

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)

☒ 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	20-3179218
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1040 Avenue of the Americas, 16 th Floor	
New York, New York	10018
(Address of principal executive offices)	(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 ☒ No ☐

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

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller Reporting Company ☐

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of 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
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,	2010
	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	Significant Other	Significant	Total
	Active Markets for	Observable	Unobservable	
	Identical Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
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	Significant Other	Significant	Total
	Active Markets for	Observable	Unobservable	
	Identical Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Money market funds	\$19,370	\$—	\$—	\$19,370

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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

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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.

Table of Contents**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	Weighted- Average Exercise Price	Nine Months Ended September 30, 2010	Weighted- Average Exercise Price
	Options		Options	
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:

Exercise Price	Options Outstanding		Options Exercisable
	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

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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, cyclicalities 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

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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)			

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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,				Increase	Percent Change
	2011		2010			
	(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,				Increase	Percent Change
	2011		2010			
	(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,		Increase	Percent Change	
	2011	2010			
	(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,		Increase	Percent Change	
	2011	2010			
	(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,		Decrease	Percent Change	
	2011	2010			
	(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,			
	2011	2010	Decrease	Percent Change
	(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,			
	2011	2010	Increase	Percent Change
	(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,		Increase	Percent Change	
	2011	2010			
	(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,		Increase	Percent Change	
	2011	2010			
	(in thousands, except percentages)				
Product Development	\$7,470	\$4,615	\$2,855	61.9	%

Percentage of revenues	5.7	%	5.1	%
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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)			

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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	Percent Change	
	2011	2010			
	(in thousands, except percentages)				
Depreciation	\$3,414	\$3,082	\$332	10.8	%
Percentage of revenues	2.6	% 3.4	%		

Depreciation expense for the nine month period ended September 30, 2011 was \$3.4 million compared to \$3.1 million for the same period in 2010, and increase of \$332,000 or 10.8%. The increase is related to increased depreciation for assets purchased for a data center conversion that occurred in the third quarter of 2011.

Amortization of Intangible Assets

	Nine Months Ended September 30,		Decrease	Percent Change	
	2011	2010			
	(in thousands, except percentages)				
Amortization	\$7,404	\$8,518	\$(1,114)	(13.1)	%)
Percentage of revenues	5.6	% 9.3	%		

Amortization expense for the nine month period ended September 30, 2011 was \$7.4 million compared to \$8.5 million for the same period in 2010, a decrease of \$1.1 million or 13.1%. Amortization expense for the nine month period ended September 30, 2011 included a decrease of \$5.4 million related to certain intangible assets from the Dice, eFinancialCareers, and AllHealthcareJobs acquisitions becoming fully amortized, partially offset by an increase of \$4.3 million related to the Rigzone and WorldwideWorker acquisitions.

Change in Acquisition Related Contingencies

The change in acquisition related contingencies for the nine month period ended September 30, 2011 was an expense of \$3.2 million. The contingent liability related to the Rigzone acquisition increased by \$2.8 million during the period, due to certain performance measurements under the contingent agreement with the seller. In October 2011, we paid the \$12.7 million earn-out payment due under the Rigzone acquisition agreement. The remaining increase was a result of the contingent liability for WorldwideWorker increasing \$427,000, due to the sales performance of the business and expectations of future financial performance.

Operating Income

Operating income for the nine month period ended September 30, 2011 was \$38.2 million compared to \$21.3 million for the same period in 2010, an increase of \$16.9 million or 79.5%. The increase was primarily the result of the increase in revenues from all segments. These increases were partially offset by higher operating costs in all areas of the business, most notably in product development, sales and marketing, and from the Energy segment.

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Interest Expense

	Nine Months Ended September 30,		Decrease	Percent Change
	2011	2010		
	(in thousands, except percentages)			
Interest expense	\$1,119	\$2,807	\$(1,688)	(60.1)%
Percentage of revenues	0.8	% 3.1	%	

Interest expense for the nine month period ended September 30, 2011 was \$1.1 million compared to \$2.8 million for the same period in 2010, a decrease of \$1.7 million or 60.1%. The decrease in interest expense was due to lower borrowings outstanding during the nine 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. Additionally, interest rates during 2011 were lower than those in 2010, primarily due to our Credit Agreement entered into in July 2010 having lower rates than our Amended and Restated Credit Facility.

Income Taxes

	Nine Months Ended September 30,	
	2011	2010
	(in thousands, except percentages)	
Income before income taxes	\$37,214	\$17,416
Income tax expense	13,574	4,261
Effective tax rate	36.5	% 24.5 %

The effective income tax rate for the nine month period ended September 30, 2011 was 36.5% compared to 24.5% for the same period in 2010. Tax expense in the current year period included increases in state income tax liabilities and permanent differences for acquisition-related contingencies and stock offering costs. The current period also contained a \$550,000 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.

Liquidity and Capital Resources

We have summarized our cash flows for the nine month periods ended September 30, 2011 and 2010 (in thousands).

	Nine Months Ended September 30,	
	2011	2010
Cash from operating activities	\$55,508	\$34,652
Cash from investing activities	(8,157)	) (46,541)
Cash from financing activities	(20,968)	) 6,075

We have financed our operations primarily through cash provided by operating activities. At September 30, 2011, we had cash, cash equivalents and investments of \$74.5 million compared to \$45.2 million at December 31, 2010.

Investments are comprised of highly liquid debt instruments of the U.S. government and government agencies and certificates of deposit. Cash and cash equivalents held in non-U.S. jurisdictions totaled approximately \$43.8 million at September 30, 2011. This cash is indefinitely reinvested in those jurisdictions. Cash balances and cash generation in the U.S. is sufficient to maintain liquidity and meet our obligations without being dependent on our foreign cash and earnings.

Our principal sources of liquidity are cash, cash equivalents and investments, as well as the cash flow that we generate from our operations. In addition, we had \$70.0 million in borrowing capacity under our Credit Agreement at September 30, 2011. We believe that our existing cash, cash equivalents, investments, cash generated from operations and available borrowings under our Credit Agreement will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and the foreseeable future thereafter. However, it is possible that one or more lenders under the revolving portion of the Credit Agreement may refuse or be unable to satisfy their

commitment to lend to us or we may need to refinance our debt and be unable to do so. In addition, our liquidity could be negatively affected by a decrease in demand for our products and services. We may also make acquisitions and may need to raise additional capital through future debt financings or equity

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offerings to the extent necessary to fund such acquisitions, which we may not be able to do on a timely basis or on terms satisfactory to us or at all.

Operating Activities

Net cash from operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, share based compensation, and the effect of changes in working capital. Net cash provided by operating activities was \$55.5 million and \$34.7 million for the nine month periods ended September 30, 2011 and 2010, respectively. The cash provided by operating activities during these periods increased primarily due to higher sales and the resulting increase in cash inflows during the period. Cash inflow from operations is dependent on the amount and timing of billings and cash collection from our customers. During the nine months ended September 30, 2011, billings increased 44% as compared to the same period in 2010. Deferred revenue increased by \$10.2 million during the nine month period ended September 30, 2011, compared to an increase of \$7.9 million in the comparable period in 2010.

Investing Activities

During the nine month period ended September 30, 2011, cash used by investing activities was \$8.2 million compared to \$46.5 million in the nine month period ended September 30, 2010. Cash used by investing activities in the nine month period ended September 30, 2011 was primarily attributable to \$5.0 million for purchases of investments and \$5.3 million of cash used to purchase fixed assets, partially offset by \$2.2 million for sales of investments. Cash used for investing activities in the nine month period ended September 30, 2010 was primarily attributable to payments made for acquisitions of \$43.8 million and the purchases of investments and capital expenditures, partially offset by sales of investments. Capital expenditures are generally comprised of computer hardware, software, and website development costs.

Financing Activities

Cash used for financing activities during the nine month period ended September 30, 2011 and 2010 was \$21.0 million and \$6.1 million, respectively. The cash used during the current year period was primarily due to \$25.0 million of payments on our long-term debt and payments under the Stock Repurchase Plan, partially offset by cash inflows from stock option exercises. The offering of common stock during the nine month period ended September 30, 2011 had no net financing cash flow impact on the Company as proceeds received were used to purchase shares of common stock from certain members of our management and board of directors related to option exercises, which purchases resulted in treasury stock being held by the Company.

Credit Agreement

In July 2010, we entered into our Credit Agreement which provides for a revolving facility of \$70.0 million and a term facility of \$20.0 million, both of which mature in January 2014. Quarterly principal payments of \$1.0 million are required on the term 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.

Borrowings under the Credit Agreement bear interest at our 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 the base rate loans, determined by our most recent consolidated leverage ratio.

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. Refer to Note 7 in the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Off-Balance Sheet Arrangements

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

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Commitments and Contingencies

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of September 30, 2011:

	Payments by period				
	Total	October 1, 2011 through December 31, 2011	2012-2013	2014-2015	Thereafter
	(in thousands)				
Credit Agreement	\$16,000	\$1,000	\$8,000	\$7,000	\$—
Operating lease obligations	10,506	457	2,802	2,272	4,975
Total contractual obligations	\$26,506	\$1,457	\$10,802	\$9,272	\$4,975

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

Our principal commitments consist of obligations under operating leases for office space and equipment and long-term debt. As of September 30, 2011, we had \$16.0 million outstanding under our Credit Agreement. Interest payments are due quarterly or at varying, specified periods (to a maximum of three months) based on the type of loan (LIBOR, Eurocurrency, or base rate loan) we choose. See Note 7 “Indebtedness” in our condensed consolidated financial statements for additional information related to our revolving facility.

Future interest payments on our term loan and revolving facilities are variable due to our interest rate being based on a LIBOR rate, a Eurocurrency rate or a base rate. Assuming quarterly amortization payments of \$1.0 million and an interest rate of 2.99% (the rate in effect on September 30, 2011) on our current borrowings, interest payments are expected to be \$273,000 for October through December 2011, \$1.5 million in 2012-2013, \$82,000 in 2014, and none thereafter.

We have contingent payments related to the WorldwideWorker and Rigzone acquisitions. The payments are based on the achievement of certain operating and financial goals for each of the businesses. The estimate of the liability for these contingent payments was \$14.3 million as of September 30, 2011. In October 2011, payment of \$12.7 million was paid for the achievement of certain revenue goals through June 30, 2011 related to the Rigzone acquisition. As of September 30, 2011, we recorded approximately \$3.8 million of unrecognized tax benefits as liabilities, and we are uncertain as to if or when such amounts may be settled. Related to the unrecognized tax benefits considered permanent differences, we have also recorded a liability for potential penalties and interest. Included in the balance of unrecognized tax benefits at September 30, 2011 are \$3.8 million of tax benefits that if recognized, would affect the effective tax rate. The Company believes it is reasonably possible that as much as \$2.3 million of its unrecognized tax benefits may be recognized in the next 12 months as a result of a lapse of the statute of limitations.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Condensed Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Cyclicality

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

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

our services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

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The significant increase in the unemployment rate and general reduction in recruitment activity experienced in 2008 through 2009 is an example of how economic conditions can negatively impact our revenues and results of operations. During 2010 and the first half of 2011, we saw improvement in recruitment activity, resulting in revenue and customer growth. In the third quarter of 2011, we saw tougher market conditions in our financial services segment and a less urgent recruiting environment for technology professionals. If a slowdown in recruitment activity does occur, our revenues and results of operations will be negatively impacted.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Foreign Exchange Risk

We conduct business serving 19 markets, in five languages across Europe, Asia, Australia, and Canada using the eFinancialCareers name. WorldwideWorker and Rigzone also conduct business outside the United States. For the nine month periods ended September 30, 2011 and 2010, approximately 24% and 23% of our revenues, respectively, were earned outside the U.S. and collected in local currency. We are subject to risk for exchange rate fluctuations between such local currencies and the pound sterling and between local currencies and the U.S. dollar and the subsequent translation of the pound sterling to U.S. dollars. We currently do not hedge currency risk. A decrease in foreign exchange rates during a period would result in decreased amounts reported in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and of Cash Flows. For example, if foreign exchange rates between the pound sterling and U.S. dollar decreased by 1.0%, the impact on our revenues during the nine months ended September 30, 2011 would have been a decrease of approximately \$295,000.

The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars using current exchange rates, with gains or losses included in the cumulative translation adjustment account, which is a component of stockholders' equity. As of September 30, 2011 and December 31, 2010, our translation adjustment, net of tax, decreased stockholders' equity by \$11.4 million and \$12.0 million, respectively. The change from December 31, 2010 to September 30, 2011 is primarily attributable to the position of the U.S. dollar against the pound sterling.

Interest Rate Risk

We have interest rate risk primarily related to borrowings under our Credit Agreement. Borrowings under our Credit Agreement bear interest, at our option, at a LIBOR rate, Eurocurrency rate, or base rate plus a margin. The margin ranges from 2.75% to 3.5% on the LIBOR and Eurocurrency loans and 1.75% to 2.50% on the base rate, as determined by our most recent consolidated leverage ratio. As of September 30, 2011, we had outstanding borrowings of \$16.0 million under our Credit Agreement. If interest rates increased by 1.0%, interest expense in the remainder of 2011 on our current borrowings would increase by approximately \$119,000.

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established a system of controls and other procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified by the Exchange Act and in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") for the period covered by this report. Based on such evaluations, our CEO and CFO have concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On August 15, 2011, the Company's Board of Directors approved a stock repurchase program authorizing the purchase, at the discretion of management, of up to \$30 million of the Company's common stock over a 1 year period.

During the three months ended September 30, 2011, purchases of the Company's common stock pursuant to the repurchase plan were as follows:

Period	(a) Total Number of Shares Purchased [1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 through July 31, 2011	—	\$—	—	\$—
August 1 through August 31, 2011	285,300	8.92	285,300	27,456,165
September 1 through September 30, 2011	630,283	9.12	630,283	21,708,021
Total	915,583	\$9.06	915,583	

[1] No shares of the Company's common stock were purchased other than through a publicly announced plan or program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

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Item 6. Exhibits

- 31.1* Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS** XBRL Instance Document.
- 101.SCH** XBRL Taxonomy Extension Schema Document.
- 101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF** XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB** XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

XBRL information is deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under such sections.

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SIGNATURES

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

Date: November 2, 2011

DICE HOLDINGS, INC.

Registrant

/S/ SCOT W. MELLAND

Scot W. Melland

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

/S/ MICHAEL P. DURNEY

Michael P. Durney, CPA

Senior Vice President, Finance and Chief Financial
Officer

(Principal Financial Officer)

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p purchases or otherwise becomes (as a result of actions taken by such Persons to increase their Beneficial Ownership (as defined in the Shareholders' Agreement), other than pursuant to Equity Securities (as defined in the Shareholder's Agreement) received by such Persons with respect to Equity Securities then held by such persons, or the exercise or conversion of Equity Securities described in this parenthetical, the Beneficial Owner (as defined in the Shareholder's Agreement) of additional Stock constituting 1% or more of the then-Outstanding Voting Securities (as defined in the Shareholder's Agreement) on a Fully Diluted Basis (as defined in the Shareholder's Agreement)), and such breach has not been cured by the Investor within 30 days following receipt by the Investor of the Corporation's written notice of such breach, then the Investor, any Controlled Affiliate and any Group shall immediately and automatically cease to be a Restricted Person as of the close of business on the 30th day following the Investor's receipt of the Corporation's written notice of such breach and (2) following the Standstill Period and so long as the Shareholder's Agreement is in effect, (a) the Investor, (b) any Controlled Affiliate, and (c) any Group, provided that the Investor, any Controlled Affiliate and any such Group shall immediately and automatically cease to be a Restricted Person upon the purchase (although such Persons may continue to hold) of additional Equity Securities (other than Equity Securities distributed or issued, directly or indirectly, with respect to Equity Securities then held by such Persons or on the exercise or conversion of any Equity Securities described in this parenthetical) that bring their Beneficial Ownership of Voting Securities (as defined in the Shareholder's Agreement) to greater than 50% of the Voting Securities on a Fully Diluted Basis unless such purchase occurs pursuant to an offer to purchase all outstanding shares of common stock of the Corporation, which offer remains open for at least 60 calendar days.

(xix) Securities and Security each has the meaning set forth in Part (g) of this article THIRTEENTH.

(xx) **Shareholder s Agreement** means the Shareholder s Agreement, dated as of January 30, 2006, by and between the Corporation and the Investor) as it may be amended from time to time.

(xxi) **Stock** means any interest that would be treated as stock of the Corporation pursuant to Treasury Regulation § 1.382-2T(f)(18).

(xxii) **Stock Ownership** means any direct or indirect ownership of Stock, including any ownership by virtue of application of constructive ownership rules, with such direct, indirect, and constructive ownership determined under the provisions of Section 382 of the Code and the regulations thereunder.

(xxiii) **Tax Benefits** means the net operating loss carryforwards, capital loss carryforwards, general business credit carryforwards, alternative minimum tax credit carryforwards and foreign tax credit carryforwards, as well as any loss or deduction attributable to a net unrealized built-in loss of the Corporation or any direct or indirect subsidiary thereof, within the meaning of Section 382 of the Code.

(xxiv) **Transfer** means, any direct or indirect sale, transfer, assignment, conveyance, pledge or other disposition or other action taken by a Person, other than the Corporation, that alters the Percentage Stock Ownership of any Person or group. A Transfer also shall include the creation or grant of an option (including an option within the meaning of Treasury Regulation § 1.382-4(d). For the avoidance of doubt, a Transfer shall not include the creation or grant of an option by the Corporation, nor shall a Transfer include the issuance of Stock by the Corporation.

(xxv) **Transferee** means any Person to whom Corporation Securities are Transferred.

(xxvi) **Treasury Regulations** means the regulations, including temporary regulations or any successor regulations promulgated under the Code, as amended from time to time.

b) **Transfer and Ownership Restrictions.** In order to preserve the Tax Benefits, from and after the Effective Date of this article THIRTEENTH any attempted Transfer of Corporation Securities prior to the Expiration Date and any attempted Transfer of Corporation Securities pursuant to an agreement entered into prior to the Expiration Date, shall be prohibited and void *ab initio* to the extent that, as a result of such Transfer (or any series of Transfers of which such Transfer is a part), either (1) any Person or Persons would become a 4.9-percent Stockholder or (2) the Percentage Stock Ownership in the Corporation of any 4.9-percent Stockholder would be increased.

c) **Exceptions.**

(i) Notwithstanding anything to the contrary herein, Transfers to a Public Group (including a new Public Group created under Treasury Regulation § 1.382-2T(j)(3)(i)) shall be permitted.

(ii) The restrictions set forth in Part (b) of this article THIRTEENTH shall not apply to an attempted Transfer that is a 4.9-percent Transaction if the transferor or the Transferee obtains the written approval of the Board of Directors or a duly authorized committee thereof. As a condition to granting its approval pursuant to this Part (c) of article THIRTEENTH, the Board of Directors, may, in its discretion, require (at the expense of the transferor and/or transferee) an opinion of counsel selected by the Board of Directors that the Transfer shall not result in a limitation on the use of the Tax Benefits as a result of the application of Section 382 of the Code; provided that the Board may grant such approval notwithstanding the effect of such approval on the Tax Benefits if it determines that the approval is in the best interests of the Corporation. The Board of Directors may grant its approval in whole or in part with respect to such Transfer and may impose any conditions that it deems reasonable and appropriate in connection with such approval, including, without limitation, restrictions on the ability of any Transferee to Transfer Stock acquired through a Transfer. Approvals of the Board of Directors hereunder may be given prospectively or retroactively. The Board of Directors, to the fullest extent permitted by law, may exercise the authority granted by this article THIRTEENTH through duly authorized officers or agents of the Corporation. Nothing in this Part (c) of article THIRTEENTH shall be construed to limit or restrict the Board of Directors in the exercise of its fiduciary duties under applicable law.

(iii) The restrictions set forth in Part (b) of this article THIRTEENTH shall not apply to any Transfer if the Transferee is a Restricted Person.

(iv) The restrictions set forth in Part (b) of this article THIRTEENTH shall not apply to an acquisition of Stock by the Investor or the Note Investor as a result of the conversion of the 10% Contingent Convertible Senior Notes due 2018 issued pursuant to the Indenture, dated November 1, 2008, between the Corporation and Wells Fargo, National Association, as trustee, as supplemented and amended as of the Effective Date and as may be supplemented or amended hereafter.

d) Excess Securities.

(i) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of such a Prohibited Transfer (the Purported Transferee) shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities which are the subject of the Prohibited Transfer (the Excess Securities). Until the Excess Securities are acquired by another person in a Transfer that is not a Prohibited Transfer, the Purported Transferee shall not be entitled, with respect to such Excess Securities, to any rights of stockholders of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof, if any, and the Excess Securities shall be deemed to remain with the transferor unless and until the Excess Securities are transferred to the Agent pursuant to Part (e) of this article THIRTEENTH or until an approval is obtained under Part (c) of this article THIRTEENTH. After the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, the Corporation Securities shall cease to be Excess Securities. For this purpose, any Transfer of Excess Securities not in accordance with the provisions of Parts (d) or (e) of this article THIRTEENTH shall also be a Prohibited Transfer.

(ii) The Corporation may require as a condition to the registration of the Transfer of any Corporation Securities or the payment of any distribution on any Corporation Securities that the proposed Transferee or payee furnish to the Corporation all information reasonably requested by the Corporation with respect to its direct or indirect ownership interests in such Corporation Securities. The Corporation may make such arrangements or issue such instructions to its stock transfer agent as may be determined by the Board of Directors to be necessary or advisable to implement this article THIRTEENTH, including, without limitation, authorizing such transfer agent to require an affidavit from a Purported Transferee regarding such Person's actual and constructive ownership of Stock and other evidence that a Transfer will not be prohibited by this article THIRTEENTH as a condition to registering any Transfer.

e) Transfer to Agent. If the Board of Directors determines that a Transfer of Corporation Securities constitutes a Prohibited Transfer then, upon written demand by the Corporation sent within thirty days of the date on which the Board of Directors determines that the attempted Transfer would result in Excess Securities, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any Prohibited Distributions, to an agent designated by the Board of Directors (the Agent). The Agent shall thereupon sell to a buyer or buyers, which may include the Corporation, the Excess Securities transferred to it in one or more arm's-length transactions (on the public securities market on which such Excess Securities are traded, if possible, or otherwise privately); provided, however, that any such sale must not constitute a Prohibited Transfer; and provided, further, that the Agent shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Corporation Securities or otherwise would adversely affect the value of the Corporation Securities. If the Purported Transferee has resold the Excess Securities before receiving the Corporation's demand to surrender Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Part (f) of this article THIRTEENTH if the Agent rather than the Purported Transferee had resold the Excess Securities.

f) Application of Proceeds and Prohibited Distributions. The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee has previously resold the Excess Securities, any amounts received by it from a Purported Transferee, together, in either case, with any Prohibited Distributions, as follows: (1) first, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred

in connection with its duties hereunder; (2) second, any remaining amounts shall be paid to the Purported Transferee, up to the amount paid by the Purported Transferee for the Excess Securities (or the fair market value at the time of the Transfer, in the event the purported Transfer of the Excess Securities was, in whole or in part, a gift, inheritance or similar Transfer) which amount shall be determined at the discretion of the Board of Directors; and (3) third, any remaining amounts shall be paid to one or more organizations qualifying under section 501(c)(3) of the Code (or any comparable successor provision) selected by the Board of Directors. The Purported Transferee of Excess Securities shall have no claim, cause of action or any other recourse whatsoever against any transferor of Excess Securities. The Purported Transferee's sole right with respect to such shares shall be limited to the amount payable to the Purported Transferee pursuant to this Part (f) of article THIRTEENTH. In no event shall the proceeds of any sale of Excess Securities pursuant to this Part (f) of article THIRTEENTH inure to the benefit of the Corporation or the Agent, except to the extent used to cover costs and expenses incurred by Agent in performing its duties hereunder.

g) Modification Of Remedies For Certain Indirect Transfers. In the event of any Transfer which does not involve a transfer of securities of the Corporation within the meaning of Delaware law (Securities, and individually, a Security) but which would cause a 4.9-percent Stockholder to violate a restriction on Transfers provided for in this article THIRTEENTH, the application of Parts (e) and (f) of this article THIRTEENTH shall be modified as described in this Part (g) of this article THIRTEENTH. In such case, no such 4.9-percent Stockholder shall be required to dispose of any interest that is not a Security, but such 4.9-percent Stockholder and/or any Person whose ownership of Securities is attributed to such 4.9-percent Stockholder shall be deemed to have disposed of and shall be required to dispose of sufficient Securities (which Securities shall be disposed of in the inverse order in which they were acquired) to cause such 4.9-percent Stockholder, following such disposition, not to be in violation of this article THIRTEENTH. Such disposition shall be deemed to occur simultaneously with the Transfer giving rise to the application of this provision, and such number of Securities that are deemed to be disposed of shall be considered Excess Securities and shall be disposed of through the Agent as provided in Parts (e) and (f) of this article THIRTEENTH, except that the maximum aggregate amount payable either to such 4.9-percent Stockholder, or to such other Person that was the direct holder of such Excess Securities, in connection with such sale shall be the fair market value of such Excess Securities at the time of the purported Transfer. All expenses incurred by the Agent in disposing of such Excess Stock shall be paid out of any amounts due such 4.9-percent Stockholder or such other Person. The purpose of this Part (g) of article THIRTEENTH is to extend the restrictions in Parts (b) and (e) of this article THIRTEENTH to situations in which there is a 4.9-percent Transaction without a direct Transfer of Securities, and this Part (g) of article THIRTEENTH, along with the other provisions of this article THIRTEENTH, shall be interpreted to produce the same results, with differences as the context requires, as a direct Transfer of Corporation Securities.

h) Legal Proceedings; Prompt Enforcement. If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within thirty days from the date on which the Corporation makes a written demand pursuant to Part (e) of this article THIRTEENTH (whether or not made within the time

specified in Part (e) of this article THIRTEENTH), then the Corporation may take such actions as it deems appropriate to enforce the provisions hereof, including the institution of legal proceedings to compel the surrender. Nothing in this Part (h) of article THIRTEENTH shall (1) be deemed inconsistent with any Transfer of the Excess Securities provided in this article THIRTEENTH being void *ab initio*, (2) preclude the Corporation in its discretion from immediately bringing legal proceedings without a prior demand or (3) cause any failure of the Corporation to act within the time periods set forth in Part (e) of this article THIRTEENTH to constitute a waiver or loss of any right of the Corporation under this article THIRTEENTH. The Board of Directors may authorize such additional actions as it deems advisable to give effect to the provisions of this article THIRTEENTH.

i) Liability. To the fullest extent permitted by law, any stockholder subject to the provisions of this article THIRTEENTH who knowingly violates the provisions of this article THIRTEENTH and any Persons controlling, controlled by or under common control with such stockholder shall be jointly and severally liable to the Corporation for, and shall indemnify and hold the Corporation harmless against, any and all damages suffered as a result of such violation, including but not limited to damages resulting from a reduction in, or elimination of, the Corporation's ability to utilize its Tax Benefits, and attorneys' and auditors' fees incurred in connection with such violation.

j) Obligation to Provide Information. As a condition to the registration of the Transfer of any Stock, any Person who is a beneficial, legal or record holder of Stock, and any proposed Transferee and any Person controlling, controlled by or under common control with the proposed Transferee, shall provide such information as the Corporation may request from time to time in order to determine compliance with this article THIRTEENTH or the status of the Tax Benefits of the Corporation.

k) Legends. The Board of Directors may require that any certificates issued by the Corporation evidencing ownership of shares of Stock that are subject to the restrictions on transfer and ownership contained in this article THIRTEENTH bear the following legend:

THE RESTATED CERTIFICATE OF INCORPORATION (THE CERTIFICATE OF INCORPORATION) OF THE CORPORATION CONTAINS RESTRICTIONS PROHIBITING THE TRANSFER (AS DEFINED IN THE CERTIFICATE OF INCORPORATION) OF STOCK OF THE CORPORATION (INCLUDING THE CREATION OR GRANT OF CERTAIN OPTIONS, RIGHTS AND WARRANTS) WITHOUT THE PRIOR AUTHORIZATION OF THE BOARD OF DIRECTORS OF THE CORPORATION (THE BOARD OF DIRECTORS) IF SUCH TRANSFER AFFECTS THE PERCENTAGE OF STOCK OF THE CORPORATION (WITHIN THE MEANING OF SECTION 382 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE) AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER), THAT IS TREATED AS OWNED BY A 4.9-PERCENT STOCKHOLDER (AS DEFINED IN THE CERTIFICATE OF INCORPORATION). IF THE TRANSFER RESTRICTIONS ARE VIOLATED, THEN THE TRANSFER WILL BE VOID *AB INITIO* AND THE PURPORTED TRANSFEREE OF THE STOCK WILL BE REQUIRED TO TRANSFER EXCESS SECURITIES (AS DEFINED IN THE CERTIFICATE OF INCORPORATION) TO THE CORPORATION'S AGENT. IN THE EVENT OF A TRANSFER WHICH DOES NOT INVOLVE SECURITIES OF THE CORPORATION WITHIN THE MEANING OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE (SECURITIES) BUT WHICH WOULD VIOLATE THE TRANSFER RESTRICTIONS, THE PURPORTED TRANSFEREE (OR THE RECORD OWNER) OF THE SECURITIES WILL BE REQUIRED TO TRANSFER SUFFICIENT SECURITIES PURSUANT TO THE TERMS PROVIDED FOR IN THE CERTIFICATE OF INCORPORATION TO CAUSE THE 4.9-PERCENT STOCKHOLDER TO NO LONGER BE IN VIOLATION OF THE TRANSFER RESTRICTIONS. THE CORPORATION WILL FURNISH WITHOUT CHARGE TO THE HOLDER OF RECORD OF THIS CERTIFICATE A COPY OF THE CERTIFICATE OF INCORPORATION, CONTAINING THE ABOVE-REFERENCED TRANSFER RESTRICTIONS, UPON WRITTEN REQUEST TO THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS.

The Board of Directors may also require that any certificates issued by the Corporation evidencing ownership of shares of Stock that are subject to conditions imposed by the Board of Directors under Part (c) of this article THIRTEENTH also bear a conspicuous legend referencing the applicable restrictions.

l) Authority of the Board of Directors.

(i) The Board of Directors shall have the power to determine all matters necessary for assessing compliance with this article THIRTEENTH, including, without limitation, (1) the identification of 4.9-percent Stockholders, (2) whether a Transfer is a 4.9-percent Transaction or a Prohibited Transfer, (3) the Percentage Stock Ownership in the Corporation of any 4.9-percent Stockholder, (4) whether an instrument constitutes a Corporation Security, (5) the amount (or fair market value) due to a Purported Transferee pursuant to Part (f) of this article THIRTEENTH, and (6) any other matters which the Board of Directors determines to be relevant; and the good faith determination of the Board of Directors on such matters shall be conclusive and binding for all the purposes of this article THIRTEENTH. In addition, the Board of Directors may, to the extent permitted by law, from time to time establish, modify, amend or rescind Bylaws, regulations and procedures of the Corporation not inconsistent with the provisions of this article THIRTEENTH for purposes of determining whether any Transfer of Corporation Securities would jeopardize or endanger the Corporation's ability to preserve and use the Tax Benefits and for the orderly application, administration and implementation of this article THIRTEENTH.

(ii) Nothing contained in this article THIRTEENTH shall limit the authority of the Board of Directors to take such other action to the extent permitted by law as it deems necessary or advisable to protect the Corpo-

ration and its stockholders in preserving the Tax Benefits. Without limiting the generality of the foregoing, in the event of a change in law making one or more of the following actions necessary or desirable, the Board of Directors may, by adopting a written resolution, (1) accelerate or extend the Expiration Date, (2) modify the ownership interest percentage in the Corporation or the Persons or groups covered by this article THIRTEENTH, (3) modify the definitions of any terms set forth in this article THIRTEENTH or (4) modify the terms of this article THIRTEENTH as appropriate, in each case, in order to prevent an ownership change for purposes of Section 382 of the Code as a result of any changes in applicable Treasury Regulations or otherwise; provided, however, that the Board of Directors shall not cause there to be such acceleration, extension or modification unless it determines, by adopting a written resolution, that such action is reasonably necessary or advisable to preserve the Tax Benefits or that the continuation of these restrictions is no longer reasonably necessary for the preservation of the Tax Benefits. Stockholders of the Corporation shall be notified of such determination through a filing with the Securities and Exchange Commission or such other method of notice as the Secretary of the Corporation shall deem appropriate.

(iii) In the case of an ambiguity in the application of any of the provisions of this article THIRTEENTH, including any definition used herein, the Board of Directors shall have the power to determine the application of such provisions with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances. In the event this article THIRTEENTH requires an action by the Board of Directors but fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this article THIRTEENTH. All such actions, calculations, interpretations and determinations which are done or made by the Board of Directors in good faith shall be conclusive and binding on the Corporation, the Agent, and all other parties for all other purposes of this article THIRTEENTH. The Board of Directors may delegate all or any portion of its duties and powers under this article THIRTEENTH to a committee of the Board of Directors as it deems necessary or advisable and, to the fullest extent permitted by law, may exercise the authority granted by this article THIRTEENTH through duly authorized officers or agents of the Corporation. Nothing in this article THIRTEENTH shall be construed to limit or restrict the Board of Directors in the exercise of its fiduciary duties under applicable law.

m) Reliance. To the fullest extent permitted by law, the Corporation and the members of the Board of Directors shall be fully protected in relying in good faith upon the information, opinions, reports or statements of the chief executive officer, the chief financial officer, the chief accounting officer or the corporate controller of the Corporation and the Corporation's legal counsel, independent auditors, transfer agent, investment bankers or other employees and agents in making the determinations and findings contemplated by this article THIRTEENTH. The members of the Board of Directors shall not be responsible for any good faith errors made in connection therewith. For purposes of determining the existence and identity of, and the amount of any Corporation Securities owned by any stockholder, the Corporation is entitled to rely on the existence and absence of filings of Schedule 13D or 13G under the Securities and Exchange Act of 1934, as amended (or similar filings), as of any date, subject to its actual knowledge of the ownership of Corporation Securities.

n) Benefits of This Article THIRTEENTH. Nothing in this article THIRTEENTH shall be construed to give to any Person other than the Corporation or the Agent any legal or equitable right, remedy or claim under this article THIRTEENTH. This article THIRTEENTH shall be for the sole and exclusive benefit of the Corporation and the Agent.

o) Severability. The purpose of this article THIRTEENTH is to facilitate the Corporation's ability to maintain or preserve its Tax Benefits. If any provision of this article THIRTEENTH or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this article THIRTEENTH.

p) Waiver. With regard to any power, remedy or right provided herein or otherwise available to the Corporation or the Agent under this article THIRTEENTH, (i) no waiver will be effective unless expressly contained in a writing signed by the waiving party; and (ii) no alteration, modification or impairment will be implied by reason of any previous waiver, extension of time, delay or omission in exercise, or other indulgence.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Restated Certificate of Incorporation to be executed on this day of , 2013.

USG CORPORATION

By:

Name:

Title:

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AMENDMENT NO. 2 TO RIGHTS AGREEMENT

Amendment No. 2, dated as of March 22, 2013 (this **Amendment**), to the Rights Agreement, dated as of December 21, 2006, as amended (the **Rights Agreement**), by and between USG Corporation, a Delaware corporation (the **Company**), and Computershare Trust Company, N.A., as rights agent (successor rights agent to Computershare Investor Services, LLC, hereinafter, the **Rights Agent**).

RECITALS

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its stockholders to amend the Rights Agreement as set forth in this Amendment;

WHEREAS, pursuant to Section 27 of the Rights Agreement, prior to the time at which the Rights cease to be redeemable, and subject to the penultimate sentence of Section 27 of the Rights Agreement, the Company may in its sole and absolute discretion, and the Rights Agent will if the Company so directs, supplement or amend any provision of the Rights Agreement in any respect in accordance with the provisions of such Section; and

WHEREAS, pursuant to the terms of the Rights Agreement and in accordance with Section 27 thereof, the Company has directed that the Rights Agreement be amended as set forth in this Amendment, and by its execution and delivery hereof, directs the Rights Agent to execute this Amendment.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth in the Rights Agreement and in this Amendment, the parties hereto hereby amend the Rights Agreement as follows:

1) Section 1(a) of the Rights Agreement is hereby amended and restated in its entirety as follows:

(a) **Acquiring Person** means any Person (other than the Company, any Related Person, any Restricted Person or any Exempt Person) who or which, together with all Affiliates and Associates of such Person, is the Beneficial Owner of the Trigger Amount, or more, of the then-outstanding Common Shares; provided, however, that (i) any Person who or which would otherwise be an Acquiring Person as of 4:00 p.m., New York City time, on March 22, 2013 (the **Effective Time**) will not be deemed to be an Acquiring Person for any purpose of this Agreement prior to or after the Effective Time unless and until such time as (A) such Person or any Affiliate or Associate of such Person thereafter becomes the Beneficial Owner of any additional Common Shares, other than (1) pursuant to any agreement or regular-way purchase order for Common Shares that is in effect on or prior to the Effective Time and consummated in accordance with its terms after the Effective Time, (2) as a result of a stock dividend, rights dividend, stock split or similar transaction effected by the Company in which all holders of Common Shares are treated equally, or (3) during the Special Period, as a result of the conversion by an initial purchaser or a direct or indirect subsidiary of such initial purchaser in which such initial purchaser Beneficially Owns more than 50% of the equity interests (measured by both voting rights and value) (a **Controlled Affiliate**) of the 10% Contingent Convertible Senior Notes due 2018 of the Company (the **10% Notes**) into Common Stock issued by the Company to such initial purchaser or a Controlled Affiliate of such initial purchaser, or (B) any other Person who is the Beneficial Owner of Common Shares becomes an Affiliate or Associate of such Person, provided that the foregoing exclusion in this clause (i) shall cease to apply with respect to any Person at such time as such Person, together with all Affiliates and Associates of such Person, Beneficially Owns less than the Trigger Amount of the then-outstanding Common Shares, (ii) a Person will not be deemed to have become an Acquiring Person solely as a result of a reduction in the number of Common Shares outstanding unless and until such time as (A) such Person or any Affiliate or Associate of such Person thereafter becomes the Beneficial Owner of any additional Common Shares, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Common Shares are treated equally, or (B) any other Person who is the Beneficial Owner of Common Shares thereafter becomes an Affiliate or Associate of such Person and, in either such case, such Person, together with

all Affiliates and Associates of such Person, shall thereafter be the Beneficial Owner of the Trigger Amount, or more, of the then-outstanding Common Shares, and (iii) a Person will not be deemed to have become an Acquiring Person solely as a result of an Exempt Transaction unless and until such time as (A) such Person or any Affiliate or Associate of such Person thereafter becomes the Beneficial Owner of any additional Common Shares, other than as a result of a stock dividend, rights dividend, stock split or similar transaction effected by the Company in which all holders of Common Shares are treated equally, or (B) any other Person who is the Beneficial Owner of Common Shares thereafter becomes an Affiliate or Associate of such Person and, in either such case, such Person, together with all Affiliates and Associates of such Person, shall thereafter be the Beneficial Owner of the Trigger Amount, or more, of the then-outstanding Common Shares. Notwithstanding the foregoing, if (1) the Board of Directors of the Company determines that a Person who would otherwise be an Acquiring Person as defined pursuant to the foregoing provisions of this Section 1(a) has become such inadvertently and (2) such Person divests as promptly as practicable or agrees in writing with the Company to divest a sufficient number of Common Shares so that such Person would no longer be an Acquiring Person as defined pursuant to the foregoing provisions of this Section 1(a), then such Person shall not be deemed to be an Acquiring Person for any purposes of this Agreement, provided, however, that during the Special Period, the actions contemplated by this clause (2) need be taken only if and to the extent the Board of Directors may determine in its sole discretion.

2) Section 1(b) of the Rights Agreement is hereby amended and restated in its entirety as follows:

(b) *Affiliate* and *Associate* (i) after the end of the Special Period, will have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement, provided, however, that a Person will not be deemed to be the Affiliate or Associate of another Person solely because either or both Persons are or were Directors of the Company and (ii) during the Special Period, with respect to any Person, will mean any other Person (other than the Company, a Related Person, a Restricted Person or an Exempt Person) whose Common Shares would be deemed constructively owned by such first Person pursuant to the provisions of Section 382 of the Internal Revenue Code of 1986, as amended (the *Code*), or any successor provision or replacement provision.

3) The last sentence of Section 1(c) of the Rights Agreement is hereby amended and restated in its entirety as follows:

Notwithstanding anything in this Agreement to the contrary, (1) to the extent not within the foregoing provisions of this Section 1(c), a Person shall be deemed the Beneficial Owner of, and shall be deemed to beneficially own or have beneficial ownership of, any securities which such Person would be deemed to constructively own pursuant to Section 382 of the Code, or any successor provision or replacement provision, and (2) during the Special Period, a Person shall not be deemed to be the Beneficial Owner of, or to beneficially own or have beneficial ownership of, any Common Shares into which 10% Notes are convertible unless and until, and only to the extent that, such Person acquires Beneficial Ownership of Common Shares upon conversion of 10% Notes.

4) Section 1(ee) of the Rights Agreement is hereby amended and restated in its entirety as follows:

(ee) *Special Period* means the period beginning at the Effective Time and ending at the earliest of (i) the Close of Business on March 22, 2016, (ii) the Close of Business on the date of a determination by the Board of Directors of the Company that this Agreement is no longer necessary for the preservation of Tax Benefits because of the repeal of Section 382 or any successor statute, (iii) the Close of Business on the first day of a taxable year of the Company to which the Board of Directors of the Company determines that no Tax Benefits may be carried forward, and (iv) the Close of Business on such date as the Board of Directors of the Company determines that this Agreement is no longer necessary for the preservation of Tax Benefits.

5) Section 1(ff) of the Rights Agreement is hereby amended and restated in its entirety as follows:

(ff) **Trigger Amount** means (i) 4.9% during the Special Period and (ii) 15% after the end of the Special Period.

6) Section 1 of the Rights Agreement is hereby further amended by adding the following subsections at the end thereof:

(gg) **Exempt Transaction** means any transaction that the Board of Directors of the Company determines, in its sole discretion, is exempt for purposes of this Agreement.

(hh) **Tax Benefits** means the net operating loss carry-overs, capital loss carry-overs, general business credit carry-overs, alternative minimum tax credit carry-overs and foreign tax credit carry-overs, as well as any net unrealized built-in loss within the meaning of Section 382 of the Code or any successor provision or replacement provision, of the Company or any direct or indirect subsidiary thereof.

(ii) **Treasury Regulations** means final, temporary and proposed income tax regulations promulgated under the Code, including any amendments thereto.

7) Exhibit B to the Rights Agreement is hereby amended and restated in its entirety in the form attached as Exhibit B to this Amendment.

8) Capitalized terms used without other definition in this Amendment will be used as defined in the Rights Agreement.

9) This Amendment will be deemed to be a contract made under the internal substantive laws of the State of Delaware and for all purposes will be governed by and construed in accordance with the internal substantive laws of such State applicable to contracts to be made and performed entirely within such State.

10) The Rights Agreement will not otherwise be supplemented or amended by virtue of this Amendment, but will remain in full force and effect.

11) This Amendment may be executed in any number of counterparts and each of such counterparts will for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Amendment transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

12) The undersigned officer of the Company, being duly authorized on behalf of the Company, hereby certifies in his or her capacity as an officer on behalf of the Company to the Rights Agent that this Amendment is in compliance with the terms of Section 27 of the Rights Agreement.

13) By its execution and delivery hereof, the Company directs the Rights Agent to execute this Amendment.

[Signatures on following page.]

IN WITNESS WHEREOF, this Amendment has been duly executed by the Company and the Rights Agent as of the Effective Time.

USG CORPORATION

By: /s/ Stanley L. Ferguson
Name: Stanley L. Ferguson
Title: Executive Vice President, General Counsel
and Secretary

COMPUTERSHARE TRUST COMPANY, N.A.

By: /s/ Dennis Moccia
Name: Dennis Moccia
Title: Manager, Contract Renewal

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SUMMARY OF RIGHTS TO PURCHASE PREFERRED STOCK

On December 21, 2006, the Board of Directors of USG Corporation adopted a rights plan and declared a dividend of one preferred share purchase right for each outstanding USG common share. The dividend was payable on January 2, 2007 to our stockholders of record on that date. The terms of the rights and the rights plan are set forth in a Rights Agreement, dated as of December 21, 2006, as amended, by and between USG and Computershare Trust Company, N.A., as rights agent (successor rights agent to Computershare Investor Services, LLC).

This summary of rights provides a general description of the rights plan, as amended to date. Because it is only a summary, this description should be read together with the entire rights plan, as amended, which we incorporate in this summary by reference. We have filed the rights plan and its amendments with the Securities and Exchange Commission as exhibits to our registration statement on Form 8-A. Upon written request, we will provide a copy of the rights plan and its amendments free of charge to any stockholder.

Our Board adopted the rights plan to protect our stockholders from coercive takeover practices or takeover bids that are inconsistent with their best interests. In general terms, the rights plan imposes a significant penalty upon any person or group that acquires 15% or more of our outstanding common shares without the prior approval of our Board. On March 22, 2013, the rights plan was amended to provide additional protection to certain of the Company's deferred tax assets for a specified period. Specifically, the rights plan was amended to provide that during the Special Period, the triggering threshold to become an acquiring person would be 4.9% or more of our outstanding common shares. The Special Period is defined to mean the period beginning at 4:00 p.m., New York City time, on March 22, 2013, and ending at the earliest of (i) March 22, 2016, (ii) the date of the Board's determination that the rights plan amendment is no longer necessary for the preservation of the deferred tax assets because of the repeal of Section 382 or any successor statute, (iii) the first day of a taxable year of USG to which the Board determines that no tax assets may be carried forward, and (iv) such date as the Board determines that the rights plan amendment is no longer necessary for the preservation of the tax assets. A person or group that acquires a percentage of our common stock in excess of the applicable triggering threshold is called an acquiring person. Any rights held by an acquiring person are void and may not be exercised.

Based on an earlier agreement with USG, through August 1, 2013 Berkshire Hathaway Inc. is allowed to acquire 40% of our common stock, calculated on a fully diluted basis, without becoming an acquiring person. Thereafter, Berkshire Hathaway may acquire 50% of our fully diluted common stock without becoming an acquiring person or such greater percentage of our common stock that Berkshire Hathaway acquires through an offer to purchase all of our common stock that remains open for at least 60 days.

The Rights. If the rights become exercisable, each right would allow its holder to purchase from us one one-hundredth of a share of our Junior Participating Preferred Stock, Series D, for a purchase price of \$200.00. Each fractional share of preferred stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of our common stock. Prior to exercise, however, a right does not give its holder any dividend, voting or liquidation rights.

Exercisability. The rights will not be exercisable until the earlier of:

10 days after a public announcement by USG that a person or group has become an acquiring person; and

10 business days (or a later date determined by our Board) after a person or group (other than USG, certain related persons and certain restricted or exempt persons) begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person.

We refer to the date that the rights become exercisable as the **distribution date**. Until the distribution date, our common stock certificates will also evidence the rights and will contain a notation to that effect. Any transfer of shares of common stock prior to the distribution date will constitute a transfer of the associated rights. After the distribution date, the rights will separate from the common stock and be evidenced by rights certificates, which we will mail to all holders of rights that have not become void.

Flip-in Event. After the distribution date, if a person or group is or becomes an acquiring person, all holders of rights, except the acquiring person, may exercise their rights upon payment of the purchase price to purchase shares of our common stock (or other securities or assets as determined by the Board) with a market value of two times the purchase price.

Flip-over Event. After the distribution date, if a flip-in event has already occurred and USG is acquired in a merger or similar transaction, all holders of rights except the acquiring person may exercise their rights upon payment of the purchase price to purchase shares of the acquiring corporation with a market value of two times the purchase price of the rights.

Rights may be exercised to purchase our preferred shares only after the distribution date occurs and prior to the occurrence of a flip-in event as described above. A distribution date resulting from the commencement of a tender offer or exchange offer described in the second bullet point above could precede the occurrence of a flip-in event, in which case the rights could be exercised to purchase our preferred shares. A distribution date resulting from any occurrence described in the first bullet point above would necessarily follow the occurrence of a flip-in event, in which case the rights could be exercised to purchase shares of common stock or other securities as described above.

Expiration. The rights will expire on January 2, 2017, unless earlier redeemed or exchanged.

Redemption. Our Board may redeem all (but not less than all) of the then-outstanding rights for a redemption price of \$0.001 per right at any time before the later of the distribution date and the date of the first public announcement or disclosure by USG that a person or group has become an acquiring person. Once the rights are redeemed, the right to exercise rights will terminate, and the only right of the holders of rights will be to receive the redemption price.

Exchange. After the later of the date of the first public announcement by USG that a person or group has become an acquiring person and the distribution date, but before an acquiring person owns 50% or more of our outstanding common stock, our Board may exchange each right (other than rights that have become void) for one share of common stock or an equivalent security.

Anti-Dilution Provisions. Our Board may adjust the purchase price of the preferred shares, the number of preferred shares issuable and the number of outstanding rights to prevent dilution that may occur as a result of certain events, including among others, a stock dividend, a stock split or a reclassification of the preferred shares or our common stock. No adjustments to the purchase price of less than 1% will be made.

TIDE Policy. Our Board also adopted a Three-Year Independent Director Evaluation (TIDE) policy with respect to the rights plan. The TIDE policy requires a Board committee comprised solely of independent directors to review the rights plan at least once every three years to determine whether to modify the rights plan in light of all relevant factors.

Amendments. Before the time the rights cease to be redeemable, our Board may amend or supplement the rights plan without the consent of the holders of the rights, except that no amendment may decrease the redemption price below \$0.001 per right. At any time thereafter, our Board may amend or supplement the rights plan only to cure an ambiguity, to alter time period provisions, to correct inconsistent provisions or to make any additional changes to the rights plan, but only to the extent that those changes do not impair or adversely affect any rights holder and do not result in the rights again becoming redeemable. The limitations on our Board's ability to amend the rights plan does not affect our Board's power or ability to take any other action that is consistent with its fiduciary duties, including without limitation accelerating or extending the expiration date of the rights, making any amendment to the rights plan that is permitted by the rights plan or adopting a new rights plan with such terms as our Board determines in its sole discretion to be appropriate.

* * *

ANNUAL MEETING ADMISSION TICKET

USG CORPORATION

550 WEST ADAMS STREET

CHICAGO, IL 60661

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 7, 2013. Have your proxy form in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy forms and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY TELEPHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 7, 2013. Have your proxy form in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy form and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M53918-P35766

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY FORM IS VALID ONLY WHEN SIGNED AND DATED.

USG CORPORATION

The Board of Directors recommends you vote

FOR all the nominees listed.

For All Withhold All For All Except

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

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1. Election of Directors

Nominees:

- 01) Brian A. Kenney
- 02) Steven F. Leer

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.

For Against Abstain

2. Ratification of the appointment of Deloitte & Touche LLP as independent registered public accountants for the year ending December 31, 2013.

..

3. Approval of an amendment to our Restated Certificate of Incorporation to restrict certain transfers of our common stock.

..

4. Ratification, by advisory vote, of an amendment to our Rights Agreement to restrict certain transfers of our common stock.

..

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

For address changes, please check this box and write them

..

on the back where indicated.

Please indicate if you plan to attend this meeting.

.. ..

Yes No

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN
BOX]

Date

Signature (Joint Owners)

Date

Annual Meeting of Stockholders

of USG Corporation

May 8, 2013, 9:00 a.m., Central Time

550 West Adams Street

Chicago, Illinois 60661

**You must present this ticket (top portion only) to a USG representative to be
admitted to the USG Corporation Annual Meeting.**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice of Annual Meeting of Stockholders and Proxy Statement, Annual Report on Form 10-K and Letter to Shareholders
are available at www.proxyvote.com.

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PROXY - USG CORPORATION

**This proxy is solicited on behalf of the Board of Directors
of USG Corporation for its Annual Meeting of Stockholders
on May 8, 2013**

The undersigned hereby appoints James S. Metcalf and Stanley L. Ferguson, and each or either of them, proxies, with power of substitution and with powers the undersigned would possess, if personally present, to vote all stock of the undersigned in USG Corporation at the annual meeting of stockholders of USG Corporation to be held at 550 West Adams Street, Chicago, Illinois on May 8, 2013, and at any adjournment or postponement thereof, on the matters shown on the reverse side and as set forth in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

This proxy, when properly executed, will be voted in the manner directed herein and in the discretion of the proxy holder on all other matters properly coming before the meeting. **If no direction is given, this proxy will be voted FOR the election of the Board's nominees for director, FOR ratification of the appointment of Deloitte & Touche LLP as USG Corporation's independent registered public accountants for 2013, FOR approval of an amendment to our Restated Certificate of Incorporation to restrict certain transfers of our common stock and FOR ratification of an amendment to our Rights Agreement to restrict certain transfers of our common stock, except for any shares the undersigned holds in the USG Corporation Investment Plan, which will be voted according to the rules of that plan.**

**PLEASE MARK, SIGN, DATE AND MAIL THIS PROXY FORM PROMPTLY USING THE ENCLOSED ENVELOPE, EXCEPT IF
YOU VOTE BY TELEPHONE OR INTERNET.**

Address Changes:

(If you noted any Address Changes above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side