DICE HOLDINGS, INC.
Form 10-Q
November 02, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

OR

£ TRANSITION PERIOD 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)

Delaware (State or other jurisdiction of incorporation or organization)	20-3179218 (I.R.S. Employer Identification No.)
1040 Avenue of the Americas, 16th Floor New York, New York (Address of principal executive offices)	 10018 (Zip Code)

(212) 725-6550
(Registrant's telephone number, including area code)

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 R 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 R 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer £ Accelerated filer R 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 R

As of October 28, 2011, there were 66,455,808 shares of the registrant's common stock, par value $.01 per share, outstanding.

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PART I.
Item 1. Financial Statements
DICE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except per share data)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$69,506	$43,030
Investments	4,985	2,166
Accounts receivable, net of allowance for doubtful accounts of $1,571 and $1,308	16,761	16,921
Deferred income taxes—current	1,875	1,691
Income taxes receivable	—	3,019
Prepaid and other current assets	2,543	1,659
Total current assets	95,670	68,486
Fixed assets, net	7,649	5,674
Acquired intangible assets, net	59,128	66,500
Goodwill	176,870	176,406
Deferred financing costs, net of accumulated amortization of $535 and $189	1,072	1,418
Other assets	242	238
Total assets	$340,631	$318,722
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$14,553	$13,801
Deferred revenue	59,447	49,224
Current portion of acquisition related contingencies	14,296	10,144
Current portion of long-term debt	4,000	4,000
Income taxes payable	4,882	735
Total current liabilities	97,178	77,904
Long-term debt	12,000	37,000
Deferred income taxes—non-current	17,161	18,807
Accrual for unrecognized tax benefits	3,844	4,394
Acquisition related contingencies	—	1,226
Other long-term liabilities	1,157	1,164
Total liabilities	131,340	140,495
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 69,265 and 65,952 shares, respectively; outstanding: 66,394 and 64,876 shares, respectively	693	660
Additional paid-in capital	283,427	256,246
Accumulated other comprehensive loss	(11,419)	(12,035)
Accumulated deficit	(31,961)	(55,601)
Treasury stock, 2,871 and 1,076 shares, respectively	(31,449)	(11,043)
Total stockholders’ equity	209,291	178,227
Total liabilities and stockholders’ equity	$340,631	$318,722

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues	$46,804	$34,360	$131,774	$91,108
Operating expenses:				
Cost of revenues	3,333	2,685	9,616	6,973
Product development	2,602	1,993	7,470	4,615
Sales and marketing	14,898	11,278	44,646	32,487
General and administrative	6,073	5,431	17,827	14,607
Depreciation	1,250	1,003	3,414	3,082
Amortization of intangible assets	2,475	3,374	7,404	8,518
Change in acquisition related contingencies	1,174	(181)	3,156	(481)
Total operating expenses	31,805	25,583	93,533	69,801
Operating income	14,999	8,777	38,241	21,307
Interest expense	(333)	(712)	(1,119)	(2,807)
Deferred financing cost write-off	—	(1,388)	—	(1,388)
Interest income	37	27	92	88
Other income	—	—	— 216	216
Income before income taxes	14,703	6,704	37,214	17,416
Income tax expense	5,392	538	13,574	4,261
Net income	$9,311	$6,166	$23,640	$13,155
Basic earnings per share	$0.14	$0.10	$0.36	$0.21
Diluted earnings per share	$0.13	$0.09	$0.34	$0.20
Weighted-average basic shares outstanding	66,447	62,799	66,004	62,436
Weighted-average diluted shares outstanding	70,157	67,561	70,477	67,406

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2011	2010
Cash flows from operating activities:		
Net income	$23,640	$13,155
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	3,414	3,082
Amortization of intangible assets	7,404	8,518
Deferred income taxes	(1,845)	(2,321)
Amortization of deferred financing costs	346	562
Write-off of deferred financing costs	—	1,388
Share based compensation	3,386	2,693
Change in acquisition related contingencies	3,156	(481)
Change in accrual for unrecognized tax benefits	(550)	(1,502)
Changes in operating assets and liabilities:		
Accounts receivable	217	(104)
Prepaid expenses and other assets	(894)	(478)
Accounts payable and accrued expenses	(193)	3,184
Income taxes receivable/payable	7,229	(569)
Deferred revenue	10,188	7,940
Payments to reduce interest rate hedge agreements	—	(333)
Other, net	10	(82)
Net cash flows from operating activities	55,508	34,652
Cash flows from investing activities:		
Purchases of fixed assets	(5,319)	(3,414)
Purchases of investments	(4,988)	(2,442)
Maturities and sales of investments	2,150	3,111
Payments for acquisitions	—	(43,796)
Net cash flows from investing activities	(8,157)	(46,541)
Cash flows from financing activities:		
Payments on long-term debt	(25,000)	(62,300)
Proceeds from long-term debt	—	69,000
Proceeds from sale of common stock	11,943	—
Purchase of treasury stock related to option exercises	(11,943)	—
Payments under stock repurchase plan	(7,454)	—
Payment of acquisition related contingencies	(230)	—
Proceeds from stock option exercises	4,443	—
Excess tax benefit over book expense from stock options exercised	7,444	—
Financing costs paid	—	(1,450)
Other	(171)	825
Net cash flows from financing activities	(20,968)	6,075
Effect of exchange rate changes	93	(470)
Net change in cash and cash equivalents for the period	26,476	(6,284)
Cash and cash equivalents, beginning of period	43,030	44,925
Cash and cash equivalents, end of period	$69,506	$38,641

Non-cash investing and financing activities		
Contingent consideration to be paid in cash for acquisitions	$—	$10,510

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, 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, 2010 that are included in the Company’s Annual Report on Form 10-K. Operating results for the nine month period ended September 30, 2011 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, the disclosure of contingent assets and liabilities at the date of the condensed 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 nine month period ended September 30, 2011.

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. These standards enable companies to account for certain products and services (deliverables) separately rather than as a combined unit. The standards were adopted by the Company on January 1, 2011. Certain of the Company's arrangements include multiple deliverables, which consist of the ability to post jobs and to access a searchable database of candidates. A delivered item is considered a separate unit of accounting if it has value to the customer on a standalone basis. The Company's arrangements do not include a general right of return. 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 12 months. The separation of the package into two deliverables results in no change in revenue recognition since delivery of the two services occurs over the same time period. The impact of these standards on the Company's financial statements was not material, thus limited disclosures are included herein.

In May 2011, the FASB issued ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This guidance amends U.S. GAAP to conform with measurement and disclosure requirements in International Financial Reporting Standards (“IFRS”). The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements, and they include those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. In addition, to improve consistency in application across jurisdictions, some changes in wording are necessary to ensure that U.S. GAAP and IFRS fair value measurement and disclosure requirements are described in the same way. This amended guidance is to be applied prospectively and is effective for fiscal years beginning after December 15, 2011. The Company is evaluating the guidance and does not anticipate that adoption will have a material impact on the Company's Consolidated

Financial Statements.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income. This update modifies the options for disclosure of the components of net income and comprehensive income. Companies now have the choice of a continuous statement or a two-schedule statement, in which all of the components of net income and comprehensive income are disclosed. Under the new guidance, the adjustments from net income to other comprehensive income are to be disclosed on the face of the financial statements. This update is effective for fiscal years and interim periods beginning after December 15, 2011, with early adoption permitted. The FASB may defer a portion of the update. The Company is evaluating the update and does not

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anticipate that adoption will have a material impact on the Company's Consolidated Financial Statements.
In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment. Under the revised guidance, companies testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e. step 1 of the goodwill impairment test). If companies determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. This update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company is evaluating the revised guidance and does not anticipate that adoption will have a material impact on the Company's Consolidated Financial Statements.

3. ACQUISITIONS

WorldwideWorker- On May 6, 2010, the Company acquired the online and career-events business of WorldwideWorker.com (“WorldwideWorker”), a global leader in online recruitment for the energy industry. The purchase price consisted of initial consideration of $6.0 million in cash. Additional consideration of up to a maximum of $3.0 million in cash is payable upon the achievement of certain financial goals over the two year period ending December 31, 2011. The acquisition resulted in recording intangible assets of $4.9 million and goodwill of $4.9 million. During the nine months ended September 30, 2011, $230,000 was paid to the sellers for the achievement of financial goals related to the year ended December 31, 2010. A liability of $1.6 million was recorded as of September 30, 2011 for the estimated consideration remaining to be paid. The WorldwideWorker acquisition is not deemed significant to the Company’s financial results, thus limited disclosures are presented herein.
Rigzone- On August 11, 2010, the Company acquired all of the issued and outstanding shares of Rigzone.com, Inc. (“Rigzone”), a U.S. market leader in the oil and gas industry delivering online content, data, advertising and career services. The purchase extended the Company’s footprint in the energy vertical. The purchase price consisted of initial consideration of approximately $39.0 million in cash. In October 2011, additional consideration of $12.7 million was paid for the achievement of certain revenue goals through June 30, 2011, bringing the total purchase price to $51.7 million. A liability of $12.7 million was recorded as of September 30, 2011 for the estimated consideration remaining to be paid. The amount of the contingent payment was equal to five times the amount by which revenue (as defined in the agreement) for the year ended June 30, 2011 exceeded $8.2 million. As of the date of acquisition, the Company's best estimate of the contingent payment was $8.1 million.
The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The acquired accounts receivable of $1.4 million were recorded at fair value of $1.0 million. The fair value of the contingent consideration was determined using an expected present value technique. Expected cash flows were determined using the probability weighted-average of possible outcomes that would occur should certain financial metrics be reached. There was no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the future revenues of the businesses to estimate the fair value of these liabilities.

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The assets and liabilities recognized as of the acquisition date include (in thousands):

	As of Acquisition, August 11, 2010
Assets:	
Cash and cash equivalents	$1,152
Accounts receivable	1,000
Acquired intangible assets	24,606
Goodwill	30,206
Other assets	75
Assets acquired	57,039
Liabilities:	
Accounts payable and accrued expenses	$166
Deferred revenue	2,180
Deferred income taxes	7,843
Fair value of contingent consideration	8,050
Liabilities assumed	18,239
Net Assets Acquired	$38,800

Goodwill results from the expansion of the Company's market share in the energy vertical, from intangible assets that do not qualify for separate recognition, including an assembled workforce, and from expected synergies from combining operations of Rigzone into the existing DHI operations. Goodwill is not deductible for tax purposes.

Pro forma Information- The following pro forma condensed consolidated results of operations are presented as if the acquisitions of Rigzone and WorldwideWorker were completed as of January 1, 2010:

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Revenues	$35,305	$96,912
Net income	5,978	11,902

The pro forma financial information represents the combined historical operating results of the Company, Rigzone and WorldwideWorker with adjustments for purchase accounting and is not necessarily indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of the period presented. The pro forma adjustments include adjustments for interest on borrowings, amortization of acquired intangible assets, amortization of deferred financing costs and the related income tax impacts of such adjustments.

Rigzone and WorldwideWorker, both acquired in 2010, comprise the Company's Energy segment. The Condensed Consolidated Statements of Operations included revenue from the Energy segment of $4.1 million and $11.4 million for the three and nine month periods ended September 30, 2011, respectively, and operating losses of $1.8 million and $4.5 million for the three and nine month periods ended September 30, 2011, respectively. The operating losses are primarily attributable to amortization of intangible assets of $2.1 million and $6.0 million for the three and nine month periods ended September 30, 2011, respectively, and charges due to the increase in expected acquisition related contingent payments of $1.2 million and $3.2 million for the three and nine month periods ended September 30, 2011, respectively, for Rigzone and WorldwideWorker. During the nine month period ended September 30, 2010, the revenue and operating loss from the Energy segment was $1.7 million and $951,000, respectively.

4. FAIR VALUE MEASUREMENTS

The FASB ASC topic on Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value and requires certain 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, a three-tier fair value hierarchy is used, 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.
- 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 are valued using quoted prices in the market, and investments are valued using significant other observable inputs. 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 September 30, 2011 and December 31, 2010 was approximately $16.0 million and $41.0 million, respectively, based on an estimate of current rates for debt of the same remaining maturities.

The Company has obligations, to be paid in cash, related to its acquisitions if certain future operating and financial goals are met. See Note 3- Acquisitions. 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 financial performance of the businesses to estimate the fair value of these liabilities. The liabilities for the contingent consideration were established at the time of acquisition and are evaluated at each reporting period. During the nine month period ended September 30, 2011, the liability for acquisitions with contingent consideration increased by approximately $2.9 million, which consisted of a $3.2 million increase in the estimated contingency payments offset by a $230,000 payment for WorldwideWorker made during the period. The increase in the liability resulted in an expense, which is included in Change in Acquisition Related Contingencies on the Condensed Consolidated Statements of Operations. The liability increased primarily due to the sales performance to date and expectations of future sales being higher than the prior assumptions for these businesses. These liabilities are included on the Condensed Consolidated Balance Sheets in the Current Portion of Acquisition Related Contingencies.

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

	As of September 30, 2011 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	$25,674	$—	$—	$25,674
Investments	—	4,985	—	4,985
Contingent consideration to be paid in cash for the acquisitions	—	—	14,296	14,296

	As of December 31, 2010 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	$19,370	$—	$—	$19,370

Investments	2,166	—	—	2,166
Contingent consideration to be paid in cash for the acquisitions	—	—	11,370	11,370

Reconciliations of liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) are as follows (in thousands):

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Contingent consideration for acquisitions				
Balance at beginning of period	$13,122	$3,023	$11,370	$863
Additions for acquisitions	—	8,050	—	10,510
Cash payments	—	(50)	(230)	(50)
Change in estimates included in earnings	1,174	(181)	3,156	(481)
Balance at end of period	$14,296	$10,842	$14,296	$10,842

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 resulted in no impairment. The impairment test for goodwill from the 2006 eFinancialCareers acquisition, the 2009 AllHealthcareJobs acquisition and the 2010 WorldwideWorker and Rigzone acquisitions are 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 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. No impairment was indicated during the 2010 impairment tests or during the nine months ended September 30, 2011. The WorldwideWorker reporting unit's fair value exceeded its carrying value by approximately 7%. Although impairment is not present at the current time, a deterioration in its future operating results and cash flows may indicate impairment in future periods. The operating loss during the nine months ended September 30, 2011 in the Energy segment is primarily attributable to amortization of intangible assets and the provision for the increase in acquisition related contingent payments; therefore the loss does not indicate potential impairment. The fair value at each of the other reporting units exceeded its carrying value by significant margins.

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 impairment test is performed annually as of August 31 and resulted in no impairment. 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.

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5. INVESTMENTS

DHI's investments are stated at fair value. These investments are available-for-sale. The following tables summarize the Company's investments (in thousands):

	As of September 30, 2011			
	Maturity	Gross Amortized Cost	Gross Unrealized Gain (Loss)	Estimated Fair Value
U.S. Government and agencies	Within one year	$512	$—	$512
U.S. Government and agencies	1 to 5 years	1,771	(1)	1,770
Certificates of deposit	Within one year	1,239	1	1,240
Certificates of deposit	1 to 5 years	1,463	—	1,463
Total		$4,985	$—	$4,985

	As of December 31, 2010			
	Maturity	Gross Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
U.S. Government and agencies	Within one year	$2,165	$1	$2,166
Total		$2,165	$1	$2,166

6. ACQUIRED INTANGIBLE ASSETS, NET

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

	As of September 30, 2011				
	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	$18,000	$(13,904)	$(61)	$4,035	3.8 years
Trademarks and brand names—Dice	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	16,790	(8,118)	(496)	8,176	5.1 years
Customer lists	41,513	(37,160)	(720)	3,633	4.6 years
Candidate database	28,241	(23,911)	(46)	4,284	3.0 years
Order backlog	594	(594)	—	—	0.5 years
Acquired intangible assets, net	$144,138	$(83,687)	$(1,323)	$59,128	

	As of December 31, 2010						
	Cost	Acquisition of Worldwide Worker and Rigzone	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	$12,420	$5,580	$18,000	$(12,927)	$(61)	$5,012	3.9 years
Trademarks and brand names—Dice	39,000	—	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	7,270	9,520	16,790	(6,102)	(524)	10,164	6.0 years

Customer lists	36,943	4,570	41,513	(36,337)	(724)	4,452	4.6 years
Candidate database	18,982	9,259	28,241	(20,443)	(46)	7,752	3.0 years
Order backlog	17	577	594	(474)	—	120	0.5 years
Acquired intangible assets, net	$114,632	$29,506	$144,138	$(76,283)	$(1,355)	$66,500	

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Based on the carrying value of the acquired finite-lived intangible assets recorded as of September 30, 2011, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

October 1, 2011 through December 31, 2011	$2,657
2012	5,474
2013	3,167
2014	2,850
2015	2,016
2016 and thereafter	3,964

7. INDEBTEDNESS

Credit Agreement- In July 2010, the Company entered into a Credit Agreement (the "Credit Agreement"), which provides for a revolving facility of $70.0 million and a term facility of $20.0 million, with each facility maturing in January 2014. Borrowings of $30.0 million were made on July 29, 2010, including $20.0 million on the term facility and $10.0 million on the revolving facility, which were used to pay the full amount outstanding on the Amended and Restated Credit Facility (as defined below), terminating that facility. A portion of the proceeds were also used to pay certain costs associated with the Credit Agreement.

Borrowings under the Credit Agreement bear interest at the Company's option, at a LIBOR rate, Eurocurrency rate, or base rate plus a margin. The margin ranges from 2.75% to 3.50% on LIBOR and Eurocurrency loans and 1.75% to 2.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. Quarterly payments of $1.0 million of principal are required on the term loan facility, which commenced on December 31, 2010. The revolving loans and term loan may be prepaid at any time without penalty, although payments of principal on the term loan facility result in permanent reductions to that facility.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio, consolidated fixed charge coverage ratio and a minimum liquidity requirement. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of September 30, 2011, the Company was in compliance with all of the financial and other covenants under our Credit Agreement.

The obligations under the Credit Agreement are guaranteed by two of the Company's wholly-owned subsidiaries, JobsintheMoney.com, Inc. and Targeted Job Fairs, Inc., and secured by substantially all of the assets of the Company and the guarantors and stock pledges from certain of the Company's foreign subsidiaries.

Debt issuance costs of approximately $1.6 million were incurred and are being amortized over the life of the loan. These costs are included in interest expense.

Additional borrowings of $36.0 million were made during August 2010 for the purchase of Rigzone. Repayments of $25.0 million on the revolving facility were made during the year ended December 31, 2010. Repayments during the three and nine months ended September 30, 2011 totaled $1.0 million and $25.0 million, respectively, reducing the balance outstanding at September 30, 2011 to $16.0 million. As of September 30, 2011, the revolving credit facility was undrawn.

Amended and Restated Financing Agreement- In March 2007, the Company entered into an Amended and Restated Financing Agreement (the "Amended and Restated Credit Facility"), which provided 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 bore 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 were required on the term loan facility. Payments of principal on the term loan facility resulted in permanent reductions to that facility. The borrowing capacity of the revolving credit facility was reduced by reserves against our interest rate swaps, which were determined by the swap counterparty. The Amended and Restated Credit Facility contained certain financial and other covenants. In May 2010, the Amended and Restated Credit Facility was amended to allow for the purchase of WorldwideWorker and to reduce the revolving credit facility from $75.0 million to $65.0 million. On July 29, 2010, the Company used $29.6 million of the proceeds from the Credit Agreement to repay in full all outstanding indebtedness, including interest and fees, under the Amended and Restated Credit Facility.

The amounts borrowed under and terms of the Credit Agreement are as follows (dollars in thousands):

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	September 30, 2011	December 31, 2010
Amounts Borrowed:		
LIBOR rate loans	$16,000	$41,000
Total borrowed	$16,000	$41,000
Term loan facility	$16,000	$19,000
Revolving credit facility	—	22,000
Total borrowed	$16,000	$41,000
Maximum available to be borrowed under revolving facility	$70,000	$48,000
Interest rates:		
LIBOR option:		
Interest margin	2.75 %	3.00 %
Actual interest rates	2.99 %	3.26 %

Future maturities as of September 30, 2011 are as follows (in thousands):

October 1, 2011 through December 31, 2011	$1,000
2012	4,000
2013	4,000
2014	7,000
Total minimum payments	$16,000

Interest rate swaps are used by the Company for the purpose of interest rate risk management. The fair value of the swap agreement in place is reflected as an interest rate hedge liability on the Condensed Consolidated Balance Sheets. During the second quarter of 2010, a payment of $333,000 was made to terminate the swap agreement in place. There are no swap agreements outstanding following this payment. The change in the fair value of the swap agreement is included in Other Expense in the Condensed Consolidated Statements of Operations.

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 September 30, 2011 are as follows (in thousands):

October 1, 2011 through December 31, 2011	$457
2012	1,604
2013	1,198
2014	1,133
2015	1,139
2016 and thereafter	4,975
Total minimum payments	$10,506

Rent expense was $470,000 and $1.3 million for the three and nine month periods ended September 30, 2011, respectively, and $379,000 and $1.1 million for the three and nine month periods ended September 30, 2010, respectively, and is included in General and Administrative expense on the Condensed Consolidated Statements of Operations.

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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 effect on the Company’s financial condition, operations or liquidity.

Tax Contingencies

The Company operates in a number of tax jurisdictions and is subject to audits and reviews by various taxation authorities with respect to income, payroll, sales and use and other taxes and remittances. The Company may become subject to future tax assessments by various authorities for current or prior periods. The determination of the Company's worldwide provision for taxes requires judgment and estimation. There are many transactions and calculations where the ultimate tax determination is uncertain. The Company has recorded certain provisions for our tax estimates which we believe are reasonable.

9. EQUITY TRANSACTIONS

On February 22, 2011, the Company completed a secondary offering of its common stock. The Company sold 868,524 shares of its common stock and selling stockholders sold an additional 7,181,476 shares of common stock at a price of $14.25 per share less underwriting commissions. The proceeds, net of underwriting commissions, received by the Company were $11.9 million. The Company used the proceeds to purchase shares of the Company's common stock from certain members of the Company's management and board of directors. The purchase of these shares resulted in treasury stock being held by the Company. The Company is currently holding the shares in a treasury stock account. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

On May 13, 2011, certain stockholders completed a sale of 8,000,000 shares of common stock. No shares were sold by the Company, and the Company did not receive any proceeds from the sale of shares by the selling stockholders.

On August 15, 2011, the Company's Board of Directors approved a stock repurchase program that permits the Company to repurchase up to $30 million of its common stock over a 1 year period (the "Stock Repurchase Plan"). During the period commencing with authorization by the Board of Directors through September 30, 2011, the Company purchased 915,583 shares of its common stock on the open market under the Stock Repurchase Plan. These shares were purchased at an average cost of $9.06 per share, for a total of approximately $8.3 million. Approximately $838,000 of share repurchases had not settled as of September 30, 2011, and this amount is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2011.

10. COMPREHENSIVE INCOME

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$9,311	$6,166	$23,640	$13,155
Foreign currency translation adjustment	(2,163)	4,037	617	(839)
Unrealized gains (losses) on investments, net of tax of $0, $0, $0 and $(2)	—	(1)	(1)	(3)
Total other comprehensive income (loss)	(2,163)	4,036	616	(842)
Comprehensive income	$7,148	$10,202	$24,256	$12,313

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

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	September 30, 2011	December 31, 2010
Foreign currency translation adjustment, net of tax of $1,336 and $1,336	$(11,419)	$(12,036)
Unrealized gains on investments, net of tax of $0 and $0	—	1
Total accumulated other comprehensive loss, net	$(11,419)	$(12,035)

11. 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 $1.2 million and $3.4 million during the three and nine month periods ended September 30, 2011, respectively, and $895,000 and $2.7 million during the three and nine month periods ended September 30, 2010, respectively. At September 30, 2011, there was $11.3 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 1.7 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.

Grant Date		Number of shares issued		Awarded to	Fair value of common stock	Vesting Period
March 3, 2011	414,500	414,500	14.50	Management	$14.50	4 years
April 14, 2011	8,000	8,000	15.94	Management	$15.94	4 years
April 14, 2011	15,000	15,000	15.94	Board members	$15.94	1 year
July 20, 2011		14,000		Management	$12.65	4 years

A summary of the status of restricted stock awards as of September 30, 2011 and 2010, and the changes during the periods then ended is presented below:

	Three Months Ended September 30, 2011		Three Months Ended September 30, 2010	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	523,500	$13.16	144,000	$6.58
Granted- Restricted Stock	14,000	$12.65	—	—
Forfeited during the period	(13,250)	$14.50	(4,000)	$6.08
Non-vested at end of period	524,250	$13.12	140,000	$6.59

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	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
	Shares		Weighted-Average Fair Value at Grant Date	Shares		Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	140,000		$6.59	45,000		$4.15
Granted- Restricted Stock	451,500		$14.52	144,000		$6.58
Forfeited during the period	(14,250	)	$14.50	(4,000	)	$6.08
Vested during the period	(53,000	)	$7.42	(45,000	)	$4.15
Non-vested at end of period	524,250		$13.12	140,000		$6.59

Stock Options- 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 implied 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. There were no options granted during the three months ended September 30, 2011 or 2010.

	Nine Months Ended September 30,			
	2011		2010	
The weighted average fair value of options granted	$6.34		$2.58	
Dividend yield	—	%	—	%
Weighted average risk free interest rate	2.16	%	1.46	%
Weighted average expected volatility	49.92	%	48.96	%
Expected life (in years)	4.6		4.6	

During the nine month period ended September 30, 2011, 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
March 3, 2011	291,000	$14.50	$14.50	$—

A summary of the status of options granted as of September 30, 2011, and 2010, and the changes during the periods then ended is presented below:

	Three Months Ended September 30, 2011			Three Months Ended September 30, 2010		
	Options		Weighted-Average Exercise Price	Options		Weighted-Average Exercise Price
Options outstanding at beginning of period	9,271,767		$4.10	12,681,479		$3.24
Exercised	(302,790	)	$1.09	(20,632	)	$4.91
Forfeited	(56,938	)	$9.54	(127,541	)	$5.06
Options outstanding at end of period	8,912,039		$4.17	12,533,306		$3.22

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	Nine Months Ended September 30, 2011		Nine Months Ended September 30, 2010	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Options outstanding at beginning of period	10,763,097	$3.57	11,451,740	$2.82
Granted	291,000	$14.50	1,535,800	$6.13
Exercised	(2,007,618)	$2.21	(304,880)	$2.27
Forfeited	(134,440)	$7.59	(149,354)	$4.96
Options outstanding at end of period	8,912,039	$4.17	12,533,306	$3.22
Exercisable at end of period	6,739,703	$3.38	9,098,367	$2.45

The weighted-average remaining contractual term of options exercisable at September 30, 2011 is 4.2 years. The following table summarizes information about options outstanding as of September 30, 2011:

	Options Outstanding		Options Exercisable
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
$ 0.20 - $ 0.99	1,633,772	3.9	1,633,772
$ 1.00 - $ 3.99	2,854,655	4.1	2,257,123
$ 4.00 - $ 5.99	610,948	5.1	579,104
$ 6.00 - $ 8.99	3,367,626	4.6	2,240,354
$ 9.00 - $ 14.50	445,038	6.3	29,350
	8,912,039		6,739,703

12. SEGMENT INFORMATION

The Company changed its reportable segments during the year ended December 31, 2010, following the acquisition of Rigzone, to reflect the current operating structure. Accordingly, all prior period amounts have been recast to reflect the current segment presentation.

The Company has three reportable segments: Tech & Clearance, Finance, and Energy. The Tech & Clearance reportable segment includes the Dice.com and ClearanceJobs.com businesses. The Finance reportable segment includes the eFinancialCareers business worldwide, including both the operating segments of North America and International. The Energy reportable segment includes the WorldwideWorker and Rigzone operating segments, which were acquired in May 2010 and August 2010, respectively. Management has organized its reportable segments based upon the industry verticals served. Each of the reportable segments generates revenue from sales of recruitment packages and related services. In addition to these 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, AllHealthcareJobs, and JobsintheMoney.com (shut down in June 2010), and are reported in the "Other" category. The Company's foreign operations are comprised of a portion of the eFinancialCareers business, which operates in Europe, Middle East and Asia Pacific. Additionally, Rigzone and WorldwideWorker serve certain of the major energy regions in the world.

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The following table shows the segment information (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
By Segment:				
Revenues:				
Tech & Clearance	$29,982	$23,000	$83,925	$63,434
Finance	11,738	9,115	33,840	24,059
Energy	4,076	1,537	11,377	1,715
Other	1,008	708	2,632	1,900
Total revenues	$46,804	$34,360	$131,774	$91,108
Depreciation:				
Tech & Clearance	$1,036	$842	$2,787	$2,666
Finance	136	112	391	330
Energy	19	17	78	20
Other	59	32	158	66
Total depreciation	$1,250	$1,003	$3,414	$3,082
Amortization:				
Tech & Clearance	$—	$810	$—	$3,240
Finance	243	846	731	2,516
Energy	2,125	1,416	6,000	1,737
Other	107	302	673	1,025
Total amortization	$2,475	$3,374	$7,404	$8,518

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating income (loss):				
Tech & Clearance	$12,605	$7,317	$31,594	$17,723
Finance	4,743	2,645	13,234	6,029
Energy	(1,781)	(610)	(4,521)	(951)
Other	(568)	(575)	(2,066)	(1,494)
Operating income	14,999	8,777	38,241	21,307
Interest expense	(333)	(712)	(1,119)	(2,807)
Deferred financing cost write-off	—	(1,388)	—	(1,388)
Interest income	37	27	92	88
Other income	—	—	—	216
Income before income taxes	$14,703	$6,704	$37,214	$17,416
Capital expenditures:				
Tech & Clearance	$1,742	$525	$4,830	$1,940
Finance	71	170	299	454
Energy	4	49	55	49
Other	23	189	157	286

Total capital expenditures	$1,840	$933	$5,341	$2,729
By Geography:				
Revenues:				
U.S.	$35,568	$26,174	$99,928	$69,884
Non- U.S.	11,236	8,186	31,846	21,224
Total revenues	$46,804	$34,360	$131,774	$91,108

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	September 30, 2011	December 31, 2010
Total assets:		
Tech & Clearance	$174,332	$157,386
Finance	103,557	92,956
Energy	58,403	63,349
Other	4,339	5,031
Total assets	$340,631	$318,722

The following table shows the carrying amount of goodwill by reportable segment as of December 31, 2010 and September 30, 2011 and the changes in goodwill for the nine month period ended September 30, 2011 (in thousands):

	Tech & Clearance	Finance	Energy	Other	Total
Balance, December 31, 2010	$84,778	$53,213	$35,104	$3,311	$176,406
Foreign currency translation adjustment	—	464	—	—	464
Goodwill at September 30, 2011	$84,778	$53,677	$35,104	$3,311	$176,870

13. 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, where dilutive. Options to purchase 352,000 and 277,000 shares were outstanding during the three and nine month periods ended September 30, 2011, respectively, and options to purchase 201,000 and 187,000 shares were outstanding during the three and nine month periods ended September 30, 2010, respectively. These options 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 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Income from continuing operations—basic and diluted	$9,311	$6,166	$23,640	$13,155
Weighted-average shares outstanding—basic	66,447	62,799	66,004	62,436
Add shares issuable upon exercise of stock options	3,710	4,762	4,473	4,970
Weighted-average shares outstanding—diluted	70,157	67,561	70,477	67,406
Basic earnings per share	$0.14	$0.10	$0.36	$0.21
Diluted earnings per share [1]	$0.13	$0.09	$0.34	$0.20

[1] Due to rounding, the sum of the quarters may not equal the year to date amount.

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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, cyclicality or downturns in the economy or industries we serve, and 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, 2010, 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. Our reports filed with the SEC are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, by calling 1-800-SEC-0330, or by visiting http://www.sec.gov.

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.

Through our predecessors, we have been in the recruiting and career development business for 21 years. Based on our operating structure, we have identified three reportable segments under the Segment Reporting topic of the FASB ASC. Our reportable segments include Tech & Clearance (which includes Dice.com and ClearanceJobs.com), Finance (which includes eFinancialCareers’ global business), and Energy (which includes WorldwideWorker and Rigzone, both acquired in 2010). Targeted Job Fairs, JobsintheMoney.com (shut down in June 2010) and AllHealthcareJobs (acquired in June 2009) do not meet certain quantitative thresholds, and therefore are reported in the aggregate in the Other segment.

Recent Developments

In August 2011, our Board of Directors authorized the purchase of up to $30 million of our common stock over a 1 year period. During the period commencing with authorization by the Board of Directors through September 30, 2011, the Company purchased 915,583 shares of our common stock on the open market at an average cost of $9.06 per share, for a total of approximately $8.3 million.

In October 2011, we paid the $12.7 million earn-out payment due under the Rigzone acquisition agreement.

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

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individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. Our Tech & Clearance segment sells recruitment packages that include both access to our databases of resumes and job posting capabilities. Our Finance and Energy segments sell job postings and access to our resume databases either as part of a package or individually. We believe the key metrics that are material to an analysis of our businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. At September 30, 2011, Dice.com had approximately 8,250 total recruitment package customers, and our other websites collectively served approximately 4,000 customers, including some customers who are also customers of Dice.com, as of the same date. Deferred revenue is a 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 $59.4 million and $49.2 million at September 30, 2011 and December 31, 2010, respectively.

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.

Other material factors that may affect our results of operations include our ability to attract qualified professionals that become engaged with 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 positively on our results of operations. If we are unable to continue to attract qualified professionals to engage with our websites, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, we need to ensure that our websites remain relevant in order to attract qualified professionals to our websites and to engage them in high-valued tasks such as posting resumes and/or applying to jobs.

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 statement of operations based on each employee’s principal function. Marketing expenditures primarily consist of online advertising and direct mailing programs.

Critical Accounting Policies

This discussion of our financial condition and results of operations is based upon our condensed 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 condensed consolidated financial statements.

Revenue Recognition

We recognize revenues when persuasive evidence of an agreement exists, delivery of service 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 a combination of job postings and access to a searchable database of candidates on Dice.com, Clearancejobs.com, eFinancialCareers.com, Rigzone.com, WorldwideWorker.com and AllHealthcareJobs.com. Certain of our arrangements include multiple deliverables, which consist of the ability to post jobs and access to a searchable database of candidates. We determine the units of accounting for multiple element arrangements in accordance with the Multiple-Deliverable Revenue Arrangements subtopic of the FASB ASC. Specifically, we consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis. Our arrangements do not include a general right of return. 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 12 months. The separation of the package into two deliverables results in no change in revenue

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recognition since delivery of the two services occurs over the same time period. 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, AllHealthcareJobs in 2009 and WorldwideWorker and Rigzone in 2010. FASB ASC topic on Business Combinations requires acquired businesses 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 flow 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, 2011 resulted in no impairment. The

goodwill at the eFinancialCareers’ international business and eFinancialCareers’ North American 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 goodwill at WorldwideWorker and Rigzone are the result of these acquisitions during 2010. The annual test of impairment of goodwill from the eFinancialGroup, AllHealthcareJobs, WorldwideWorker, and Rigzone 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, 2010 resulted in no impairment. The WorldwideWorker reporting unit's fair value exceeded its carrying value by approximately 7%. Although impairment is not present at the current time, a deterioration in WorldwideWorker's future operating results and cash flows may indicate impairment in future periods. The operating loss during 2011 in the Energy segment is primarily attributable to amortization of intangible assets and the increase in expected acquisition related contingent payments; therefore, the loss does not indicate potential impairment. The fair value at each of the other reporting units exceeded its carrying value by significant margins. No impairment was indicated during the nine months ended September 30, 2011.

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 indicated as of August 31, 2011.

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.

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Stock and Stock Based Compensation

We have granted stock options and restricted stock 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 ASC.

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.

Results of Operations

Three Months Ended September 30, 2011 Compared to the Three Months Ended September 30, 2010

Revenues

	Three Months Ended September 30,		Increase	Percent Change	
	2011	2010			
	(in thousands, except percentages)				
Tech & Clearance	$29,982	$23,000	$6,982	30.4	%
Finance	11,738	9,115	2,623	28.8	%
Energy	4,076	1,537	2,539	165.2	%
Other	1,008	708	300	42.4	%
Total revenues	$46,804	$34,360	$12,444	36.2	%

Our revenues were $46.8 million for the three month period ended September 30, 2011 compared to $34.4 million for the same period in 2010, an increase of $12.4 million, or 36.2%.

We experienced an increase in the Tech & Clearance segment of $7.0 million, or 30.4%. The increase in revenues was the result of increased recruitment activity which impacted customer usage of Dice.com and ClearanceJobs.com. Our recruitment package customers increased from approximately 7,050 at September 30, 2010 to approximately 8,250 at September 30, 2011. Average monthly revenue per recruitment package customer increased from the three month period ended September 30, 2010 to the three month period ended September 30, 2011 by approximately 12%. In the current quarter, we improved customer yield on annual contracts at Dice.com leading to record revenue per customer. Revenues increased at ClearanceJobs by $470,000 for the three month period ended September 30, 2011 as compared to the same period in 2010, an increase of 25.7%. ClearanceJobs has continued to increase its customers served.

The Finance segment experienced revenue growth of $2.6 million, or 28.8%. The increase was the result of an increase in recruitment activity in all of the markets this segment serves. Currency impact for the three month period ending September 30, 2011 was an increase of $393,000. In originating currency, revenue increased 37% in Continental Europe, 27% in the Asia Pacific region, 19% in the UK, and 4% in North America.

Revenues for the Energy segment totaled $4.1 million for the three month period ended September 30, 2011, an increase of $2.5 million from the comparable 2010 period. Of the $2.5 million, $1.6 million of the increase is a result of customer growth and increased usage of our sites, with the remainder due to Rigzone being included for the full quarter. In the three months ended September 30, 2011, approximately $2.1 million of the increase was attributable to Rigzone and $483,000 of the increase was attributable to WorldwideWorker.

Revenues from the Other segment, which consists of Targeted Job Fairs and AllHealthcareJobs, increased by $300,000 or 42.4%. The increase was primarily the result of $199,000 of revenue growth at AllHealthcareJobs. Targeted Job Fairs experienced $104,000 of revenue growth due to conducting higher revenue-generating job fairs.

Cost of Revenues

	Three Months Ended September 30,		Increase	Percent Change
	2011	2010		
	(in thousands, except percentages)			

Cost of revenues	$3,333	$2,685	$648	24.1 %
Percentage of revenues	7.1 %	7.8 %		

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Our cost of revenues for the three month period ended September 30, 2011 were $3.3 million compared to $2.7 million for the same period in 2010, an increase of $648,000, or 24.1%. The increase in cost of revenues was primarily the result of increases at the Tech & Clearance segment of $470,000 and the Energy segment of $283,000. The increase at the Tech & Clearance segment was primarily due to an increase in software subscription and maintenance costs needed to maintain our websites. Additionally, there was an increase in costs as a result of increasing the number of network services personnel we employ and consulting services used, due to higher levels of activity on our websites during the current period. Of the $283,000 increase at the Energy segment, $117,000 is a result of Rigzone being included for the full quarter, with the remainder primarily due to the cost of recruitment events we operate at energy industry conferences.

Product Development Expenses

	Three Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
Product Development	$2,602	$1,993	$609	30.6 %
Percentage of revenues	5.6 %	5.8 %		

Product development expenses for the three month period ended September 30, 2011 were $2.6 million compared to $2.0 million for the same period in 2010, an increase of $609,000 or 30.6%. The increase was driven by additional salaries and related costs in the systems and new product development areas, as we continue to increase website security and related products across all brands. The Finance segment contributed $319,000 of the increase, the Energy segment contributed $236,000 and the Other segment contributed $263,000 of the increase due to developmental activities on AllHealthcareJobs. The Tech & Clearance segment experienced a $208,000 decrease in product development due to the timing of work on security related projects. Of the $236,000 increase at the Energy segment, $77,000 is a result of Rigzone being included for the full quarter, with the remainder due to an increase in employee-related costs as we continue to grow our investment in systems and new product development areas.

Sales and Marketing Expenses

	Three Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
Sales and Marketing	$14,898	$11,278	$3,620	32.1 %
Percentage of revenues	31.8 %	32.8 %		

Sales and marketing expenses for the three month period ended September 30, 2011 were $14.9 million compared to $11.3 million for the same period in 2010, an increase of $3.6 million or 32.1%. The primary driver of the increase was increased marketing spending to attract customers and professionals to our services. Additionally, the Company increased sales which led to higher compensation expense during the current year period. Compensation includes commissions, bonuses and other performance-related compensation for the sales force.

For the Tech & Clearance segment, sales and marketing expenses increased $1.9 million during the three month period ended September 30, 2011 from the same period in 2010. Advertising and other marketing costs for the Tech & Clearance segment were $5.0 million for the three month period ended September 30, 2011, an increase of $1.5 million compared to the same period in 2010. The increase was due partially to our online advertising spending, direct mail and email campaigns. We drive job seekers to our sites either through marketing or by improving product features and functionality. During the three months ended September 30, 2011, we increased our marketing spend primarily to promote interaction between job seekers and our websites. Due to growth in sales, the Tech & Clearance segment experienced increases in credit card processing fees and in salaries and related expense of $372,000 due to employing more sales and marketing personnel.

The Finance segment increased overall sales and marketing expense by $713,000 to $3.9 million for the three months ended September 30, 2011. The increase in the Finance segment related to marketing spending was $519,000, primarily attributable to increased seeker and customer activity. We have increased our marketing spend to attract both customers and job seekers in all regions we serve. An increase in the sales force resulted in increased costs related to sales incentive compensation and salary related expense.

The Energy segment incurred $1.2 million in sales and marketing expenses during the three months ended September 30,

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2011, an increase of $925,000 compared to the same period the prior year. An increase in costs for sales staff and incentive compensation resulting from sales growth, as well as increased spending on advertising to customers and job seekers contributed to the increase in the Energy segment.

The Other segment increased by $123,000 from the three months ended September 30, 2010 to the same period in 2011. The increase was primarily driven by the AllHealthcareJobs business, as marketing activities have been accelerated to drive customer growth.

General and Administrative Expenses

	Three Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
General and administrative	$6,073	$5,431	$642	11.8 %
Percentage of revenues	13.0 %	15.8 %		

General and administrative expenses for the three month period ended September 30, 2011 were $6.1 million compared to $5.4 million for the same period in 2010, an increase of $642,000 or 11.8%.

The Tech & Clearance segment realized an increase in general and administrative expenses of $266,000 in the three month period ended September 30, 2011 as compared to the same period in the prior year. There was an increase in stock-based compensation expense of $341,000 related to the annual grant of equity awards made in the first quarter of 2011, partially offset by a decrease of $75,000 in incentive compensation.

General and administrative expense for the Finance segment increased $275,000 in the period ended September 30, 2011, as compared to the same period in 2010. The increase was related to increases in employee-related and recruitment costs.

The Energy segment increased by $117,000, of which $84,000 is a result of Rigzone being included for the full quarter, with the remainder of the increase related to management compensation and office rent.

Depreciation

	Three Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
Depreciation	$1,250	$1,003	$247	24.6 %
Percentage of revenues	2.7 %	2.9 %		

Depreciation expense for the three month period ended September 30, 2011 was $1.3 million compared to $1.0 million for the same period of 2010, an increase of $247,000 or 24.6%. The increase is related to increased depreciation on assets purchased for a data center conversion that occurred in the third quarter of 2011.

Amortization of Intangible Assets

	Three Months Ended September 30, 2011	2010	Decrease	Percent Change
	(in thousands, except percentages)			
Amortization	$2,475	$3,374	$(899)	(26.6)%
Percentage of revenues	5.3 %	9.8 %		

Amortization expense for the three month period ended September 30, 2011 was $2.5 million compared to $3.4 million for the same period in 2010, a decrease of $899,000 or 26.6%. Amortization expense for the three month period ended September 30, 2011 included a decrease of $1.6 million related to certain intangible assets from the Dice, eFinancialCareers, and AllHealthcareJobs acquisitions becoming fully amortized, partially offset by an increase of $709,000 related to the Rigzone and WorldwideWorker acquisitions, including $248,000 of additional amortization due to reducing the life of certain WorldwideWorker intangible assets.

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Change in Acquisition Related Contingencies

The change in acquisition related contingencies for the three month period ended September 30, 2011 was an expense of $1.2 million. The contingent liability related to the Rigzone acquisition increased by $994,000, due to the finalization of the contingency agreement with the seller. Payment of the $12.7 million Rigzone contingency was made in October 2011. The remainder of the increase was due to increased sales performance and future sales expectations related to the WorldwideWorker business.

Operating Income

Operating income for the three month period ended September 30, 2011 was $15.0 million compared to $8.8 million for the same period in 2010, an increase of $6.2 million or 70.9%. The increase was primarily the result of the increase in revenues from all segments, the addition of the Rigzone business, and lower amortization expense. This was partially offset by higher operating costs in all areas of the business, most notably sales and marketing, and from the Energy segment.

Interest Expense

	Three Months Ended September 30,		Decrease	Percent Change
	2011	2010		
	(in thousands, except percentages)			
Interest expense	$333	$712	$(379)	(53.2)%
Percentage of revenues	0.7%	2.1%		

Interest expense for the three month period ended September 30, 2011 was $333,000 compared to $712,000 for the same period in 2010, a decrease of $379,000 or 53.2%. The decrease in interest expense was due to lower borrowings outstanding during the three month period ended September 30, 2011, on average, as compared to the same period in 2010 due to payments made on our long-term debt facilities.

Income Taxes

	Three Months Ended September 30,	
	2011	2010
	(in thousands, except percentages)	
Income before income taxes	$14,703	$6,704
Income tax expense	5,392	538
Effective tax rate	36.7%	8.0%

The effective income tax rate for the three month period ended September 30, 2011 was 36.7% compared to 8.0% for the same period in 2010. Tax expense in the current period included increases in state income tax liabilities and permanent differences for acquisition-related contingencies. The current period also contained a $656,000 decrease in the accrual for unrecognized tax benefits related to various tax positions, compared to a $1.5 million decrease in the accrual in the prior year period. The tax benefit occurred because the prior year period contained a benefit related to the settlement of a federal tax examination, as well as the expiration of the statute of limitations in both periods.

Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010

Revenues

	Nine Months Ended September 30,		Increase	Percent Change
	2011	2010		
	(in thousands, except percentages)			
Tech & Clearance	$83,925	$63,434	$20,491	32.3%
Finance	33,840	24,059	9,781	40.7%
Energy	11,377	1,715	9,662	n.m.
Other	2,632	1,900	732	38.5%
Total revenues	$131,774	$91,108	$40,666	44.6%

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Our revenues were $131.8 million for the nine month period ended September 30, 2011 compared to $91.1 million for the same period in 2010, an increase of $40.7 million, or 44.6%.

We experienced an increase in the Tech & Clearance segment of $20.5 million, or 32.3%. The increase in revenues was the result of increased recruitment activity which impacted customer usage of our primary services. Our recruitment package customers increased from approximately 7,050 at September 30, 2010 to approximately 8,250 at September 30, 2011. Average monthly revenue per recruitment package customer increased from the nine month period ended September 30, 2010 to the nine month period ended September 30, 2011 by approximately 11%. During the nine months ended September 30, 2011, we improved customer yield on annual contracts at Dice.com, leading to record revenue per customer. Revenues increased at ClearanceJobs by $1.4 million for the nine month period ended September 30, 2011 as compared to the same period in 2010, an increase of 27.6%. ClearanceJobs has continued to increase its customers served.

The Finance segment experienced revenue growth of $9.8 million, or 40.7%. The increase was the result of an increase in recruitment activity in all of the markets this segment serves. Currency impact for the nine month period ended September 30, 2011 was an increase of $1.5 million. In originating currency, revenue increased 43% in the Asia Pacific region, 35% in Continental Europe, 28% in the UK, and 29% in North America.

Revenues for the Energy segment totaled $11.4 million for the nine month period ended September 30, 2011, an increase of $9.7 million from the comparable 2010 period. Of the $9.7 million, $3.9 million of the increase is a result of customer growth and increased usage of our sites, with the remainder due to owning Rigzone and WorldwideWorker for the full nine months in the current period. In the nine month period ended September 30, 2011, approximately $9.0 million of the Energy segment revenue was related to the Rigzone business and $2.4 million to WorldwideWorker.

Revenues from the Other segment, which consists of Targeted Job Fairs, AllHealthcareJobs and JobsintheMoney.com (shut down in June 2010), increased by $732,000 or 38.5%. This increase was primarily the result of $511,000 of revenue growth at AllHealthcareJobs. Targeted Job Fairs experienced $270,000 of revenue growth due to conducting higher revenue- generating job fairs. These increases were partially offset by a decline in JobsintheMoney.com revenues due to the site being shut down in June 2010.

Cost of Revenues

	Nine Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
Cost of revenues	$9,616	$6,973	$2,643	37.9 %
Percentage of revenues	7.3 %	7.7 %		

Our cost of revenues for the nine month period ended September 30, 2011 were $9.6 million compared to $7.0 million for the same period in 2010, an increase of $2.6 million, or 37.9%. The increase in cost of revenues was primarily the result of increases at the Tech & Clearance and Energy segments. The increase at the Tech & Clearance segment was $1.5 million, primarily due to an increase in provisions for sales tax liabilities and an increase in software subscription and maintenance costs needed to maintain our websites. Additionally, there was an increase of $330,000 related to increasing the number of network services personnel we employ and consulting services used, due to higher levels of activity on our websites during the current period. The Energy segment attributed $1.4 million to the increase. Of the $1.4 million increase, $798,000 was due to the Energy businesses being included for the full nine months in the current period, with the remainder primarily due to the cost of recruitment events we operate at energy industry conferences.

Product Development Expenses

	Nine Months Ended September 30, 2011	2010	Increase	Percent Change
	(in thousands, except percentages)			
Product Development	$7,470	$4,615	$2,855	61.9 %

Percentage of revenues	5.7 %	5.1 %

Product development expenses for the nine month period ended September 30, 2011 were $7.5 million compared to $4.6 million for the same period in 2010, an increase of $2.9 million or 61.9%. Product development expenses as a percentage of revenue increased from 5.1% for the nine months ended September 30, 2010 to 5.7% in the current year period. The increase was driven by additional salaries and related costs in the systems and new product development areas, as we continue to

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increase website security and related products across all brands. The Finance segment contributed $1.1 million to the increase as we continue to refine the features and functionality of our websites. The Energy segment contributed $843,000 of the increase. Of the $843,000 increase, $489,000 was due to the Energy businesses being included for the full nine months in the current period, with the remainder due to an increase in employee-related costs as we continue to grow our investment in systems and new product development areas. The Tech & Clearance segment contributed $281,000, and the Other segment contributed a $581,000 increase due to developmental activities on AllHealthcareJobs. During the nine months ended September 30, 2011 we released an upgraded version of Dice.com, making it easier to navigate the site and search and apply to jobs. In addition, Dice.com introduced mobile apps for the Android and iPhone.

Sales and Marketing Expenses

	Nine Months Ended September 30,		Increase	Percent Change
	2011	2010		
	(in thousands, except percentages)			
Sales and Marketing	$44,646	$32,487	$12,159	37.4 %
Percentage of revenues	33.9 %	35.7 %		

Sales and marketing expenses for the nine month period ended September 30, 2011 were $44.6 million compared to $32.5 million for the same period in 2010, an increase of $12.2 million or 37.4%. The primary driver of the increase was increased marketing spending to attract customers and professionals to our services. Additionally, the Company increased sales that led to additional compensation expense during the current year period. Compensation includes commissions, bonuses and other performance compensation for the sales force.

For the Tech & Clearance segment, sales and marketing expenses increased $6.4 million during the nine month period ended September 30, 2011 from the same period in 2010. Advertising and other marketing costs for the Tech & Clearance segment were $15.3 million for the nine month period ended September 30, 2011, an increase of $4.8 million compared to the same period in 2010. The increase was primarily due to our online advertising spending, direct mail and email campaigns. We drive job seekers to our sites either through marketing or by improving features and functionality of the product. We increased our marketing spend primarily to promote interaction between job seekers and our websites.

For the Tech & Clearance segment, growth in sales and the increase in our sales force resulted in a $1.4 million increase in incentive compensation expenses and salaries and related costs. Additionally, the sales growth resulted in a $367,000 increase in credit card processing fees.

For the Finance segment, we increased overall sales and marketing expense by $3.0 million to $12.1 million for the nine months ended September 30, 2011. The increase in the Finance segment on marketing spending was $1.8 million, primarily attributable to increased seeker and customer activity. We have increased our marketing spend to attract both customers and job seekers in all regions we serve. Currency impact for the period was an increase of $387,000, and an increase in sales and the sales force resulted in increased costs for sales compensation expense.

The Energy segment experienced a $2.3 million increase in sales and marketing expenses from the nine months ended September 30, 2010 compared to the same period in 2011. Of the $2.3 million, $489,000 was related to owning Rigzone and WorldwideWorker for the full nine months in the current period resulting in nine months of costs, with the remainder due to an increase in sales staff and incentive compensation and costs of marketing to customers and job seekers.

Sales and marketing expenses for the Other segment increased by $379,000 from the nine months ended September 30, 2010 compared to the same period in 2011. The increase was primarily driven by the AllHealthcareJobs business, as marketing activities were accelerated to drive customer growth. Additionally, AllHealthcareJobs has experienced increases in incentive compensation expenses due the growth in sales and in sales personnel.

General and Administrative Expenses

	Nine Months Ended September 30,		Increase	Percent Change
	2011	2010		
	(in thousands, except percentages)			

General and administrative	$17,827	$14,607	$3,220	22.0 %
Percentage of revenues	13.5 %	16.0 %		

General and administrative expenses for the nine month period ended September 30, 2011 were $17.8 million compared

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to $14.6 million for the same period in 2010, an increase of $3.2 million or 22.0%.

The Tech & Clearance segment had an increase in general and administrative expenses of $1.5 million in the nine month period ended September 30, 2011 as compared to the same period in the prior year. An increase of $833,000 was related to increases in the following: payroll tax expenses related to option exercises, the provision for bad debts due to the increase in sales, and salary, benefits and recruitment costs due to an increase in employees. There was also an increase in stock-based compensation expense of $691,000 related to the annual grant of equity awards made in the first quarter of 2011.

The Energy segment had an $846,000 increase in general and administrative expenses. Of the $846,000 increase, $439,000 was related to owning Rigzone and WorldwideWorker for the full nine months in the current period. General and administrative expense for the Energy segment primarily consist of management compensation and office rent.

General and administrative expense for the Finance segment increased $669,000 in the period ended September 30, 2011, as compared to the same period in 2010. The increase was due to several factors, including recruitment fees, increases in employee-related expenses and increased provision for bad debts due to growth in sales. Currency impact for the period contributed an increase of $148,000.

Depreciation

	Nine Months Ended September 30,	Increase