amended*. Subsequent to that election, the interest rate swap agreements became ineffective primarily due to the 3% minimum LIBOR rate in the Amended and Restated Credit Facility as the swap agreements do not contain a rate floor. The Company discontinued applying hedge accounting under SFAS 133 during 2008 because the swaps were ineffective and not expected to be effective in the future. The change in the fair value of the swap agreements is included in Gain (loss) from interest rate hedges on the Condensed Consolidated Statements of Operations. A current liability of \$1.4 million and a non-current liability of \$787,000 are reflected in the Condensed Consolidated Balance Sheets as of March 31, 2009.

Subsequent to March 31, 2009, the Company made payments of \$10.3 million on the term loan. Additionally, the interest rate swap agreement on \$60.0 million of LIBOR-based debt was reduced to \$50.0 million of LIBOR-based debt during April 2009. Fees of \$233,000 were paid to reduce the notional amount of the hedge agreement.



**Table of Contents****8. 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, 2009 are as follows (in thousands):

April 1, 2009 through December 31, 2009	\$ 743
2010	1,115
2011	1,127
2012	596
2013	384
2014 and thereafter	2,487
<b>Total minimum payments</b>	<b>\$ 6,452</b>

During March 2009, the Company entered into a 10 year lease for office space in New York which is scheduled to commence in September 2009 and increased future lease commitments by \$4.0 million. Rent expense was \$332,000 and \$308,000 for the three months ended March 31, 2009 and 2008, respectively.

*Litigation*

The Company is subject to various claims from taxing authorities, lawsuits and other 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.

**9. COMPREHENSIVE INCOME**

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

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Net income	\$ 3,858	\$ 4,285
Foreign currency translation adjustment, net of tax of \$0 and \$262	(2,192)	608
Fair value adjustment on interest rate hedges, net of tax of \$0 and \$42		68
Unrealized gains on marketable securities, net of tax of \$(8) and \$0	(12)	
<b>Total other comprehensive income</b>	<b>(2,204)</b>	<b>676</b>
<b>Comprehensive income</b>	<b>\$ 1,654</b>	<b>\$ 4,961</b>

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Foreign currency translation adjustment, net of tax of \$1,336 and \$1,336	\$ (17,783)	\$ (15,591)

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Unrealized gains on marketable securities, net of tax of \$12 and \$20	22	34
Total accumulated other comprehensive income, net	\$ (17,761)	\$ (15,557)

**Table of Contents****10. STOCK BASED COMPENSATION**

**Restricted Stock** On April 18, 2008, a total of 16,000 shares of stock were granted to two non-employee members of the Company's Board. These shares are compensation for services as Board members and the shares cannot be sold for one year from the grant date. During the three months ended March 31, 2009, compensation cost of \$32,000 was recorded related to these grants. An additional \$5,000 of compensation cost will be recorded during the remainder of year ended December 31, 2009. The closing price of the Company's stock on the date of grant was used to value the grants. There was no cash flow impact resulting from the grants.

**Stock Option Plans** The Company has two plans under which it may grant stock options to certain employees and directors of the Company and its subsidiaries. Compensation expense is recorded in accordance with SFAS 123 (Revised 2004), *Share-Based Payment*, for stock options awarded to employees in return for employee service. 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 employee 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 \$1.5 million and \$1.3 million during the three month periods ended March 31, 2009 and 2008, respectively. At March 31, 2009, there was \$8.4 million of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of approximately 1.6 years.

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 was not publicly traded during all of the periods when options were granted, 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. The fair value of the common stock for the option grants prior to the IPO was determined based on a contemporaneous internal valuation prepared by management, which had the appropriate levels of competency.

	Three Months Ended March 31,	
	2009	2008
The weighted average fair value of options granted	\$ 1.54	\$ 2.00
Dividend yield	0.00%	0.00%
Weighted average risk free interest rate	1.38%	2.13%
Weighted average expected volatility	66.00%	47.30%
Expected life (in years)	4.6	4.0

During the three months ended March 31, 2009 the Company granted the following stock options with exercise prices as follows:

Grant Date	Number of stock options issued	Fair value of common stock	Exercise price	Intrinsic value
February 9, 2009	1,707,900	\$ 2.88	\$ 2.88	\$

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A summary of the status of options granted as of March 31, 2009 and 2008, and the changes during the three month period then ended is presented below:

	Three Months Ended March 31, 2009		Three Months Ended March 31, 2008	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at beginning of the period	9,653,074	\$ 2.77	8,038,280	\$ 1.95
Granted	1,707,900	\$ 2.88	1,574,750	\$ 6.65
Exercised		\$	(720)	\$ 4.19
Forfeited	(32,252)	\$ 4.85	(14,839)	\$ 5.45
Options outstanding at March 31	11,328,722	\$ 2.78	9,597,471	\$ 2.72
Exercisable at March 31	6,671,280	\$ 1.90	4,275,659	\$ 1.70

The following table summarizes information about options outstanding as of March 31, 2009:

Exercise Price	Options Outstanding		Options Exercisable	
	Number Outstanding	Weighted- Average Remaining Contractual Life (in years)	Number Exercisable	
\$0.20 - \$0.99	3,879,877	6.4	3,096,452	
\$1.00 - \$2.99	3,975,419	6.6	2,261,036	
\$4.00 - \$5.99	853,169	7.6	473,127	
\$6.00 - \$8.99	2,580,457	6.6	828,228	
\$10.00 - \$10.99	39,800	8.7	12,437	
	11,328,722		6,671,280	

**Table of Contents****11. SEGMENT INFORMATION**

The Company aggregates its operating segments into two reportable segments: DCS Online 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. Aggregation is based on similarity of operating segments as to economic characteristics, products, types or classes of customers and the methods of distribution. 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, 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 periods ended March 31, 2009 and 2008 (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>		
DCS Online	\$ 21,995	\$ 27,075
eFC	5,922	9,781
Other	1,652	2,713
<b>Total revenues</b>	<b>\$ 29,569</b>	<b>\$ 39,569</b>
<b>Depreciation:</b>		
DCS Online	\$ 828	\$ 764
eFC	53	63
Other	40	36
<b>Total depreciation</b>	<b>\$ 921</b>	<b>\$ 863</b>
<b>Amortization:</b>		
DCS Online	\$ 2,777	\$ 2,777
eFC	936	1,287
Other	178	178
<b>Total amortization</b>	<b>\$ 3,891</b>	<b>\$ 4,242</b>

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	Three Months Ended March 31,	
	2009	2008
Operating income (loss):		
DCS Online	\$ 5,976	\$ 7,269
eFC	1,576	3,155
Other	148	(4)
Operating income	7,700	10,420
Interest expense	(1,923)	(2,684)
Interest income	83	482
Gain (loss) from interest rate hedges	388	(2,266)
Income from continuing operations before income taxes	\$ 6,248	\$ 5,952
Capital expenditures:		
DCS Online	\$ 833	\$ 675
eFC	10	63
Other	3	18
Total capital expenditures	\$ 846	\$ 756

The following table shows the segment information as March 31, 2009 and December 31, 2008 (in thousands):

	March 31, 2009	December 31, 2008
Total assets:		
DCS Online	\$ 169,428	\$ 189,488
eFinancial Careers	78,246	81,799
Other	11,511	11,882
Total assets	\$ 259,185	\$ 283,169

The following table shows the change in the carrying amount of goodwill by reportable segment as of December 31, 2008 and the changes in goodwill for the three month period ended March 31, 2009 (in thousands):

	DCS Online	eFC	Other	Total
Balance, December 31, 2008	\$ 84,778	\$ 43,580	\$ 9,058	\$ 137,416
Foreign currency translation adjustment		(1,220)		(1,220)
Balance, March 31, 2009	\$ 84,778	\$ 42,360	\$ 9,058	\$ 136,196

**Table of Contents****12. 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. The following is a calculation of basic and diluted earnings (loss) 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>2009</b>	<b>2008</b>
Income attributable to common stockholders from continuing operations - basic and diluted	\$ 3,858	\$ 3,766
Income attributable to common stockholders from discontinued operations - basic and diluted	\$	\$ 519
Weighted average shares outstanding - basic	62,210	62,173
Add shares issuable upon exercise of stock options	3,450	3,173
Weighted average shares outstanding - diluted	65,660	65,346
Basic and diluted earnings per share:		
From continuing operations	\$ 0.06	\$ 0.06
From discontinued operations		0.01
	\$ 0.06	\$ 0.07

\* \* \* \* \*

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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, 2008, 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 under Statement of Financial Accounting Standards, or SFAS, No. 131, *Disclosures about Segments of an Enterprise and Related Information*, based on our operating structure. Our reportable segments include DCS Online (which includes Dice.com and ClearanceJobs.com) and eFinancialCareers' international business. Targeted Job Fairs, JobsintheMoney.com, and eFinancialCareers' North American operations do not meet certain quantitative thresholds, and therefore are reported in the 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 term 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, 2009, Dice.com had approximately 6,850 total recruitment package customers and as of the same date our other websites collectively served approximately 2,250 customers, including some customers who are also customers of Dice.com.



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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 hire 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 and other vertical industries we serve, can have a material affect on our revenues and results of operations. The recent significant increase in the unemployment rate and shortage of available jobs has caused a decrease in the number of job posting openings on our websites, which in turn negatively impacts our revenues and income. During the first quarter of 2009, total revenues declined 25% as compared to the first quarter of 2008. The decline in revenues is a result of reduced recruitment activity which impacted customer usage of our primary services. We saw a decline in the number of customers served at Dice.com from approximately 7,600 customers to approximately 6,850 customers during the first quarter of 2009. If the slowdown in recruitment activity continues, as projected, our future revenues and results of operations will be negatively impacted.

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.

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, under the provisions of the Securities and Exchange Commission's Staff Accounting Bulletin, or SAB, No. 104, *Revenue Recognition*, when persuasive evidence of an agreement exists, delivery has occurred, the sales price is fixed or determinable and collectibility 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 JobsintheMoney.com. Certain of our arrangements include multiple deliverables, which consist of access to job postings and access to a searchable database of resumes. In the absence of higher-level specific authoritative guidance, we determine the units of accounting for multiple element arrangements in accordance with Emerging Issues Task Force ( EITF ) Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Specifically, 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 relative to the delivered element, delivery or performance of the

undelivered element is considered probable and is substantially within our control.

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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, if shorter.

### *Fair Value of Acquired Businesses*

We completed the acquisition of Dice Inc. in 2005 (the 2005 Acquisition ) and eFinancialGroup in 2006 (the eFinancial Group Acquisition ). Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* ( SFAS No. 141R ) requires acquired businesses to be recorded at fair value by the acquiring entity. SFAS No. 141R 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 and deferred revenue. 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. 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 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 was performed as of August 31, 2008. The goodwill at the other reporting units, eFinancialCareers international business and eFinancialCareers U.S. business, was the result of the eFinancialGroup Acquisition which occurred in October 2006. The annual test of impairment of goodwill from the eFinancialGroup Acquisition is performed as of October 31 by comparing the goodwill recorded from the eFinancialGroup Acquisition to the fair value of the eFinancialCareers international and eFinancialCareers U.S. reporting units.

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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 flows methodology or by using a combination of a discounted cash flows methodology and a market comparable method. The discounted cash flows 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.

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 Financial Accounting Standards Board (the "FASB") SFAS No. 109, *Accounting for 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.

### *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 SFAS No. 123 (Revised 2004), *Share-Based Payment*, or SFAS 123(R), in accounting for stock options. Compensation expense is recorded for stock options awarded 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.

### **Recent Developments**

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In addition to making our quarterly amortization payment, in April 2009 we prepaid an additional \$10.0 million of the term loan portion of our Amended and Restated Credit Facility reducing the amount outstanding to \$50.9 million. During April 2009, we terminated \$10.0 million of our \$60.0 million interest rate swap agreement expiring January 2, 2010. The Company's \$20.0 million interest rate swap agreement expiring February 11, 2011 remains unchanged.

**Table of Contents****Results of Operations****Three Months Ended March 31, 2009 Compared to the Three Months Ended March 31, 2008***Revenues*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change
	(in thousands, except percentages)			
DCS Online	\$ 21,995	\$ 27,075	\$ (5,080)	-18.8%
eFinancialCareers	5,922	9,781	(3,859)	-39.5%
Other	1,652	2,713	(1,061)	-39.1%
<b>Total revenues</b>	<b>\$ 29,569</b>	<b>\$ 39,569</b>	<b>\$ (10,000)</b>	<b>-25.3%</b>

Our revenues were \$29.6 million for the three months ended March 31, 2009 compared to \$39.6 million for the same period in 2008, a decrease of \$10.0 million, or 25%. The decline in revenues is a result of reduced recruitment activity which impacted customer usage of our primary services. We experienced a decline in the DCS Online segment of \$5.1 million, or 19% which was driven by reduced revenues at Dice.com. We saw a decline in the number of customers served at Dice.com from approximately 7,600 at December 31, 2008 to approximately 6,850 at March 31, 2009. Average revenue per recruitment package customer decreased by approximately 0.5% from the three months ended March 31, 2008 to the three months ended March 31, 2009. Partially offsetting the decrease experienced at Dice.com was an increase in revenues at ClearanceJobs of \$298,000, or 32% during the three months ended March 31, 2009 compared to the same period in 2008. Thus far, ClearanceJobs has been largely unaffected by the economic downturn as it continues to increase its customer count and revenues.

We experienced a decline in the eFinancialCareers segment revenues of \$3.9 million, or 40%. The reduction is the result of both the strengthening of the U.S. dollar versus the pound sterling, and due to the economic contraction in the U.K., Europe, and Asia. The decline in revenue related to the economic conditions was \$1.6 million, or 17%, with the remainder of the decrease, \$2.2 million or 23%, due to the unfavorable effect of foreign exchange rates. Revenues from the Other segment, which consists of eFinancialCareers North America operations, Targeted Job Fairs, and JobintheMoney.com, declined by \$1.1 million, or 39%. This decline is also the result of reduced recruitment activities by our customers and thus reduced demand for our services.

*Cost of Revenues*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change
	(in thousands, except percentages)			
Cost of revenues	\$ 1,830	\$ 2,417	\$ (587)	-24.3%
Percentage of revenues	6.2%	6.1%		

Our cost of revenues for the three months ended March 31, 2009 were \$1.8 million compared to \$2.4 million for the same period in 2008, a decrease of \$587,000, or 24%. The decrease in cost of revenues experienced at DCS Online of \$205,000 was primarily due to a decrease in the number of customer support personnel we employed to support fewer customers, job postings and customer activity. Cost of revenues in the Other segment decreased by \$213,000 primarily due to a decrease in the number of job fairs conducted. Cost of revenues at eFinancialCareers decreased by \$156,000 which was primarily due to the strengthening of the U.S. dollar versus the pound sterling.

*Product Development Expenses*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change

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	(in thousands, except percentages)			
Product Development	\$ 795	\$ 1,172	\$ (377)	-32.2%
Percentage of revenues	2.7%	3.0%		

Product development expenses for the three months ended March 31, 2009 were \$795,000 compared to \$1.2 million for the same period of 2008, a decrease of \$377,000, or 32%. The decrease of \$267,000 for the U.S. businesses was caused by a decrease in consulting costs and salaries and benefit costs for the product development team at Dice. A decrease of \$35,000 at eFinancialCareers was due to a decrease in salaries and benefit costs for the product development team at eFinancialCareers. The remainder of the decrease was due to the strengthening of the U.S. dollar versus the pound sterling.

**Table of Contents***Sales and Marketing Expenses*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change
	(in thousands, except percentages)			
Sales and Marketing	\$ 9,436	\$ 14,906	\$ (5,470)	-36.7%
Percentage of revenues	31.9%	37.7%		

Sales and marketing expenses for the three months ended March 31, 2009 were \$9.4 million compared to \$14.9 million for the same period in 2008, a decrease of \$5.5 million, or 37%. Of the decrease, \$4.2 million related to the U.S. businesses. The remaining \$1.3 million relates to the eFinancialCareers segment, of which, \$850,000 was related to the strengthening of the U.S. dollar versus the pound sterling.

Advertising and other marketing costs for the U.S. businesses totaled \$4.3 million for the three month period ended March 31, 2009 compared to \$7.2 million for the same period in 2008, a decrease of \$2.9 million, or 40%. This decrease was primarily due to a decrease in our online advertising spending, direct mail and email campaigns. We have made reductions in our marketing spending as our business has continued to slow and as the need to drive greater usage among job seekers has declined with lower customer activity. Despite this reduction in spending, traffic at Dice.com increased 16% during the three month period ended March 31, 2009 versus the comparable period in 2008, which contributes to high service levels for our customers.

During the three month period ended March 31, 2009, 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 has historically been spent on drawing professionals to our sites was approximately 75%. With recruitment activity and job postings declining and job seeker activity increasing, we can reduce the amount of spending on job seeker marketing and still provide results that match our customers' needs. We decreased the amount we spend on online media, particularly paid search and banner advertising programs. We continue to spend on technology-focused websites and have continued our radio advertising campaign. 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.

The salaries, commissions, and benefits component of sales and marketing expense for the U.S. businesses totaled \$3.0 million for the three months ended March 31, 2009, compared to \$4.1 million during the same period in 2008, a decrease of \$1.1 million. Reduced commissions expense due to the reduction in business contributed \$800,000 of this decrease with the remainder coming from a reduction in salaries and benefits due to having a smaller sales force during the current period.

On a constant currency basis, the eFinancialCareers segment experienced a decrease in sales and marketing expense of \$413,000 during the three month period ended March 31, 2009 compared to the same period in 2008. A reduction in marketing expense attributed to \$370,000 of this decrease. We have made reductions in our marketing spend as the business has continued to slow. The remainder of the decrease at eFinancialCareers is attributable to a decrease in sales compensation related to a decrease in sales during the period.

*General and Administrative Expenses*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change
	(in thousands, except percentages)			
General and administrative	\$ 4,996	\$ 5,549	\$ (553)	-10.0%
Percentage of revenues	16.9%	14.0%		

General and administrative expenses for the three months ended March 31, 2009 were \$5.0 million compared to \$5.5 million for the same period in 2008, a decrease of \$553,000, or 10%. The U.S. businesses experienced a decrease of \$376,000 comprised of a decrease in legal, investor relations consulting and other professional fees of approximately \$290,000, and a decrease in salaries and benefits and related costs of approximately \$200,000 due to the elimination of certain administrative positions. These decreases were partially offset by an increase in the provision for doubtful accounts of \$200,000. The remainder of the decrease for the U.S. businesses is related to a reduction in travel expenses and temporary help. A decrease of \$359,000 was related to the strengthening of the U.S. dollar compared to the pound sterling. Offsetting these decreases was an increase in stock-based compensation of \$179,000 due to the additional expense for options issued after December 31, 2007.





**Table of Contents***Depreciation*

	Three Months Ended March 31,			Percent
	2009	2008	Increase	Change
	(in thousands, except percentages)			
Depreciation	\$ 921	\$ 863	\$ 58	6.7%
Percentage of revenues	3.1%	2.2%		

Depreciation expense for the three month period ended March 31, 2009 was \$921,000 compared to \$863,000 for the same period in 2008, an increase of \$58,000, or 7%. The increase was due to a greater depreciable fixed asset balance during the three month period ended March 31, 2009 compared to the same period in 2008 as a result of continued upgrades to our business systems and facilities.

*Amortization of Intangible Assets*

	Three Months Ended March 31,			Percent
	2009	2008	Decrease	Change
	(in thousands, except percentages)			
Amortization	\$ 3,891	\$ 4,242	\$ (351)	-8.3%
Percentage of revenues	13.2%	10.7%		

Amortization expense for the three month period ended March 31, 2009 was \$3.9 million compared to \$4.2 million for the same period in 2008, a decrease of \$351,000, or 8%. Amortization expense in the three month period ended March 31, 2009 decreased due the strengthening of the U.S. dollar compared to the pound sterling.

*Operating Income*

Operating income for the three months ended March 31, 2009 was \$7.7 million compared to \$10.4 million for the same period in 2008, a decrease of \$2.7 million, or 26%. The decrease is primarily the result of the decrease in Dice and eFinancialCareers revenues due to decreases in business, offset by decreases in operating costs.

*Interest Expense*

Interest expense for the three months ended March 31, 2009 was \$1.9 million compared to \$2.7 million for the same period in 2008, a decrease of \$761,000, or 28%. The decrease in interest expense was due to a smaller amount of borrowings outstanding in the three months ended March 31, 2009, on average, as compared to the same period in 2008 due to payments made on the term loan portion of our Amended and Restated Credit Facility. Payments totaling \$42.9 million were made in 2008 and an additional \$20.3 million of payments were made during the three months ended March 31, 2009. Partially offsetting this decrease was increased interest expense on the interest rate swap agreements caused by lower LIBOR rates during the three months ended March 31, 2009 versus the comparable period in 2008.

*Interest Income*

Interest income for the three months ended March 31, 2009 was \$83,000 compared to \$482,000 for the same period in 2008, a decrease of \$399,000, or 83%. 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, 2009 as compared to the same period in 2008. The decreased cash balance was primarily due to payments made on our Amended and Restated Credit Facility.

*Gain (Loss) from Interest Rate Hedges*

A gain from interest rate hedges of \$388,000 was recorded during the three months ended March 31, 2009. An increase in the fair value of our interest rate swap agreement caused this gain.

A loss from interest rate hedges totaled \$2.3 million during the three months ended March 31, 2008. During the first quarter of 2008, the Company determined its two interest rate swaps covering \$80 million notional amount of borrowings did not initially qualify for hedge

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accounting based on the Company's hedging policy and the timing of its effectiveness tests. On March 18, 2008, the Company amended its hedging policy and performed new effectiveness tests, which resulted in the interest rate swaps qualifying for hedge accounting treatment as of that date. A non-cash charge of approximately \$2.3 million was recorded reflecting the change in fair value of the two swaps from inception to March 18, 2008. The Company discontinued applying hedge accounting during the fourth quarter of 2008 as the swaps were ineffective and were not expected to be effective in the future. The swaps became ineffective primarily due to the 3% minimum LIBOR rate in the Amended and Restated Credit Facility as the swap agreements do not contain a rate floor.

**Table of Contents***Income Taxes*

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(in thousands, except percentages)</b>	
Income from continuing operations before income taxes and minority interest	\$ 6,248	\$ 5,952
Income tax expense	2,390	2,186
Effective tax rate	38.3%	36.7%

Income tax expense for the three month period ended March 31, 2009 was \$2.4 million compared to \$2.2 million for the same period in 2008 and the effective tax rate increased to 38.3% from 36.7%. The increase in the effective tax rate was primarily due to \$142,000 of interest charged by the United Kingdom related to the timing of estimated tax payments made in 2007 and 2008.

*Discontinued Operations*

Discontinued operations represent the operations of Dice India, our interest in a joint venture with CyberMedia. We sold our interest in the CyberMedia Dice joint venture in January 2008. Accordingly, the results of operations from this segment are reflected as discontinued operations for all periods presented. Income from discontinued operations, net of tax, for the three month period ended March 31, 2008 was \$519,000.

**Liquidity and Capital Resources**

We have shown our cash flows for the three month periods ended March 31, 2009 and 2008 in the table below.

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash provided by operating activities	\$ 6,815	\$ 23,162
Cash provided by (used for) investing activities	1,654	(656)
Cash used for financing activities	(20,300)	(2,751)

*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 tax assets and liabilities, share based compensation, gain or loss on interest rate hedges, and for the effect of changes in working capital. Net cash provided by operating activities was \$6.8 million and \$23.2 million for the three month periods ended March 31, 2009 and 2008, respectively. The decrease in cash provided by operating activities during these periods was primarily due to a decrease in operating cash receipts from decreased sales during the period. Deferred revenue decreased by \$2.5 million during the three months ended March 31, 2009 compared to an increase of \$6.0 million in the comparable period in 2008. The decrease in deferred revenue is due to a decrease in sales over the past several quarters. There was also a decrease in accounts receivable during the three months ended March 31, 2009 of \$2.4 million compared to a decrease of \$1.0 million in the comparable period in 2008. The decrease in accounts receivable is primarily related to the decrease in amounts billed to customers during this period. The timing of payment of liabilities resulted in a decrease in cash flow from accounts payable and accrued expenses of \$1.8 million during the three months ended March 31, 2009 compared to an increase of \$2.0 million in the comparable period of 2008.

*Investing Activities*

Cash provided by investing activities during the three month period ended March 31, 2009 consisted of maturities and sales of marketable securities of \$2.5 million, partially offset by capital expenditures of \$846,000. Cash used for investing activities for the three month period ended March 31, 2008 was primarily attributable to capital expenditures. Capital expenditures are generally comprised of computer hardware, software, and website development costs.

*Financing Activities*

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Cash used for financing activities during the three month periods ended March 31, 2009 and 2008 of \$20.3 million and \$2.8 million, respectively, was related primarily to payments under our Amended and Restated Credit Facility.

**Table of Contents****Amended and Restated Credit Facility**

On March 21, 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 on March 21, 2012. Quarterly payments of \$250,000 on the term loan began in the third quarter of 2007. 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, 2009, we made payments on our term loan facility of \$20.3 million, resulting in total borrowings at March 31, 2009 of \$61.2 million. Cash and marketable securities as of March 31, 2009 totaled approximately \$46.3 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, 2009.

**Commitments and Contingencies**

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of March 31, 2009:

	Total	Payments by period			
		April 1, 2009 through December 31, 2009	2010-2011 (in thousands)	2012-2013	Thereafter
Term loan facility	\$ 61,200	\$ 750	\$ 2,000	\$ 58,450	\$
Operating lease obligations	6,452	743	2,242	980	2,487
<b>Total contractual obligations</b>	<b>\$ 67,652</b>	<b>\$ 1,493</b>	<b>\$ 4,242</b>	<b>\$ 59,430</b>	<b>\$ 2,487</b>

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. During March 2009, the Company entered into a 10 year lease for office space in New York which increased future lease commitments by \$4.0 million. As of March 31, 2009, we had \$61.2 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 7 *Indebtedness* in our condensed consolidated financial statements for additional information related to the Amended and Restated Credit Facility.

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. Following the payment of \$10.3 million of our term loan during April 2009, we had \$50.9 million outstanding under our Amended and Restated Credit Facility. Also as of April 20, 2009, we had two interest rate swap agreements which fix the interest rate on \$50.0 million of LIBOR-based debt at 7.39% until January 2, 2010 and \$20.0 million of LIBOR-based debt 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 2009, 2010-2011, and 2012, would be \$4.3 million, \$7.7 million, and \$762,000, respectively and none thereafter.

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### **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 shortage of available jobs has caused a decrease in the number of job postings on our websites, which in turn negatively impacts our revenues and income. During the first quarter of 2009, revenues decreased 25% as compared to the first quarter of 2008. The decline in revenues is a result of reduced recruitment activity which impacted customer usage of our primary services. We saw a decline in the number of customers served at Dice.com from approximately 7,600 customers to approximately 6,850 customers during the first quarter of 2009. If the slowdown in recruitment activity continues, as projected, our future revenues and results of operations will be negatively impacted.

### **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 in 18 markets outside of the United States, in five languages across Europe, Asia, and Canada using the eFinancialCareers name. For the three months ended March 31, 2009, approximately 20% of our revenues were earned outside the United States and collected in local currency. We are subject to risk for exchange rate fluctuations between such local currencies and the dollar. We currently do not hedge currency risk because our Amended and Restated Credit Facility places limitations on our ability to do so.

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, 2009 and December 31, 2008 our translation adjustment, net of tax decreased stockholders' equity by \$17.7 million and \$15.6 million, respectively. The change is primarily attributable to the strengthening of the U.S. dollar against the pound sterling.

#### **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 agreements. 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, 2009, we had outstanding borrowings of \$61.2 million under our Amended and Restated Credit Facility. If interest rates increased by 1.0%, interest expense for the remainder of 2009 on our current borrowings would decrease by approximately \$530,000. 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. Our marketable securities 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



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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, 2009 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.

#### **Use of Proceeds**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

### **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.

**DATE:** April 24, 2009

**DICE HOLDINGS, INC.**

Registrant

/s/ Scot W. Melland

Scot W. Melland  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Michael P. Durney

Michael P. Durney  
Senior Vice President, Finance and Chief Financial Officer  
(Principal Financial Officer)

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