DICE HOLDINGS, INC.
Form 10-Q
October 29, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

OR

¨ TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-33584

DICE HOLDINGS, INC.
(Exact name of Registrant as specified in its Charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ 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 þ 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 þ Non-accelerated filer ¨ Smaller Reporting Company ¨

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

As of October 24, 2013, there were 56,329,100 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, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$44,697	$40,013
Investments	—	2,201
Accounts receivable, net of allowance for doubtful accounts of $2,201 and $2,095	24,945	29,030
Deferred income taxes—current	864	1,609
Income taxes receivable	573	—
Prepaid and other current assets	3,036	3,084
Total current assets	74,115	75,937
Fixed assets, net	14,949	11,158
Acquired intangible assets, net	68,197	62,755
Goodwill	212,506	202,944
Deferred financing costs, net of accumulated amortization of $312 and $131	896	1,078
Other assets	456	358
Total assets	$371,119	$354,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$20,774	$16,552
Deferred revenue	69,389	69,404
Current portion of acquisition related contingencies	5,807	4,926
Income taxes payable	—	3,817
Total current liabilities	95,970	94,699
Long-term debt	60,000	46,000
Deferred income taxes—non-current	14,739	14,414
Accrual for unrecognized tax benefits	2,376	2,502
Acquisition related contingencies	8,833	4,830
Other long-term liabilities	1,229	1,147
Total liabilities	183,147	163,592
Commitments and contingencies (Note 8)		
Stockholders' equity		
Convertible preferred stock, $.01 par value, authorized 20,000 shares; no shares issued and outstanding	—	—
Common stock, $.01 par value, authorized 240,000; issued 73,249 and 71,047 shares, respectively; outstanding: 57,102 and 58,958 shares, respectively	732	710
Additional paid-in capital	306,471	294,747
Accumulated other comprehensive loss	(9,938)	(9,294)
Accumulated earnings	38,692	16,586
Treasury stock, 16,147 and 12,090 shares, respectively	(147,985)	(112,111)
Total stockholders' equity	187,972	190,638
Total liabilities and stockholders' equity	$371,119	$354,230

See accompanying notes to 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,	
	2013	2012	2013	2012
Revenues	$52,616	$48,038	$155,064	$142,625
Operating expenses:				
Cost of revenues	6,099	3,603	16,853	10,555
Product development	5,597	3,874	16,253	10,250
Sales and marketing	16,601	16,194	50,106	48,801
General and administrative	8,534	6,736	25,040	19,753
Depreciation	2,011	1,505	5,377	4,031
Amortization of intangible assets	2,208	1,419	5,617	4,954
Change in acquisition related contingencies	50	—	146	—
Total operating expenses	41,100	33,331	119,392	98,344
Operating income	11,516	14,707	35,672	44,281
Interest expense	(378)	(327)	(1,097)	(1,696)
Interest income	5	16	29	72
Other income	—	—	232	—
Income before income taxes	11,143	14,396	34,836	42,657
Income tax expense	4,085	3,395	12,730	13,583
Net income	$7,058	$11,001	$22,106	$29,074
Basic earnings per share	$0.12	$0.18	$0.39	$0.47
Diluted earnings per share	$0.12	$0.17	$0.37	$0.44
Weighted-average basic shares outstanding	56,606	59,907	57,324	62,214
Weighted-average diluted shares outstanding	59,505	63,143	60,497	65,636

See accompanying notes to condensed consolidated financial statements.

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DICE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	$7,058	$11,001	$22,106	$29,074
Foreign currency translation adjustment, net of tax of $0, $0, $0 and $0	4,413	2,156	(635)	2,749
Unrealized gains (losses) on investments, net of tax of $0, $2, $0 and $5	—	(1)	(9)	7
Total other comprehensive income (loss)	4,413	2,155	(644)	2,756
Comprehensive income	$11,471	$13,156	$21,462	$31,830

See accompanying notes to 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,	
	2013	2012
Cash flows from operating activities:		
Net income	$22,106	$29,074
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	5,377	4,031
Amortization of intangible assets	5,617	4,954
Deferred income taxes	(1,841)	(2,543)
Amortization of deferred financing costs	181	1,028
Share based compensation	6,263	4,621
Change in acquisition related contingencies	146	—
Change in accrual for unrecognized tax benefits	(126)	(1,467)
Changes in operating assets and liabilities:		
Accounts receivable	5,263	3,857
Prepaid expenses and other assets	321	(500)
Accounts payable and accrued expenses	2,681	(975)
Income taxes receivable/payable	(4,292)	(135)
Deferred revenue	(916)	2,521
Other, net	4	51
Net cash flows from operating activities	40,784	44,517
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(12,259)	(21,000)
Purchases of fixed assets	(8,160)	(4,031)
Purchases of investments	(3)	(1,738)
Maturities and sales of investments	2,194	3,005
Net cash flows from investing activities	(18,228)	(23,764)
Cash flows from financing activities:		
Payments on long-term debt	(20,000)	(23,500)
Proceeds from long-term debt	34,000	50,500
Payments under stock repurchase plan	(35,046)	(56,840)
Payment of acquisition related contingencies	—	(1,557)
Proceeds from stock option exercises	3,149	1,319
Purchase of treasury stock related to vested restricted stock	(995)	(403)
Excess tax benefit over book expense from stock options exercised	2,346	921
Financing costs paid	—	(1,101)
Net cash flows from financing activities	(16,546)	(30,661)
Effect of exchange rate changes	(1,326)	993
Net change in cash and cash equivalents for the period	4,684	(8,915)
Cash and cash equivalents, beginning of period	40,013	55,237
Cash and cash equivalents, end of period	$44,697	$46,322

See accompanying notes to 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 audited financial statements prepared in accordance with generally accepted accounting principles 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 position, results of operations and cash flows of the Company 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, 2012 included in the Company’s Annual Report on Form 10-K. Operating results for the nine month period ended September 30, 2013 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 reported in the condensed consolidated financial statements and footnotes thereto. There have been no significant changes in the Company’s assumptions regarding critical accounting estimates during the nine month period ended September 30, 2013.

2. NEW ACCOUNTING STANDARDS

In February 2013, the Financial Accounting Standards Board (the “FASB”) issued ASU No. 2013-02, which amends the guidance in ASC 220 on Comprehensive Income. Under the revised guidance, companies are required to provide information about the amounts reclassified out of accumulated other comprehensive income (“AOCI”) by component. In addition, companies are required to present, either on the face of the statement where net income is presented or in the notes, the effects on the line items of net income of significant amounts reclassified out of AOCI but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. This amended guidance is to be applied prospectively and is effective for reporting periods (interim and annual) beginning after December 15, 2012 for public companies, with early adoption permitted. The Company adopted the revised guidance January 1, 2013, and has reported significant items reclassified out of AOCI in the Notes to Condensed Consolidated Financial Statements.

3. ACQUISITIONS

The IT Job Board®—In July 2013, the Company expanded its online tech recruiting business to Europe by acquiring all of the issued and outstanding shares of JobBoard Enterprises Limited, an online recruitment company in the technology industry. The purchase price consisted of £8.0 million ($12.2 million), net of cash acquired, plus deferred payments totaling £3.0 million ($4.6 million) in the aggregate, payable upon the achievement of certain operating and financial goals ending in 2014. The Company borrowed $15.0 million under the Credit Agreement to fund this acquisition. The acquisition resulted in recording intangible assets of $10.8 million and goodwill of $9.1 million. The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The acquired accounts receivable of $1.2 million were recorded at fair value of $1.2 million. The IT Job Board® acquisition is not deemed significant to the Company’s financial results, thus limited disclosures are presented herein.

WorkDigital—In October 2012, the Company acquired all of the issued and outstanding shares of WorkDigital Limited, a technology company focused on the recruitment industry, for $10.0 million in cash, plus deferred payments totaling $10.0 million in the aggregate payable in 2013-2014 based on delivery of certain products and the achievement of certain milestones. In October 2013, a payment of $5.0 million was made to the sellers, and the Company expects deferred purchase price payments totaling $5.0 million to be made in October 2014. The acquisition resulted in recording $17.9 million in goodwill and $2.3 million in intangible assets. The WorkDigital acquisition is not deemed significant to the Company’s financial results, thus limited disclosures are presented herein.

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Slashdot Media—In September 2012, the Company purchased certain assets of Geeknet, Inc.'s online media business ("Slashdot Media"), which is comprised of Slashdot, SourceForge and Freecode websites. The purchase price consisted of $20.0 million in cash, of which $3.0 million is being held in escrow. The acquisition resulted in recording intangible assets of $9.7 million and goodwill of $6.2 million. The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The acquired accounts receivable of $5.1 million were recorded at fair value of $4.8 million.

FINS.com—In June 2012, the Company purchased certain assets of FINS.com, resulting in recording identifiable intangible assets for candidate database, mobile application technology and brand names. Refer to Note 6 "Acquired Intangible Assets". The FINS.com acquisition is not deemed significant to the Company's financial results, thus limited disclosures are presented herein.

The assets and liabilities recognized in 2012 as of the acquisition dates for FINS.com, Slashdot Media and WorkDigital include (in thousands):

	FINS.com, Slashdot Media and WorkDigital Acquisitions
Assets:	
Accounts receivable	$4,852
Acquired intangible assets	12,925
Goodwill	24,212
Fixed assets	1,922
Other assets	248
Assets acquired	44,159
Liabilities:	
Accounts payable and accrued expenses	$449
Deferred revenue	2,644
Deferred income taxes	558
Fair value of contingent consideration	9,708
Liabilities assumed	13,359
Net Assets Acquired	$30,800

Goodwill results from the expansion of the Company's market share in the Tech & Clearance and Finance verticals, from intangible assets that do not qualify for separate recognition, including an assembled workforce and site traffic, and from expected synergies from combining operations of FINS.com, Slashdot Media, WorkDigital and The IT Job Board® into the Company's existing operations. The amount of goodwill expected to be deductible for tax purposes is $6.3 million.

Pro forma Information—The following pro forma condensed consolidated results of operations are presented as if the acquisition of Slashdot Media was completed as of January 1, 2011:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues	$52,616	$51,886	$155,064	$156,501
Net income	7,058	14,669	22,106	33,083
Basic earnings per share	$0.12	$0.24	$0.39	$0.53

The pro forma financial information represents the combined historical operating results of the Company and Slashdot Media 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 periods presented. The pro forma adjustments included adjustments for interest on borrowings, amortization of acquired intangible assets and the related income tax impacts of such adjustments. The Condensed Consolidated Statements of Operations for the three and nine month periods ended September 30,

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2013 include revenues from the Slashdot Media acquisition of $3.7 million and $11.8 million, respectively, and operating losses of $827,000 and $2.3 million, respectively. The Condensed Consolidated Statements of Operations for the three and nine month periods ended September 30, 2013 include revenues from The IT Job Board® acquisition of $1.1 million and an operating loss of $1.1 million.

The pro forma financial information does not include adjustments for the FINS.com, WorkDigital and The IT Job Board® acquisitions, as they are not individually or collectively material in the Company's results.

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:

- 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, accounts payable and accrued expenses, and long-term debt approximate their fair values. The Company estimated the fair value of long-term debt using Level 3 inputs, 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 or if delivery of certain product enhancements occur. 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 financial goals be met or delivery of certain product enhancements occur. There is no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the expected future delivery of product enhancements to estimate the fair value of these liabilities. A 2% discount rate is used to estimate the fair value of the expected payments. The liabilities for the contingent consideration were established at the time of acquisition and are evaluated at each reporting period. The increase in fair value is recorded as an expense and is included in change in acquisition related contingencies on the Condensed Consolidated Statements of Operations.

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

	As of September 30, 2013 Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$16,127	$—	$—	$16,127
Contingent consideration to be paid in cash for the acquisitions	—	—	14,640	14,640

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	As of December 31, 2012 Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$11,820	$—	$—	$11,820
Investments	—	2,201	—	2,201
Contingent consideration to be paid in cash for the acquisitions	—	—	9,756	9,756

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Contingent consideration for acquisitions				
Balance at beginning of period	$9,852	$—	$9,756	$1,557
Additions for acquisitions	4,738	—	4,738	—
Cash payments	—	—	—	(1,557)
Change in estimates included in earnings	50	—	146	—
Balance at end of period	$14,640	$—	$14,640	$—

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

The Company determines whether the carrying value of recorded goodwill is impaired for each reporting unit on an annual basis or more frequently if indicators of potential impairment exist for each reporting unit. The impairment test for goodwill for the reporting units from the 2005 Dice Inc. acquisition is performed annually as of August 31, and the last test resulted in no impairment. The impairment test for goodwill for the reporting units from the 2006 eFinancialCareers acquisition, the 2009 Health Callings acquisition and the 2010 WorldwideWorker and Rigzone acquisitions are performed annually as of October 31 and the last test resulted in no impairment. Goodwill resulting from the 2012 acquisitions of FINS, Slashdot Media, and WorkDigital will be tested annually for impairment beginning on October 31, 2013 or more frequently if indicators of potential impairment exist for each reporting unit. In testing goodwill for impairment, a qualitative assessment can be performed, and if it is determined that the fair value of the reporting unit is more likely than not less than the carrying amount, the two step impairment test is required. 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 2012 impairment tests or the August 2013 impairment tests. The fair value of each reporting unit was in excess of the carrying value.

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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 test more frequently if indicators of potential impairment exist. The impairment test is performed annually as of August 31 and last 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.

5. INVESTMENTS

DHI's investments are stated at fair value. These investments are available-for-sale. The Company held no investments as of September 30, 2013. The following table summarizes the Company's investments (in thousands) as of December 31, 2012:

	As of December 31, 2012			
	Maturity	Gross Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
Certificates of deposit	Within one year	1,210	4	1,214
Certificates of deposit	1 to 5 years	982	5	987
Total		$2,192	$9	$2,201

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, 2013						
	Cost	Acquisitions	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	$21,000	$ 1,207	$22,207	$ (16,878)	$ (47)	$ 5,282	3.6 years
Trademarks and brand names—Dice	39,000	—	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	19,115	457	19,572	(10,048)	(493)	9,031	5.8 years
Customer lists	45,213	299	45,512	(39,684)	(728)	5,100	4.8 years
Candidate and content database	30,341	8,857	39,198	(29,580)	166	9,784	2.9 years
Acquired intangible assets, net	$154,669	$ 10,820	$165,489	$ (96,190)	$ (1,102)	$ 68,197	

	As of December 31, 2012						
	Cost	Acquisitions	Total Cost	Accumulated Amortization	Foreign Currency Translation	Acquired Intangible Assets, Net	Weighted-Average Amortization

					Adjustment		Period
Technology	$ 17,500	$ 3,500	$ 21,000	$ (15,156)	$ (53)	$ 5,791	3.7 years
Trademarks and brand names—Dice	39,000	—	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	15,490	3,625	19,115	(8,930)	(490)	9,695	6.0 years
Customer lists	41,513	3,700	45,213	(38,624)	(729)	5,860	4.8 years
Candidate and content database	28,241	2,100	30,341	(27,884)	(48)	2,409	2.8 years
Acquired intangible assets, net	$ 141,744	$ 12,925	$ 154,669	$ (90,594)	$ (1,320)	$ 62,755	

The WorldwideWorker brand and technology were retired during the year ended December 31, 2012. The total cost and accumulated amortization were reduced from the total cost as of December 31, 2012.

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Identifiable intangible assets for the Slashdot Media, WorkDigital and FINS.com acquisitions are included in the total cost as of December 31, 2012. The weighted-average amortization period for the technology, trademarks and brand names, customer lists and candidate and content database are 2.8 years, 5.8 years, 10.0 years and 1.6 years, respectively.

Based on the carrying value of the acquired finite-lived intangible assets recorded as of September 30, 2013, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

October 1, 2013 through December 31, 2013	$2,435
2014	9,271
2015	7,447
2016	3,798
2017	1,795
2018 and thereafter	4,451

7. INDEBTEDNESS

In June 2012, the Company, together with Dice Inc. and Dice Career Solutions, Inc. (collectively, the “Borrowers”) entered into a Credit Agreement (the “Credit Agreement”), which provides for a revolving facility of $155.0 million maturing in June 2017. The Borrowers used $14.2 million of the proceeds from the Credit Agreement to pay the full amount of indebtedness and interest outstanding under the previously existing credit facility dated July 2010, terminating that facility. A portion of the proceeds was also used to pay certain costs associated with the Credit Agreement and for working capital purposes.

Borrowings under the Credit Agreement bear interest at the Company’s option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company’s most recent consolidated leverage ratio. The facility may be prepaid at any time without penalty.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. 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, 2013, the Company was in compliance with all of the financial and other covenants under the Credit Agreement.

The obligations under the Credit Agreement are guaranteed by three of the Company’s wholly-owned subsidiaries, eFinancialCareers, Inc. (formerly known as JobsintheMoney.com, Inc.), Targeted Job Fairs, Inc., and Rigzone.com, Inc., and secured by substantially all of the assets of the Borrowers and the guarantors and stock pledges from certain of the Company’s foreign subsidiaries.

Debt issuance costs of approximately $1.1 million were incurred and are being amortized over the life of the loan. These costs are included in interest expense. Unamortized deferred financing costs from the previous credit facility of $765,000 were written off and are included in interest expense during the second quarter of 2012.

The Company’s previous credit facility, which was in place from July 2010 to June 2012, provided for a revolving facility of $70.0 million and a term facility of $20.0 million and bore interest at a LIBOR rate, LIBOR rate, or base rate plus a margin. The margin ranges were from 2.75% to 3.50% on LIBOR loans and 1.75% to 2.50% on base rate loans.

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The amounts borrowed under the Credit Agreement as of September 30, 2013 and December 31, 2012 are as follows (dollars in thousands):

	September 30, 2013	December 31, 2012
Amounts Borrowed:		
LIBOR rate loans	$60,000	$46,000
Total borrowed	$60,000	$46,000
Maximum available to be borrowed under revolving facility	$95,000	$109,000
Interest rates:		
LIBOR rate loans:		
Interest margin	1.75 %	1.75 %
Actual interest rates	1.94 %	2.00 %

There are no scheduled amortization payments until maturity of the Credit Agreement in June 2017.

In July 2013, the Company borrowed $15.0 million under the Credit Agreement to fund the acquisition of The IT Job Board®.

On October 28, 2013, the Company entered into a new Credit Agreement, which provides for a $50.0 million term loan facility and a revolving loan facility of $200.0 million, with both facilities maturing in October 2018. Borrowings under the Credit Agreement bear interest, at the Company's option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. Interest rates and covenants in the new Credit Agreement are consistent with the previous Credit Agreement. Quarterly payments of principal are required on the term loan facility, commencing March 31, 2014. The facilities may be prepaid at any time without penalty and payments on the term loan facility result in a permanent reduction. The Company borrowed $65.0 million under the new Credit Agreement to repay in full all outstanding indebtedness under the previous Credit Agreement, which was terminated upon repayment.

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, 2013 are as follows (in thousands):

October 1, 2013 through December 31, 2013	$906
2014	3,302
2015	2,528
2016	2,109
2017	2,039
2018 and thereafter	8,837
Total minimum payments	$19,721

Rent expense was $943,000 and $2.4 million for the three and nine month periods ended September 30, 2013, respectively, and $575,000 and $1.6 million for the three and nine month periods ended September 30, 2012, respectively, and is included in, general and administrative expense, on the Condensed Consolidated Statements of Operations.

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.

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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

Stock Repurchase Plan—On August 15, 2011, the Company's Board of Directors approved a stock repurchase program that permitted the Company to repurchase up to $30 million of its common stock over a one year period (the "Stock Repurchase Plan I"). This plan concluded on March 8, 2012.

In March 2012, the Company's Board of Directors approved a stock repurchase program that permitted the Company to repurchase up to $65 million of its common stock (the "Stock Repurchase Plan II"). This new authorization became effective upon the completion of the Stock Repurchase Plan I on March 8, 2012 and was in effect for one year. This plan expired on March 8, 2013.

In January 2013, the Company's Board of Directors approved a stock repurchase program that permits the Company to repurchase up to $50 million of its common stock (the "Stock Repurchase Plan III" and, together with the Stock Repurchase Plans I and II, the "Stock Repurchase Plans"). This new authorization became effective upon the completion of the Stock Repurchase Plan II on March 8, 2013 and will be in effect for one year. Under the plan, management has discretion in determining the conditions under which shares may be purchased from time to time.

During the three months ended September 30, 2013, the Company purchased 2.6 million shares of its common stock on the open market. These shares were purchased at an average cost of $8.73 per share, for a total cost of approximately $22.5 million. Approximately $682,000 of share repurchases had not settled as of September 30, 2013, and this amount is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2013. As of September 30, 2013, there was approximately $19.4 million remaining under the Stock Repurchase Plan III.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	September 30, 2013	December 31, 2012
Foreign currency translation adjustment, net of tax of $1,336 and $1,336	$(9,938)	$(9,303)
Unrealized gains on investments, net of tax of $0 and $0	—	9
Total accumulated other comprehensive loss, net	$(9,938)	$(9,294)

Changes in accumulated other comprehensive loss during the three months ended September 30, 2013 are as follows (in thousands):

	Foreign currency translation adjustment	Unrealized gains (losses) on investments	Total
Beginning balance	$(14,351)	$—	$(14,351)
Other comprehensive income before reclassifications	4,413	—	4,413
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current-period other comprehensive income	4,413	—	4,413

Ending balance	$(9,938)	$—	$(9,938)

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Changes in accumulated other comprehensive loss during the three months ended September 30, 2012 are as follows (in thousands):

	Foreign currency translation adjustment	Unrealized gains (losses) on investments	Total
Beginning balance	$(11,459)	$8	$(11,451)
Other comprehensive income before reclassifications	2,156	(1)	2,155
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current-period other comprehensive income	2,156	(1)	2,155
Ending balance	$(9,303)	$7	$(9,296)

Changes in accumulated other comprehensive loss during the nine months ended September 30, 2013 are as follows (in thousands):

	Foreign currency translation adjustment	Unrealized gains (losses) on investments	Total
Beginning balance	$(9,303)	$9	$(9,294)
Other comprehensive loss before reclassifications	(635)	(9)	(644)
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current-period other comprehensive loss	(635)	(9)	(644)
Ending balance	$(9,938)	$—	$(9,938)

Changes in accumulated other comprehensive loss during the nine months ended September 30, 2012 are as follows (in thousands):

	Foreign currency translation adjustment	Unrealized gains (losses) on investments	Total
Beginning balance	$(12,055)	$3	$(12,052)
Other comprehensive income before reclassifications	2,752	4	2,756
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current-period other comprehensive income	2,752	4	2,756
Ending balance	$(9,303)	$7	$(9,296)

11. STOCK BASED COMPENSATION

During the year ended December 31, 2012, the Company had two plans (the "2005 Plan and 2007 Plan") under which it could grant stock-based awards to certain employees, directors and consultants of the Company and its subsidiaries.

On April 20, 2012, at the Company's Annual Meeting of Stockholders, the stockholders approved the Company's 2012 Omnibus Equity Award Plan (the "2012 Plan"). The 2012 Plan replaced the 2005 and 2007 Plan. 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 $2.1 million and $6.3 million during the three and nine month periods ended September 30, 2013, respectively, and $1.6 million and $4.6 million during the three and nine month periods ended September 30, 2012, respectively. At September 30, 2013, there was $20.0 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.

A summary of the status of restricted stock awards as of September 30, 2013 and 2012, and the changes during the periods then ended is presented below:

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	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	1,733,375	$9.91	1,202,244	$10.28
Granted- Restricted Stock	117,000	$9.39	17,500	$8.71
Forfeited during the period	(74,875)	$10.03	(14,250)	$10.86
Vested during the period	(25,125)	$10.07	(3,500)	$12.65
Non-vested at end of period	1,750,375	$9.87	1,201,994	$10.25

	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	1,305,369	$10.09	550,250	$12.98
Granted- Restricted Stock	989,500	$9.80	862,300	$9.01
Forfeited during the period	(170,563)	$10.20	(61,625)	$10.73
Vested during the period	(373,931)	$10.30	(148,931)	$12.98
Non-vested at end of period	1,750,375	$9.87	1,201,994	$10.25

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. This valuation model requires the Company to make assumptions and judgments about the variables used in the calculation, including the fair value of the Company's common stock, the expected life (the period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, a risk-free interest rate and expected dividends. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
The weighted average fair value of options granted	$3.39	$—	$3.54	$4.42
Dividend yield	—%	—%	—%	—%
Weighted average risk free interest rate	1.40%	—%	0.98%	0.84%
Weighted average expected volatility	41.46%	—%	42.20%	60.13%
Expected life (in years)	4.6	—	4.6	4.6

A summary of the status of options granted as of September 30, 2013 and 2012, and the changes during the periods then ended is presented below:

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	Three Months Ended September 30, 2013		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,595,577	$ 5.24	$36,183,544
Granted	235,000	$ 9.29	—
Exercised	(522,394)	$ 0.93	$4,188,424
Forfeited	(104,250)	$ 9.13	—
Options outstanding at end of period	8,203,933	$ 5.58	$27,187,484

	Three Months Ended September 30, 2012		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,755,825	$ 4.58	$43,682,363
Exercised	(35,179)	$ 5.34	$94,628
Forfeited	(2,813)	$ 9.16	—
Options outstanding at end of period	8,717,833	$ 4.58	$35,795,158

	Nine Months Ended September 30, 2013		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,780,400	$ 4.67	$41,236,574
Granted	968,000	$ 9.71	—
Exercised	(1,382,403)	$ 2.28	$9,848,965
Forfeited	(162,064)	$ 8.95	—
Options outstanding at end of period	8,203,933	$ 5.58	$27,187,484
Exercisable at end of period	6,475,360	$ 4.57	$26,834,448

	Nine Months Ended September 30, 2012		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,826,199	$ 4.19	$38,284,701
Granted	523,000	$ 9.01	—
Exercised	(563,990)	$ 2.33	$4,240,828
Forfeited	(67,376)	$ 6.95	—
Options outstanding at end of period	8,717,833	$ 4.58	$35,795,158
Exercisable at end of period	7,239,323	$ 3.91	$33,479,422

The weighted-average remaining contractual term of options exercisable at September 30, 2013 is 2.6 years. The following table summarizes information about options outstanding as of September 30, 2013:

Exercise Price	Options Outstanding		Options Exercisable
	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
\$ 0.20 - \$ 0.99	688,391	1.9	688,391
\$ 1.00 - \$ 3.99	2,164,527	2.1	2,164,527
\$ 4.00 - \$ 5.99	581,945	3.1	581,945
\$ 6.00 - \$ 8.99	3,393,267	3.2	2,747,258
\$ 9.00 - \$ 14.50	1,375,803	5.9	293,239
	8,203,933		6,475,360

12. SEGMENT INFORMATION

The Company has three reportable segments: Tech & Clearance, Finance, and Energy. The Tech & Clearance reportable segment includes the Dice.com, ClearanceJobs.com, Slashdot Media services (since the date of acquisition) and The IT Job Board® (since the date of acquisition). The Finance reportable segment includes the eFinancialCareers service worldwide, including both the operating segments of North America and International. The Energy reportable segment includes the Rigzone service. 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. The Company has other services and activities that individually are not more than 10% of consolidated revenues, net income or total assets. These include Health Callings, Targeted Job Fairs and WorkDigital (since the date of acquisition) and are reported in the “Other” category. The Company’s foreign operations are comprised of The IT Job Board® operations and a portion of the eFinancialCareers, Rigzone and Slashdot Media services, which operate in Europe, the financial centers of the Gulf Region of the Middle East and Asia Pacific.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
By Segment:				
Revenues:				
Tech & Clearance	\$37,032	\$32,975	\$109,123	\$96,278
Finance	8,556	9,379	25,891	29,141
Energy	5,952	4,486	16,939	13,813
Other	1,076	1,198	3,111	3,393
Total revenues	\$52,616	\$48,038	\$155,064	\$142,625
Depreciation:				
Tech & Clearance	\$1,779	\$1,255	\$4,676	\$3,319
Finance	124	160	395	446
Energy	36	24	94	70
Other	72	66	212	196
Total depreciation	\$2,011	\$1,505	\$5,377	\$4,031
Amortization:				
Tech & Clearance	\$1,264	\$97	\$2,370	\$97

Finance	19	194	406	194
Energy	775	1,092	2,325	4,426
Other	150	36	516	237
Total amortization	$2,208	$1,419	$5,617	$4,954

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Operating income (loss):				
Tech & Clearance	$9,648	$13,096	$30,452	$37,464
Finance	1,169	2,053	4,794	8,793
Energy	1,572	708	4,207	614
Other	(873)	(1,150)	(3,781)	(2,590)
Operating income	11,516	14,707	35,672	44,281
Interest expense	(378)	(327)	(1,097)	(1,696)
Interest income	5	16	29	72
Other income	—	—	232	—
Income before income taxes	$11,143	$14,396	$34,836	$42,657
Capital expenditures:				
Tech & Clearance	$1,915	$836	$7,372	$3,143
Finance	129	368	235	701
Energy	91	4	390	14
Other	139	79	318	177
Total capital expenditures	$2,274	$1,287	$8,315	$4,035
By Geography:				
Revenues:				
U.S.	$42,457	$38,526	$125,297	$113,331
Non- U.S.	10,159	9,512	29,767	29,294
Total revenues	$52,616	$48,038	$155,064	$142,625

	September 30, 2013	December 31, 2012
Total assets:		
Tech & Clearance	$204,640	$183,896
Finance	91,285	92,513
Energy	51,701	53,203
Other	23,493	24,618
Total assets	$371,119	$354,230

The following table shows the carrying amount of goodwill by reportable segment as of December 31, 2012 and September 30, 2013 and the changes in goodwill for the nine month period ended September 30, 2013 (in thousands):

	Tech & Clearance	Finance	Energy	Other	Total
Balance, December 31, 2012	$90,991	$55,315	$35,104	$21,534	$202,944
Addition for Acquisitions	9,130	—	—	—	9,130
Foreign currency translation adjustment	533	(72)	—	(29)	432
Goodwill at September 30, 2013	$100,654	$55,243	$35,104	$21,505	$212,506

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 approximately 3.0 million and 2.3 million shares were outstanding during the three and nine month periods ended

September 30, 2013 and options to purchase approximately 2.3 million and 1.2 million shares were outstanding during the three and nine month periods ended September 30, 2012, but were excluded from the calculation of diluted EPS for the periods then ended because the options'

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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,	
	2013	2012	2013	2012
Net income	$7,058	$11,001	$22,106	$29,074
Weighted-average shares outstanding—basic	56,606	59,907	57,324	62,214
Add shares issuable upon exercise of stock options	2,899	3,236	3,173	3,422
Weighted-average shares outstanding—diluted	59,505	63,143	60,497	65,636
Basic earnings per share	$0.12	$0.18	$0.39	$0.47
Diluted earnings per share	$0.12	$0.17	$0.37	$0.44

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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, without limitation, 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 assumptio 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 in the highly competitive market in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicality or downturns in the economy or industries we serve, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, foreign exchange risk, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. 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, 2012, under the headings "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for measures in accordance with U.S. GAAP. Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, and other non-recurring income or expense ("Adjusted EBITDA"), and free cash flow. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

You should keep in mind that any forward-looking statement made by us herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible 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 websites for select professional communities. Through our online communities, professionals can manage their careers by finding relevant job opportunities and by building their knowledge through original and community-shared content. Our websites enable employers, recruiters, staffing agencies, consulting firms and marketing professionals to effectively target and reach highly-valued audiences.

In online recruitment, we target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our 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.

In online media, we serve the technology community and the marketing and advertising professionals who want to reach this audience where they create, improve, compare and distribute open source software or debate and discuss current news and issues.

Our websites offer job postings, news and content, open source software, career development and recruiting services tailored to the specific needs of the professional community that each website serves.

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Through our predecessors, we have been in the recruiting and career development business for more than 23 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, ClearanceJobs.com, Slashdot Media and The IT Job Board® (from the date of acquisition)), Finance (which includes eFinancialCareers' global service), and Energy (which includes WorldwideWorker and Rigzone, which were combined into one service under the Rigzone brand and website in January 2012). Targeted Job Fairs, Health Callings (acquired as AllHealthcareJobs in June 2009), and WorkDigital (acquired in October 2012) do not meet certain quantitative thresholds, and therefore are reported in the aggregate in Other.

Recent Developments

Effective September 30, 2013, Scot Melland resigned from his position as Chairman, President and Chief Executive Officer. Mr. Melland retained a seat on the Board. Michael Durney became President and CEO and a director of Dice Holdings, Inc., and Peter Ezersky became Chairman of the Board on September 30, 2013. On October 14, 2013, John Roberts joined the Company as Chief Financial Officer succeeding Mr. Durney.

On October 28, 2013, the Company entered into a new Credit Agreement, which provides for a $50.0 million term loan facility and a revolving loan facility of $200.0 million, with both facilities maturing in October 2018. Borrowings under the Credit Agreement bear interest, at the Company's option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. Interest rates and covenants in the new Credit Agreement are consistent with the previous Credit Agreement. Quarterly payments of principal are required on the term loan facility, commencing March 31, 2014. The facilities may be prepaid at any time without penalty and payments on the term loan facility result in a permanent reduction. The Company borrowed $65.0 million under the new Credit Agreement to repay in full all outstanding indebtedness under the previous Credit Agreement, which was terminated upon repayment.

Our Revenues and Expenses

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customer based on the number of individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. Our Tech & Clearance segment sells recruitment packages that include both access to our databases of resumes and Open Web profiles, as well as 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, 2013, Dice.com had approximately 8,450 total recruitment package customers, and our other websites collectively served approximately 3,900 customers, including some customers who are also customers of Dice.com, as of the same date. Customers who buy multiple products or services are counted individually. 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 $69.4 million and $69.4 million at September 30, 2013 and December 31, 2012, respectively.

We also generate revenue from advertising on our various websites or from lead generation and marketing solutions provided to our customers. Advertisements include various forms of rich media and banner advertising, text links, sponsorships, and custom content marketing solutions. Lead generation information utilizes advertising and other methods to deliver leads to a customer.

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 and advertisers 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 and advertisers, 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.

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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

There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Results of Operations

Three Months Ended September 30, 2013 Compared to the Three Months Ended September 30, 2012

Revenues

	Three Months Ended September 30,		Increase (Decrease)	Percent Change
	2013	2012		
	(in thousands, except percentages)			
Tech & Clearance	$37,032	$32,975	$4,057	12.3 %
Finance	8,556	9,379	(823)	(8.8)%
Energy	5,952	4,486	1,466	32.7 %
Other	1,076	1,198	(122)	(10.2)%
Total revenues	$52,616	$48,038	$4,578	9.5 %

Our revenues were $52.6 million for the three month period ended September 30, 2013 compared to $48.0 million for the same period in 2012, an increase of $4.6 million, or 9.5%.

We experienced an increase in the Tech & Clearance segment of $4.1 million, or 12.3%, of which the acquisitions of Slashdot Media and The IT Job Board® contributed $2.9 million and $1.1 million to the increase, respectively. Revenue at Dice.com was essentially flat compared to the three month period ended September 30, 2012. We saw an increase in revenue from recruitment packages offset by lower revenue from transactional job advertising. Our customers' usage of our websites increased, as demonstrated through an increase in average monthly revenue per recruitment package customer at Dice.com of approximately 2% from the three month period ended September 30, 2012 to the three month period ended September 30, 2013. The recruitment package customer count at Dice.com decreased from 8,650 at September 30, 2012 to 8,450 at September 30, 2013. Revenues decreased at ClearanceJobs by $127,000 for the three month period ended September 30, 2013 as compared to the same period in 2012, a decrease of 5%. This decrease was attributed to the slow-growth environment due to sequestration.

The Finance segment experienced a decline in revenue of $823,000, or 8.8%. The decrease was the result of continued declines in recruitment activity, beginning in the second half of 2011 and continuing through the third quarter of 2013, primarily due to the global economic slowdown including the European debt crisis causing companies to slow hiring, decreasing demand for our product. Currency impact for the three month period ended September 30, 2013 was a decrease to revenue of approximately $140,000. In originating currency, revenue decreased 9% in the UK, 8% in North America, 5% in Continental Europe and 5% in the Asia Pacific region.

Revenues for the Energy segment totaled $6.0 million for the three month period ended September 30, 2013, an increase of $1.5 million or 32.7% from the comparable 2012 period. The increase was primarily the result of increased usage of our career center and advertising as well as an increase in events revenue due to a biennial industry event that occurred in the current period.

Cost of Revenues

	Three Months Ended September 30,		Increase	Percent Change
	2013	2012		
	(in thousands, except percentages)			
Cost of revenues	$6,099	$3,603	$2,496	69.3 %
Percentage of revenues	11.6 %	7.5 %		

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Our cost of revenues for the three month period ended September 30, 2013 was $6.1 million compared to $3.6 million for the same period in 2012, an increase of $2.5 million, or 69.3%. The Tech & Clearance segment experienced an increase in cost of revenues of $1.9 million, of which the acquisition of Slashdot Media contributed $1.3 million to the increase, as compared to the three months ended September 30, 2012. The increase was also due to our investment in an integrated enterprise platform including software, the related personnel and consulting services to drive this initiative. The Energy segment experienced an increase in cost of revenues of $645,000 primarily due to increases in events, including costs related to a biennial industry event that occurred in the current period.

Product Development Expenses

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Product Development	$5,597	$3,874	$1,723	44.5 %
Percentage of revenues	10.6 %	8.1 %		

Product development expenses for the three month period ended September 30, 2013 were $5.6 million compared to $3.9 million for the same period in 2012, an increase of $1.7 million or 44.5%. An increase of $1.6 million was experienced in the Tech & Clearance segment, of which the acquisition of Slashdot Media contributed $893,000 to the increase. The remaining increase in the Tech & Clearance segment was driven by additional salaries and related costs for an increased number of employees. We invested in programs to create an agile development environment and expand our product base. This investment included the expansion of our staff of product management and development personnel. The Finance segment experienced an increase of $241,000 primarily related to employee-related separation costs and increased costs to build a mobile platform.

Sales and Marketing Expenses

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Sales and Marketing	$16,601	$16,194	$407	2.5 %
Percentage of revenues	31.6 %	33.7 %		

Sales and marketing expenses for the three month period ended September 30, 2013 were $16.6 million compared to $16.2 million for the same period in 2012, an increase of $407,000 or 2.5%. The Energy segment experienced an increase of $271,000 in sales and marketing expenses. The increase in the Energy segment was the result of increased costs related to expanding our worldwide sales organization and incentive compensation resulting from sales growth, as well as marketing to oil and gas professionals.

The Tech & Clearance segment experienced an increase in sales and marketing of $228,000 compared to the same period in 2012 to $10.1 million. We experienced a $1.2 million decrease in advertising and other marketing costs, due to decreased spending for our online advertising, email and social network campaigns. The addition of the Slashdot Media business has provided traffic to the Dice.com website, allowing us to reduce our third party marketing spend on Dice.com. This decrease was partially offset by increases of $571,000 and $509,000 of sales costs from the recently acquired Slashdot Media and The IT Job Board® businesses.

The Finance segment experienced a decrease in overall sales and marketing expense of $131,000 to $3.7 million for the three months ended September 30, 2013, primarily due to reduction of spending in non-core markets.

General and Administrative Expenses

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
General and administrative	$8,534	$6,736	$1,798	26.7 %
Percentage of revenues	16.2 %	14.0 %		

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General and administrative expenses for the three month period ended September 30, 2013 were $8.5 million compared to $6.7 million for the same period in 2012, an increase of $1.8 million or 26.7%.
Stock-based compensation expense was $2.1 million, an increase of $445,000 compared to the same period in 2012. The increase was due to more people receiving awards in the annual grant of equity awards made in the first quarter of 2013 primarily due to the addition of Slashdot and Work Digital employees.
General and administrative expense for the Tech & Clearance segment increased $1.7 million in the period ended September 30, 2013, as compared to the same period in 2012. An increase of $1.2 million was primarily due to employee-related separation costs, increases in employee-related expenses and recruitment costs, offset by decreased legal expense. Increases of $371,000 and $119,000 were due to costs related to The IT Job Board® and Slashdot Media businesses, respectively, following the acquisition of these businesses as compared to the three months ended September 30, 2012.

Depreciation

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Depreciation	$2,011	$1,505	$506	33.6 %
Percentage of revenues	3.8 %	3.1 %		

Depreciation expense for the three month period ended September 30, 2013 was $2.0 million compared to $1.5 million for the same period of 2012, an increase of $506,000 or 33.6%. The increase was primarily related to the addition of Slashdot Media assets which contributed $265,000 of the increase in depreciation expense during the three month period ended September 30, 2013. The remaining increase in depreciation was the result of other capital additions to hardware, software, and web development costs at the Tech & Clearance segment.

Amortization of Intangible Assets

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Amortization	$2,208	$1,419	$789	55.6 %
Percentage of revenues	4.2 %	3.0 %		

Amortization expense for the three month period ended September 30, 2013 was $2.2 million compared to $1.4 million for the same period in 2012, an increase of $789,000 or 55.6%. Amortization expense for the three month period ended September 30, 2013 increased by $1.3 million due to The IT Job Board®, Slashdot Media and WorkDigital acquisitions, offset by decreased amortization expense related to certain intangible assets from the Health Callings, FINS.com, Rigzone and Worldwideworker acquisitions becoming fully amortized.

Change in Acquisition Related Contingencies

The change in acquisition related contingencies was an expense of $50,000 for the three month period ended September 30, 2013 due to the WorkDigital acquisition. In October 2013, a payment of $5.0 million related to the WorkDigital acquisition was made to the sellers. We expect deferred purchase price payments totaling $5.0 million to be made for the WorkDigital acquisition in October 2014 and payments totaling $4.8 million by December 2014 related to The IT Job Board® acquisition.

Operating Income

Operating income for the three month period ended September 30, 2013 was $11.5 million compared to $14.7 million for the same period in 2012, a decrease of $3.2 million or 21.7%. The decrease was the result of higher operating costs, primarily related to expenses of the new businesses of The IT Job Board® and Slashdot Media.

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Interest Expense

	Three Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Interest expense	$378	$327	$51	15.6%
Percentage of revenues	0.7%	0.7%		

Interest expense for the three month period ended September 30, 2013 was $378,000 compared to $327,000 for the same period in 2012, a decrease of $51,000 or 15.6%.

Income Taxes

	Three Months Ended September 30, 2013	2012
	(in thousands, except percentages)	
Income before income taxes	$11,143	$14,396
Income tax expense	4,085	3,395
Effective tax rate	36.7%	23.6%

The effective income tax rate was 36.7% and 23.6% for the three month period ended September 30, 2013 and September 30, 2012, respectively. The rate was higher in the current period because of a change in the mix of U.S. and non-U.S. income. Also, the prior year period included a $1.8 million discrete item reducing tax expense for a decrease in the accrual for unrecognized tax benefits, primarily due to the lapse of the statute of limitations with regard to various uncertain tax positions.

Nine Months Ended September 30, 2013 Compared to the Nine Months Ended September 30, 2012

Revenues

	Nine Months Ended September 30, 2013	2012	Increase (Decrease)	Percent Change
	(in thousands, except percentages)			
Tech & Clearance	$109,123	$96,278	$12,845	13.3%
Finance	25,891	29,141	(3,250)	(11.2)%
Energy	16,939	13,813	3,126	22.6%
Other	3,111	3,393	(282)	(8.3)%
Total revenues	$155,064	$142,625	$12,439	8.7%

Our revenues were $155.1 million for the nine month period ended September 30, 2013 compared to $142.6 million for the same period in 2012, an increase of $12.4 million, or 8.7%.

We experienced an increase in the Tech & Clearance segment of $12.8 million, or 13.3%, of which the acquisitions of Slashdot Media and The IT Job Board® contributed $11.1 million and $1.1 million, respectively, to the increase. Revenue at Dice.com for the nine month period ended September 30, 2013 increased $798,000 as compared to the same period in 2012. Our customers' usage of our websites increased, as demonstrated through an increase in average monthly revenue per recruitment package customer at Dice.com of approximately 3% from the nine month period ended September 30, 2012 to the nine month period ended September 30, 2013.

The Finance segment experienced a decline in revenue of $3.3 million, or 11.2%. The decrease was the result of continued declines in recruitment activity, beginning in the second half of 2011 and continuing through the first nine months of 2013, primarily due to the global economic slowdown including the European debt crisis and a recession in the United Kingdom causing companies to slow hiring, decreasing demand for our product. Currency impact for the nine month period ended September 30, 2013 was a decrease to revenue of approximately $459,000. In originating currency, revenue decreased 17% in Continental Europe, 12% in the UK, 4% in the Asia Pacific region and 3% in North America.

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Revenues for the Energy segment totaled $16.9 million for the nine month period ended September 30, 2013, an increase of $3.1 million or 22.6% from the comparable 2012 period. The increase was primarily the result of increased usage of our career center and advertising, as well as an increase in events revenue due to a biennial industry event that occurred in the current period.
Revenues for the Other segment totaled $3.1 million for the nine month period ended September 30, 2013, a decrease of $282,000 or 8.3% from the comparable 2012 period. The decrease was primarily a result of fewer job fairs in the current period.

Cost of Revenues

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Cost of revenues	$16,853	$10,555	$6,298	59.7 %
Percentage of revenues	10.9 %	7.4 %		

Our cost of revenues for the nine month period ended September 30, 2013 was $16.9 million compared to $10.6 million for the same period in 2012, an increase of $6.3 million, or 59.7%. The Tech & Clearance segment experienced an increase in cost of revenues of $5.8 million, of which the acquisition of Slashdot Media contributed $4.3 million to the increase, as compared to the nine months ended September 30, 2012. The increase was also due to our investment in an integrated enterprise platform including software and the related personnel and consulting services to drive this initiative. The Energy segment increased $464,000, primarily due to an increase in customer support employees and costs related to a biennial industry event that occurred in the current period, offset by lower hosting costs. The Finance segment experienced an increase of $106,000, primarily due to increased site hosting costs for the FINS.com site.

Product Development Expenses

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Product Development	$16,253	$10,250	$6,003	58.6 %
Percentage of revenues	10.5 %	7.2 %		

Product development expenses for the nine month period ended September 30, 2013 were $16.3 million compared to $10.3 million for the same period in 2012, an increase of $6.0 million or 58.6%. An increase of $5.0 million was experienced in the Tech & Clearance segment, of which the acquisition of Slashdot Media contributed $3.5 million to the increase. The remaining increase in the Tech & Clearance segment was driven by additional salaries and related costs for the increased number of employees. We invested in programs to create an agile development environment and expand our product base. This investment included the expansion of our staff of product management and development personnel. The Other segment for the nine month period ended September 30, 2013 experienced an expense increase of $562,000 compared to the same period in 2012 which was partially driven by salaries and related costs amounting to $929,000 associated with the addition of personnel following the WorkDigital acquisition. This increase in the Other segment was partially offset by lower expenses related to ending a new product initiative. The Finance segment experienced an increase of $337,000 related to development of our websites and employee-related separation costs.

Sales and Marketing Expenses

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Sales and Marketing	$50,106	$48,801	$1,305	2.7 %
Percentage of revenues	32.3 %	34.2 %		

Sales and marketing expenses for the nine month period ended September 30, 2013 were $50.1 million compared to $48.8 million for the same period in 2012, an increase of $1.3 million or 2.7%. The Energy segment experienced an increase of $1.1 million in sales and marketing expenses. The increase in the Energy segment was the result of increased costs related to

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expanding our worldwide sales organization and incentive compensation resulting from sales growth, as well as increased marketing efforts to oil and gas professionals related to industry events.

The Tech & Clearance segment experienced an increase in sales and marketing expenses of $344,000 compared to the same period in 2012. This increase was primarily due to increases of $2.1 million and $846,000 of sales and marketing costs from Slashdot Media and The IT Job Board®, respectively, partially offset by a decrease of $2.6 million at Dice.com and ClearanceJobs. The addition of the Slashdot Media business has provided traffic to the Dice.com website, allowing us to reduce our third party marketing spend on Dice.com.

The Finance segment experienced a decrease in overall sales and marketing expense of $233,000 to $10.5 million for the nine months ended September 30, 2013, primarily due to the decrease in marketing expenditures in non-core markets, partially offset by increased salaries and related costs.

General and Administrative Expenses

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
General and administrative	$25,040	$19,753	$5,287	26.8 %
Percentage of revenues	16.1 %	13.8 %		

General and administrative expenses for the nine month period ended September 30, 2013 were $25.0 million compared to $19.8 million for the same period in 2012, an increase of $5.3 million or 26.8%.

Stock-based compensation expense was $6.3 million, an increase of $1.6 million compared to the same period in 2012. The increase was due to the annual grant of equity awards made in the first quarter of 2013.

General and administrative expense for the Tech & Clearance segment increased $3.7 million in the period ended September 30, 2013, as compared to the same period in 2012. Increases of $913,000 and $371,000 were due to costs related to the Slashdot Media and The IT Job Board® businesses, respectively, following the acquisition of these businesses as compared to the nine months ended September 30, 2012. The remaining increase of $2.4 million at Dice.com was due to increases in employee-related expenses, recruitment costs, employee-related separation costs of $280,000, legal expenses and an increase in the provision for doubtful accounts.

Depreciation

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Depreciation	$5,377	$4,031	$1,346	33.4 %
Percentage of revenues	3.5 %	2.8 %		

Depreciation expense for the nine month period ended September 30, 2013 was $5.4 million compared to $4.0 million for the same period of 2012, an increase of $1.3 million or 33.4%. The increase was primarily related to the addition of Slashdot Media assets which increased depreciation expense by $864,000 during the nine month period ended September 30, 2013. The remaining increase in depreciation was the result of other capital additions to hardware, software, and web development costs in the Tech & Clearance segment.

Amortization of Intangible Assets

	Nine Months Ended September 30, 2013	2012	Increase	Percent Change
	(in thousands, except percentages)			
Amortization	$5,617	$4,954	$663	13.4 %
Percentage of revenues	3.6 %	3.5 %		

Amortization expense for the nine month period ended September 30, 2013 was $5.6 million compared to $5.0 million for the same period in 2012, an increase of $663,000 or 13.4%. Amortization expense for the nine month period ended

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September 30, 2013 increased due to the Slashdot Media, The IT Job Board®, WorkDigital, and FINS.com acquisitions. This increase was offset by decreased amortization expense due to certain intangible assets from the Health Callings, Rigzone and Worldwideworker acquisitions becoming fully amortized.

Change in Acquisition Related Contingencies

The change in acquisition related contingencies was an expense of $146,000 for the nine month period ended September 30, 2013 due to the WorkDigital acquisition. In October 2013, a payment of $5.0 million related to the WorkDigital acquisition was made to the sellers. We expect deferred purchase price payments totaling $5.0 million to be made for the WorkDigital acquisition in October 2014 and payments totaling $4.8 million by December 2014 related to The IT Job Board® acquisition.

Operating Income

Operating income for the nine month period ended September 30, 2013 was $35.7 million compared to $44.3 million for the same period in 2012, a decrease of $8.6 million or 19.4%. The decrease was the result of higher operating costs, primarily related to expenses of the new businesses of Slashdot Media, The IT Job Board® and WorkDigital.

Interest Expense

	Nine Months Ended September 30, 2013	2012	Decrease	Percent Change
	(in thousands, except percentages)			
Interest expense	$1,097	$1,696	$(599)	(35.3)%
Percentage of revenues	0.7%	1.2%		

Interest expense for the nine month period ended September 30, 2013 was $1.1 million compared to $1.7 million for the same period in 2012, a decrease of $599,000 or 35.3%. The decrease in interest expense was due to the write off of unamortized deferred financing costs of $765,000 during the nine months ended September 30, 2012, following the termination of our previous credit facility in June 2012.

Income Taxes

	Nine Months Ended September 30, 2013	2012
	(in thousands, except percentages)	
Income before income taxes	$34,836	$42,657
Income tax expense	12,730	13,583
Effective tax rate	36.5%	31.8%

The effective income tax rate was 36.5% and 31.8% for the nine month period ended September 30, 2013 and September 30, 2012, respectively. The rate was higher in the current period because of state law modifications which affected our apportionment methodology, and because of a change in the mix of U.S. and non-U.S. income. Also, the prior year period included a $1.8 million discrete item reducing tax expense for a decrease in the accrual for unrecognized tax benefits, primarily due to the lapse of the statute of limitations with regard to various uncertain tax positions.

Liquidity and Capital Resources

Non-GAAP Measures

We have provided certain non-GAAP financial information as additional information for our operating results. These measures are not in accordance with, or an alternative for measures in accordance with GAAP and may be different from similarly titled non-GAAP measures reported by other companies. We believe the presentation of non-GAAP measures, such as Adjusted EBITDA and free cash flow, provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations.

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Adjusted EBITDA

Adjusted EBITDA is a non-GAAP metric used by management to measure operating performance. Management uses Adjusted EBITDA as a performance measure for internal monitoring and planning, including preparation of annual budgets, analyzing investment decisions and evaluating profitability and performance comparisons between us and our competitors. We also use this measure to calculate amounts of performance based compensation under the senior management incentive bonus program. Adjusted EBITDA, as defined in our Credit Agreement, represents net income (loss) plus (to the extent deducted in calculating such net income (loss)) interest expense, income tax expense, depreciation and amortization, non-cash stock option expenses, losses resulting from certain dispositions outside the ordinary course of business, certain writeoffs in connection with indebtedness, impairment charges with respect to long-lived assets, expenses incurred in connection with an equity offering, extraordinary or non-recurring non-cash expenses or losses, transaction costs in connection with the Credit Agreement up to $250,000, deferred revenues written off in connection with acquisition purchase accounting adjustments, writeoff of non-cash stock compensation expense, and business interruption insurance proceeds, minus (to the extent included in calculating such net income (loss)) non-cash income or gains, interest income, and any income or gain resulting from certain dispositions outside the ordinary course of business.

We also consider Adjusted EBITDA, as defined above, to be an important indicator to investors because it provides information related to our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and to fund future growth as well as to monitor compliance with financial covenants. We present Adjusted EBITDA as a supplemental performance measure because we believe that this measure provides our board of directors, management and investors with additional information to measure our performance, to provide comparisons from period to period and company to company by excluding potential differences caused by variations in capital structures (affecting interest expense) and tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and to estimate our value.

We present Adjusted EBITDA because covenants in our Credit Agreement contain ratios based on this measure. Our Credit Agreement is material to us because it is one of our primary sources of liquidity. If our Adjusted EBITDA were to decline below certain levels, covenants in our Credit Agreement that are based on Adjusted EBITDA may be violated and could cause a default and acceleration of payment obligations under our Credit Agreement. See Note 7 “Indebtedness” for additional information on the covenants of our Credit Agreement.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our profitability or liquidity.

We understand that although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our liquidity or results as reported under GAAP. Some limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments on your debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

To compensate for these limitations, management evaluates our liquidity by considering the economic effect of the excluded expense items independently as well as in connection with its analysis of cash flows from operations and through the use of other financial measures, such as capital expenditure budget variances, investment spending levels and return on capital analyses.

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A reconciliation of Adjusted EBITDA for the nine months ended September 30, 2013 and 2012 (in thousands) follows:

	For the nine months ended September 30, 2013	2012
Reconciliation of Net Income to Adjusted EBITDA:		
Net income	$22,106	$29,074
Interest expense	1,097	1,696
Interest income	(29)	(72)
Income tax expense	12,730	13,583
Depreciation	5,377	4,031
Amortization of intangible assets	5,617	4,954
Change in acquisition related contingencies	146	—
Non-cash stock compensation expense	6,263	4,621
Other income	(232)	16
Adjusted EBITDA	$53,075	$57,903
Reconciliation of Operating Cash Flows to Adjusted EBITDA:		
Net cash provided by operating activities	$40,784	$44,517
Interest expense	1,097	1,696
Amortization of deferred financing costs	(181)	(1,028)
Interest income	(29)	(72)
Income tax expense	12,730	13,583
Deferred income taxes	1,841	2,543
Change in accrual for unrecognized tax benefits	126	1,467
Change in accounts receivable	(5,263)	(3,857)
Change in deferred revenue	916	(2,521)
Changes in working capital and other	1,054	1,575
Adjusted EBITDA	$53,075	$57,903

Free Cash Flow

We define free cash flow as net cash provided by operating activities minus capital expenditures. We believe free cash flow is an important non-GAAP measure as it provides useful cash flow information regarding our ability to service, incur or pay down indebtedness or repurchase our common stock. We use free cash flow as a measure to reflect cash available to service our debt as well as to fund our expenditures. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities is free cash flow does not represent the total increase or decrease in the cash balance from operations for the period since it includes cash used for capital expenditures during the period and is adjusted for acquisition related payments within operating cash flows.

We have summarized our free cash flow for the nine months ended September 30, 2013 and 2012 (in thousands).

	For the nine months ended September 30, 2013	2012
Net cash provided by operating activities	$40,784	$44,517
Purchases of fixed assets	(8,160)	(4,031)
Free cash flow	$32,624	$40,486

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Cash Flows

We have summarized our cash flows for the nine month periods ended September 30, 2013 and 2012 (in thousands).

	Nine Months Ended September 30,	
	2013	2012
Cash from operating activities	$40,784	$44,517
Cash from investing activities	(18,228)	(23,764)
Cash from financing activities	(16,546)	(30,661)

We have financed our operations primarily through cash provided by operating activities. At September 30, 2013, we had cash, cash equivalents and investments of $44.7 million compared to $42.2 million at December 31, 2012. 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 $34.6 million at September 30, 2013. This cash is indefinitely reinvested in those jurisdictions. Cash balances and cash generation in the U.S., along with the unused portion of our revolving credit facility, 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 $95.0 million in borrowing capacity under our Credit Agreement at September 30, 2013. 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 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 $40.8 million and $44.5 million for the nine month periods ended September 30, 2013 and 2012, respectively. The cash provided by operating activities during the 2013 period decreased primarily due to a slow down in sales. Cash inflow from operations is dependent on the amount and timing of billings and cash collection from our customers. Additionally, the change in deferred revenue, accounts receivable and the timing of tax payments impacted cash flow from operations.

Investing Activities

During the nine month period ended September 30, 2013, cash used by investing activities was $18.2 million compared to cash used of $23.8 million in the nine month period ended September 30, 2012. Cash used by investing activities in the nine month period ended September 30, 2013 was primarily attributable to the $12.3 million used to purchase The IT Job Board® business, $8.2 million used to purchase fixed assets, partially offset by $2.2 million from sales of investments. Cash used by investing activities in the nine month period ended September 30, 2012 was primarily attributable to the $21.0 million used to purchase Slashdot Media assets.

Financing Activities

Cash used for financing activities during the nine month period ended September 30, 2013 and 2012 was $16.5 million and $30.7 million, respectively. The cash used during the current period was primarily due to $35.0 million of payments to repurchase the Company’s common stock, $20.0 million used in repayment of long-term debt, partially offset by $34.0 million in proceeds from long-term debt and proceeds from stock option exercises of $3.1 million. During the nine month period ended September 30, 2012, the cash used was primarily due to $56.8 million of payments to repurchase the Company’s stock and $23.5 million used in repayment of long-term debt, partially offset by $50.5 million in proceeds from long-term debt.

Credit Agreement
In June 2012, we entered into our Credit Agreement which provides for a revolving facility of $155.0 million, maturing in June 2017. The facility may be prepaid at any time without penalty.

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Borrowings under the Credit Agreement bear interest at the Company’s option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company’s 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 and a consolidated interest coverage ratio. 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, 2013, the Company was in compliance with all of the financial and other covenants under our Credit Agreement. Refer to Note 7 “Indebtedness” in our condensed consolidated financial statements.

On October 28, 2013, we entered into a new Credit Agreement, which provides for a $50.0 million term loan facility and a revolving loan facility of $200.0 million, with both facilities maturing in October 2018. Borrowings under the Credit Agreement bear interest, at the Company’s option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company’s most recent consolidated leverage ratio. Interest rates and covenants in the new Credit Agreement are consistent with the previous Credit Agreement. Quarterly payments of principal are required on the term loan facility, commencing March 31, 2014. The facilities may be prepaid at any time without penalty and payments on the term loan facility result in a permanent reduction. The Company borrowed $65.0 million under the new Credit Agreement to repay in full all outstanding indebtedness under the previous Credit Agreement, which was terminated upon repayment.

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.

Commitments and Contingencies

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of September 30, 2013:

	Payments due by period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(in thousands)				
Credit Agreement	$60,000	$—	$—	$60,000	$—
Operating lease obligations	19,721	906	5,830	4,148	8,837
Total contractual obligations	$79,721	$906	$5,830	$64,148	$8,837

We make commitments to purchase advertising from online vendors which we pay for on a monthly basis. We have no significant 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, 2013, we had $60.0 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 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 revolving facility are variable due to our interest rate being based on a LIBOR rate or a base rate. Assuming an interest rate of 1.94% (the rate in effect on September 30, 2013) on our current borrowings, interest payments are expected to be $407,000 for September through December 2013, $3.3 million in 2014-2015 and $2.4 million in 2016-2017.

We have a contingent payment of $5.0 million related to the WorkDigital acquisition that is expected to be paid in October 2014 based on delivery of certain products and achievement of certain milestones. We also have payments totaling $4.8 million to be paid by December 2014 related to The IT Job Board® acquisition based on achievement of certain financial measures.

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As of September 30, 2013, we recorded approximately $2.4 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, 2013 are $2.4 million of tax benefits that if recognized, would affect the effective tax rate. The Company believes it is reasonably possible that as much as $225,000 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.

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. From the second half of 2011 into 2013, we saw tougher market conditions in our finance segment and a less urgent recruiting environment for technology professionals. If recruitment activity continues to be slow in 2013 and beyond, 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 North America using the eFinancialCareers name. Rigzone, Slashdot Media and The IT Job Board® also conduct business outside the United States. For the nine month periods ended September 30, 2013 and 2012, approximately 19% and 21% 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, Comprehensive Income, 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, 2013 would have been a decrease of approximately $230,000.

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, 2013 and December 31, 2012, our translation adjustment, net of tax, decreased stockholders' equity by $9.9 million and $9.3 million, respectively. The change from December 31, 2012 to September 30, 2013 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 or base rate plus a margin. The margin ranges from 1.75% to 2.50% on the LIBOR loans and 0.75% to 1.50% on the base rate, as determined by our most recent consolidated leverage ratio. As of

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September 30, 2013, we had outstanding borrowings of $60.0 million under our Credit Agreement. If interest rates increased by 1.0%, interest expense in the remainder of 2013 on our current borrowings would increase by approximately $150,000.
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 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. We acquired The IT Job Board® in the third quarter of 2013. The IT Job Board® represented approximately 7% of our total assets as of September 30, 2013 and 2% of our revenues for the three month period ended September 30, 2013. As the acquisition occurred during 2013, the scope of our assessment of the effectiveness of internal control over financial reporting does not include The IT Job Board®. This exclusion is in accordance with the SEC’s general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition. 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, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 pending 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 the Stock Repurchase Plan I, 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 one year period. This plan concluded on March 8, 2012.
In March 2012, the Company’s Board of Directors approved the Stock Repurchase Plan II, a stock repurchase program that permitted the Company to repurchase up to $65 million of its common stock. This new authorization became

effective upon the completion of the Stock Repurchase Plan I on March 8, 2012 and was in effect for one year. This plan expired March 8, 2013.

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In January 2013, the Company's Board of Directors approved the Stock Repurchase Plan III, a stock repurchase program that permits the Company to repurchase up to $50 million of its common stock. This new authorization became effective upon the expiration of the Stock Repurchase Plan II on March 8, 2013 and will be in effect for one year. Under the plan, management has discretion in determining the conditions under which shares may be purchased from time to time. During the three months ended September 30, 2013, purchases of the Company's common stock pursuant to the Stock Repurchase Plans 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 [2]
July 1 through July 31, 2013	564,900	$9.24	564,900	$36,638,341
August 1 through August 31, 2013	876,979	8.68	876,979	29,028,680
September 1 through September 30, 2013	1,132,837	8.51	1,132,837	19,384,084
Total	2,574,716	$8.73	2,574,716	

[1] No shares of the Company's common stock were purchased other than through a publicly announced plan or program.
[2] The Stock Repurchase Plan I concluded on March 8, 2012, and the Stock Repurchase Plan II commenced on such date. The Stock Repurchase Plan II expired on March 8, 2013, and the Stock Repurchase Plan III commenced on such date.

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Item 6. Exhibits

10.1*	Separation Agreement dated as of July 29, 2013 between Dice Holdings, Inc., Dice Inc. and Scot W. Melland.
10.2*	Amendment to Employment Agreement dated as of July 29, 2013 between Dice Inc., Dice Holdings, Inc. and Michael P. Durney.
10.3*	Employment Agreement dated as of October 9, 2013 between Dice Inc. and John J. Roberts.
31.1*	Certification of Michael P. Durney, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of John J. Roberts, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Michael P. Durney, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of John J. Roberts, 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.

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* 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.

	DICE HOLDINGS, INC.
Date: October 29, 2013	Registrant

/S/ MICHAEL P. DURNEY
Michael P. Durney
President and Chief Executive Officer
(Principal Executive Officer)

/S/ JOHN J. ROBERTS
John J. Roberts
Chief Financial Officer
(Principal Financial Officer)

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