FINAL TRANSCRIPT

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the third quarter Dice Holdings, Inc. Earning Conference Call. My name is Lacy and I'll be your operator for today's call. At this time, all participants are in a listen-only mode. We will conduct a question and answer session towards the end of this conference.

(OPERATOR INSTRUCTIONS)

As a reminder, this conference is being recorded for replay purposes. I would now like the turn the call over to Mr. Don Tomoff. Please proceed, sir.

Don Tomoff - *ICR, Inc. - Investor Relations*

Thank you, good morning, everyone. With me on the call today is Scot Melland, President and Chief Executive Officer and Chairman of the Board of Dice Holdings along with Mike Durney, Senior VP of Finance and Chief Financial Officer.

Please note that earlier this morning, the Company issued a press release describing its results for the third quarter of 2007. A copy of that release can be viewed on the Company's website at diceholdingsinc.com. Before we begin, I'd like to note that today's includes certain forward-looking statements particularly statements regarding future financial and operating results of the Company and its businesses.

These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic business, competitive technological and/or regulatory factors.

The principal risks that could cause our results to differ materially from our current expectations are detailed in the Company's SEC filings including our Registration Statement on Form S-1 as amended in the sections entitled "Risk Factors", forward-looking statements and management's discussion and analysis of financial conditions and results of operations, and in our quarterly statement filed on Form 10-Q. The Company is under no obligation to update any forward-looking statements except as required by the federal securities laws.

Today's call also includes certain non-GAAP financial measures including Adjusted EBITDA, adjusted EBITDA margin and free cash flow. For details on these measures including why we use them and reconciliations to the most comparable GAAP measures, please refer our earnings release and our Form 8-K that has been furnished to the SEC both of which are available on our website.

With that out of the way, I'll turn the call over to Scot.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

Thank you, Don. First, let me take this opportunity to welcome everyone to the third quarter conference call for Dice Holdings, Inc. I'll start off with a brief overview of the business and a general discussion of our third quarter performance then I'll hand it over to Mike Durney our CFO to take you through the specifics of our financial performance and guidance for the rest of the year. After Mike, I'll make a few closing statements and then we'll open it up for questions.

For those of you who are new to our story, Dice Holdings is a leading provider of specialty careers sites for professionals. We operate career sites in four distinct communities and in 14 markets around the globe. Our career websites or job boards bring together talented professionals with employers and recruiters that are trying to find them. What makes it different though, is that we take a vertical approach where we focus on specific professions and industries.

Consequently, each of our career sites is tailored to the specific needs of the communities that they serve. So for example, if you go to Dice.com or efinancialcareers.com or our other websites what you'll see are job postings specific to those verticals as well as content, community features and job search that have all been customized to the unique needs of those communities.

We believe that this approach leads to a fundamentally better experienced for both the job seeker and the recruiter, and our performance over the past few years in our opinion validates that strategy. Our largest career site is Dice.com, the leading job board in the tech and engineering space in the United States. It has been around for about 17 years, and is used by millions of technology professionals.

We also operate three other career sites, efinancialcareers.com, the leading global network of career sites serving the capital markets industry. We acquired that business actually one year ago today and it has been exceeding our growth and profitability expectations ever since that time.

JobsintheMoney.com, a leading job site for accounting and corporate finance professionals it's been around for many years and was acquired as part of the efinancialcareers acquisition, and ClearanceJobs.com, the leading career site in the highly specialized field of recruiting for professionals with active government security clearance. We acquired the service in late 2004 and has since grown the business ten-fold.

Finally, we produce about 80 job fairs each year across the U.S. through our targeted job fair service. Due to our vertical approach we've been able to run these businesses fairly efficiently and believe that our business model is quite attractive. As you may know our services are free to the professionals that use them, and similar to Monster and CareerBuilder, we make our money by selling job postings, resume database access and advertising.

However, we are different from the others because of our vertical focus and in the way we package our services. Most of what we sell are recruitment packages. These are a combination of job postings and resume database access. We sell that way because we fundamentally believe that using both sides of the service, the database search and the job postings leads to a better experience and the highest customer satisfaction.

Another benefit of selling these packages is that most of our customers in the Dice service buy annually and pay us in advance which gives us a subscription like revenue stream with some attractive cash flow characteristics and good visibility into our future revenues. Now, let me say a few words about our third quarter performance.

First, we're very pleased with our performance for the quarter. In Q3, we again experienced significant organic growth in each of our key business segments exceeding our expectations. Overall, we achieved revenue growth at 38% year-over-year and adjusted EBITDA growth of 65% year-over-year. Not bad.

Sales performance in the U.S. was solid even in a challenging marketing -- market environment despite slower employment growth and uncertainty about the overall economy, our Dice.com customer account increased 18% year-over-year and we were able to increase our average revenue per customer by about 5.5% from Q3 a year ago.

Also during the quarter we raised the price of our base level recruitment package, this is one user and five jobs for a single month of service, from $795 a month to $895 a month. Sales performance outside the U.S. was once again outstanding with revenues for the eFinancalCareers segment increasing 77% year-over-year, driven by strong customer growth and increases in yield per customer especially in Europe and some of our newer markets like the Asia-Pacific region.

Job seeker traffic and activity also continued to increase across our career sites. During the period unique visitors to Dice.com increased 16% year-over-year with total job views and job applications increasing at an even greater rate. At eFinancialCareers unique visitors to the global network of sites grew by more than 80% year-over-year, driven by user growth in the UK and Europe, as well as the addition of new users from may of our newer markets. Total job views and applications also grew proportionately.

One item that I should note here is that we are implementing a new traffic measurement technology at the Company provided by Omniture, a leading web analytics company. This is significant because it will enable us to measure our website activity in greater detail including improved identification of automated or bot traffic.

September was the first full month we used the tool for our Dice.com career site, which resulted in a unique visitor count of 1.8 million for the month. It's somewhat lower than what our previous tools told us. We believe that the difference is due to the elimination of smaller lower volume automated traffic.

It's important to note that this is not a change in overall traffic levels, but merely a better way for us to measure activity on our sites especially [at] human activity versus automated activity so that we can make better decisions about the business.

During the third quarter we also continued to make significant progress in our product development efforts. We released new features and upgraded our search functionality in our Dice.com service. We also launched an entirely new career site for JobsintheMoney. Early feedback on new JobsintheMoney site has been positive from both job seekers and customers, and now with a good website in place our focus will turn to building the JobsintheMoney community and its usage over time. Overall, a very successful quarter for our company.

Now, let me turn it over to Mike Durney our CFO to take you through our third quarter financial performance.

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Okay. Thanks, Scot, and thanks to all of you joining us today. I'll start off the call by taking you through our operating results on a consolidated GAAP basis, and then discuss revenue performance for each of the segments on a pro forma basis given the significance of eFinancialCareers acquisition. And then, I'll move to some balance sheet and cash flow comments and briefly cover our updated view of Q4.

Consolidated revenue for the quarter ended September 30, '07 totaled $38.2 million, an increase of 76%. Of the $16.5 million increase $6.2 million was organic growth from Dice.com, ClearanceJobs and TargetedJobFairs, and $10.3 million of the increase came as a result of the acquisition of eFinancialCareers which includes the eFinancialCareers sites and JobsintheMoney.

Total revenues on a pro form basis for the third quarter if Dice had owned eFinancialCareers for that period in '06 would have been $27.7 million reflecting an increase of 38% year-over-year. Operating income for the period totaled $9.8 million up from $5.8 million in the '06 period, that increase was driven by additional revenue and operating income in the core Dice businesses and the impact of the addition of eFinancialCareers.

Within operating income sales and marketing was 36% of revenue in Q3 '07 compared with 41% both in Q2 '07, and on a pro forma basis in Q3 '06. Marketing costs were slightly lower than we had planned as a handful of our marketing initiatives will end up spanning Q3 and Q4 of '07. Of the total reported G&A expenses in Q3 '07 1.1 million was non-cash stock based comp up from 200,000 or so in Q3 '06.

The increases in G&A without stock based comp was 2.1 million, which reflects the addition of eFinancialCareers and the public company related costs of about $500,000. Depreciation and amortization totaled $5.5 million in the third quarter, of which $4.7 million is amortization from the Dice Inc. acquisition in '05 and the eFinancialCareers acquisition in '06.

Moving further down the statement of operations. Interest expense totaled $3.4 million and interest income totaled $400,000, these results reflect the application of the proceeds of our July IPO which I'll discuss a little bit later. Therefore, net income was $4.2 million in the third quarter, compared to $3.2 million in the prior period an increase of 33% and EPS from continuing operations per diluted share was $0.07 for the quarter.

Now moving on to adjusted EBITDA. We define adjusted EBITDA as operating income plus amortization of intangible assets and depreciation, non-cash stock based comp, and then the add back of deferred revenue that was written off in the acquisitions. Adjusted EBITDA for the third quarter increased significantly to $16.7 million, compared to $9.5 million a year ago, an increase of 76%.

eFinancialCareers generated adjusted EBITDA of about $600,000 in last year's third quarter, so on a pro forma basis the increase in adjusted EBITDA was 66% year-over-year. The adjusted EBITDA margin for Q3 was 43.5%, a sequential increase of about 150 basis points over the second quarter and more than seven percentage point increase on pro forma basis for Q3 '06.

So moving on to the business segments. As a reminder, when we talk about the segments we refer to their performance with the inclusion of the deferred revenue written off and the acquisitions added back, and for the third quarter that was approximately $250,000 for eFinancialCareers and for Q3 '06 it was about $200,000 for DCS Online and this is the last quarter where that will have an impact.

They're relatively minor amounts, but it's important to think about these when we talk about growth rates and accessing the metrics, and all of that is laid out quite clearly in the detail at the back of the earnings release.

DCS Online consists of Dice.com and ClearanceJobs.com and represented 69% of our revenue during the third quarter on a pro forma basis. For the period DCS Online revenues increased 26% to $26.6 million, and that increase was due to a greater number of recruitment package customers and an increase in the average revenue per recruitment package customer that Scot referred to earlier. In addition, ClearanceJobs.com revenue, while a small piece of the total, continued to increase on a year-over-year basis at an accelerating rate.

So to look at the two main metrics we look at on September 30th, Dice.com had about 9,000 recruitment package customers up from 8,800 at the beginning of the quarter and 7,600 as of the end of September '06. Of the roughly 9,000 customers, 77% were under annual contract up from 75% at the end of the second quarter, and the average length of the contract was 10.3 months, up from 10.1 months at the end of Q2.

The second important metric we track for the Dice business is average monthly revenue per recruitment package customer. This is the amount of revenue we generate on average for [each of] our recruitment package customers which we measure on a daily basis. The average of the three months in the third quarter was $839 per customer per month compared to an average of $795 per customer per month for the three months in the comparable period in '06.

The 5.5% increase comes from two sources. The impact of price increases and the selling of larger packages to our customers. The increase in Q3 from Q2 is in part driven by the increase in the base price for one month service that Scot referred to before, which impacts a little bit less than 10% of our 9,000 customers. Keep in mind that they two metrics represent almost 90% of Dice.com's revenue, while the remaining 10% comes from traditional classified site job postings and from advertising.

Our second segment is eFinancialCareers, which includes the eFinancialCareers businesses outside the U.S., and for the third quarter this segment represented 22% of our revenue. eFinancialCareers generated revenue of $8.5 million, up 81% year-over-year. Revenue gains for the period represented a sequential acceleration in the rate of growth from the 69% year-over-year increase we generated in the second quarter, and we credited a number of factors to that.

First, EFC had a strong showing in its core UK and France markets. A part of this increase included the impact of charging for database access which was first instituted earlier this year. Second, revenues were strong in newer markets like Hong Kong and Singapore and the Middle East Gulf Region which we entered in early '07.

Exchange rates had an impact on growth rates; measured in constant currency revenue growth in Q3 was 64% [over '06] -- also an acceleration from the 56% in Q2 on a constant currency basis. Third, the eFinancialCareers business in the U.S., JobsintheMoney, Targeted Job Fairs and our joint venture in India are included in other. In the third quarter these business generated $3.4 million of revenue or about 9% of our total, an increase of $1.2 million year-over-year.

This performance was driven primarily by increases in the U.S. operation of eFinancialCareers and in the job fair business. The job fair business benefited from a handful of strong shows, including one large one we did in August. eFinancialCareers in the U.S. had accelerating growth rates in each of the quarters of '07, and has now had revenue growth of over 100% year-over-year in each of the last two quarters.

So overall, international revenue represents 22% of our consolidated revenue and grew 80% year-over-year. Domestic shared revenue was 78% and grew 29% year-over-year. So turning to the balance sheet. As of September 30th, we have $43.5 million in cash and marketable securities and $124.7 million in long term debt.

During the quarter, subsequent to the initial use of $51 million of the proceeds of the IPO to pay down a portion of the debt, we paid down the remaining $4 million that was outstanding under the revolver, and then it made the first quarterly installment payments due under the term loan. So, we now have none of the $75 million revolving credit facility draw.

Moving to deferred revenue. As a reminder for us, deferred revenue represents orders books that have been billed, but for which revenue has not yet been recognized. The vast majority of contracts in the U.S. are billed in full at the time the contract is signed and then paid shortly thereafter. Less than 10% of our contracts in the U.S. have billing terms other than the entire amount due upfront for a contract.

On the international side, it's a bit different as the majority of the contracts are billed monthly over the term of the contract no matter what its length, so the eFinancialCareers segment has a lower amount of deferred revenue as a percentage of revenue recognized.

This is important to keep in mind as we use deferred revenue is an indicator of growth going forward, since the eFinancialCareers business is growing so fast we may have terrific growth prospects, but don't materialize as increases in deferred revenue like we do in the U.S. business.

As of September 30th, deferred revenue was $44 million, an increase of 60% [sic - see Press Release] from the balance a year ago, and a 28% increase from the year end balance, about $6.1 million of that total is the eFinancialCareers segment. Deferred revenue is essentially flat sequentially which we expected.

As we've outlined previously, the first and fourth quarter is the one we have the biggest increase in deferred revenue, due to annual increases in net new customers which typically happen in the first quarter, and renewals which often happen in the fourth quarter. So the next two quarters will be important in terms of deferred revenue growth.

In terms of accounts receivable, because we typically collect what we bill in the U.S. so quickly our DSO at the end of the quarter was less than 30 days. On the international side the historical collection practice has not been as astringent so the DSO is greater but we're working to change that.

The receivable balance and DSO at eFinancialCareers was higher than we would have liked at September 30th for a variety of factors, but that trend appears to have reversed itself during October and we're back on track to improving collections at eFinancialCareers, although there is still work to be done.

Moving to cash flow. We generated cash from operations of $11.1 million in the September quarter, up from $8.8 million a year ago. Cash flow was positively impacted obviously by the significant growth in the adjusted EBITDA, but was slightly offset by the accounts receivable billed at eFinancialCareers that I mentioned, and we paid $3.4 million in cash interests during the quarter and our CapEx was slightly less than $1 million.

So with that, let's move on to a preliminary look at the fourth quarter. We now anticipate generating total revenue in the fourth quarter of between $39 million and $40 million, an increase of about $2 million compared to what we thought we would do in August. We expect the distribution of that revenue to be about 68% for DCS Online; 25% for eFinancialCareers and the remaining 7% from other.

eFinancialCareers share of total revenue increases because it's growing so fast. Other will decline in part because there is seasonality in the job fair business and that revenue stream will be lower in Q4 than in Q3. We expect to increase our investment in sales and marketing in absolute dollars and as a percentage of revenue looking for 37% to 39% in Q4.

We typically don't spend a lot towards the end of the quarter, but we will have a sequential increase from Q3 to Q4 in part with some of the programs that we launched in Q3 that will span into Q4. We anticipate an adjusted EBITDA margin in the quarter of about 42% to 43%. In terms of the year we expect total GAAP revenue to be approximately $142 million to $143 million, and adjusted EBITDA margin should be in the 41% to 42% range.

CapEx for the full year we expect to be about $4 million with some of the projects we're working on spilling over into '08. We expect our interest rate for Q4 to be about 8.6% with a blended tax rate of about 40%. Just filling out the income statement, non-cash stock comp is estimated to be about $1.1 million.

Depreciation and amortization in the $5.4 million to $5.5 million, and finally our share count is expected to be about the same, 62 million with 8.2 million in options outstanding at an average exercise price which for a diluted share count will probably be in the 65 million to 66 million range depending on the share price.

So in closing, we have a diversified global business that we believe will continue to grow 35% year-over-year with adjusted EBITDA margins over 40%. Just to summarize our performance of revenue growth and the operating leverage we have in the business, GAAP revenue and adjusted EBITDA each grew 76% in Q3 over the comparable '06 period.

Adding in the impact of eFinancialCareers transaction revenue grew 38% year-over-year and its adjusted EBITDA grew 66% year-over-year, demonstrating once again the great operating leverage we have while continuing to invest in the business.

And so with that, I'll turn it back to Scot.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

Thank you, Mike. Let me wrap up our formal presentation with a few closing thoughts here. Again, we are very pleased with our third quarter performance in addition to exceeding quarterly expectations financially, we also made solid progress on the operating side of the business including strong job seeker growth in our key career sites, improved features and functionality for our Dice.com service, better measurement tools for the business and the successful re-launch of the JobsintheMoney website.

As we finish out the fourth quarter and look to 2008, you can expect us to be consistent with the approach and the strategy that we laid out in our last earnings call. Specifically, we will grow our company organically by investing in sales and marketing in our core businesses.

The focus will be on penetrating our customer opportunity and ensuring that each of our career sites is a leading specialty career site for its community. We will invest in product development including new content and features for our services, and we'll continue to look for new ways to provide more value and ease of use for the professionals and the recruiters who use our services.

We will continue to grow our businesses both domestically and outside the U.S. Along with our growth here in the U.S., we see significant opportunity in Europe and in Asia and in the Middle East. In fact, when you compare the multibillion dollar global recruitment advertising market to our international revenues of roughly $26 million over the past 12 months, I think it's fair to say that we're in the early stages of penetrating that global opportunity.

And finally, we will look to grow our company through sensible acquisitions. We are always looking for good businesses which are consistent with our strategic goals and that can further our growth prospects. Now, I would just like to thank all of our employees around the globe for their ongoing hard work and dedication. You are the people that really make all this happen.

With this, I thank you for listening today and let me open up the call for questions.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS)

And our first question comes from the line of Imran Khan with JPMorgan. Please proceed

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Imran Khan - *JPMorgan - Analyst*

Hi. Imran Khan. How are you? Thanks for taking my question. Couple of questions. First of all, in the past there were some price discounting from your competitors in the marketplace. I was wondering if you can give us some color, if you are still seeing some price discounting in the marketplace.

I know you raised prices, so what kind of pricing environment you are seeing? And secondly, there is some concerns about the financial verticals weakening because of some of the things that are going on in the capital market. I was trying to get a sense of what are you hearing from your customers if you can give any color. Thank you.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

Okay. First just on the pricing question. I think what we've -- as you know in this business there is always a lot of promotional pricing that's going on out there. I think we have seen more promotional pricing in the market than we've seen previously.

And I think that's just a fact of life of what's going on in this business right now. And we saw an opportunity to make a move with our basic level package and we made that move and it's been well received so we feel comfortable with that. But I would say in general, part of the reason why the North American market is a bit more difficult is because we're seeing more promotional pricing in the marketplace.

As far as the financial vertical, there's a lot going on out there in the press and many announcements from customers -- it's not customers, but companies -- financial services companies about what they're doing with their staffs and I would guess that it's already had some impact on our business.

Now that being said, we're going very quickly globally with that business, but I'm sure it's had some sort of impact already. What our customers are telling us is that they see a little bit more uncertainty about their hiring plans, but they continue to recruit and they continue to hire. I think it's going to be a -- what will be really interesting will be to see what happens in the first quarter of next year because that for the financial services business that is a big renewal time overall in the industry.

Imran Khan - *JPMorgan - Analyst*

Thank you.

Operator

Our next question comes from the line of John Janedis with Wachovia. Please proceed.

John Janedis - *Wachovia Securities - Analyst*

Hi. Thank you. Good morning. You guys are -- Mike you mentioned that your annual renewals tend to happen in December at Dice. Can you give us your thoughts on whether you'd expect renewal rates to be materially different from what you've seen historically? And then also, can you talk about relative growth and what you're seeing at Dice and EFC? It looks like most of the increase in the 4Q forecast came from the EFC business. Thank you.

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Sure. We do have a lot of renewals that happen at the end of December because we have a fair number of contracts that are on a calendar year basis, but it's not disproportionately high. We do expect to have a fair number of those happen either in December or the beginning of January because we do have some in January as well.

At this point, we don't see anything in the U.S. business that says it will be substantially different than what it's been recently. As you probably know in the past, we've grown through the seasonality since we've grown so fast, so that has an impact, but I haven't seen anything yet and we don't expect to see anything in the near term that would change the renewal rates in the U.S.

John Janedis - *Wachovia Securities - Analyst*

Thanks. And then just on the forecast for the fourth quarter Dice versus EFC.

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Yes. I think the Dice business continues its growth trend. I think if you back looking at DCS Online the growth rate in Q1 was around 40; Q2 was low 30s; Q3 was 26; Q4 would be in the 20% range or so and I think that's the track it's been on. It was on a huge growth curve in '05 and '06 and we have tough comparables to measure [against].

So certainly the majority of the growth continues to come from eFinancialCareers, but that's not to say that the growth rate on Dice is any different that the track it's been on.

John Janedis - *Wachovia Securities - Analyst*

Got it. Just Mike on the EFC piece for the fourth quarter. Is more of the increase coming from pricing, or is it just more customers or what's driving that?

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Yes. It will be continued upticks in pricing. Typically in the four quarter, we have net zero change in customers. Now that's not to say it's zero during the whole period. If you look at the 9,000 the numbers actually slightly higher.

Today it will grow through the quarter, and then we don't generate a lot of short term business in November/December as you would expect because recruiting activity falls off. So the net customer count will be roughly flat or so give or take 100 in Q4, but we are on a path where the pricing and therefore the average revenue per customer continues to grow, and so that's where more of the revenue will come from.

John Janedis - *Wachovia Securities - Analyst*

Thank you very much.

Operator

Our next question comes from the line of Youseff Squali with Jefferies. Please proceed.

Youseff Squali - *Jefferies and Company - Analyst*

Thank you very much. Hi, guys. A couple of questions. On a -- hey Mike, can you give us the deferred revenue growth in Q1 and Q2 year-on-year just to kind of have a basis of comparison for the number you just showed to us for Q3? And second, if I look at your incremental EBITDA margin in Q2, it was about 84%.

In Q3 it was 55% and then if I do the same math at the midpoint of your guidance it implies somewhere in the mid-60s. Was there anything in Q2 that kind of skewed that number upwards, or just is that not really a metric that's meaningful?

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Let me take the first one first just to get that out of way. So deferred revenue in Q -- at the end of Q3 was 44 -- it was roughly 44 at the end of Q2; 42 million at the end of Q1; 34.5 million at the end of last year.

Youseff Squali - *Jefferies and Company - Analyst*

For which period?

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

At 12/31/06. So deferred revenue typically grows in Q4 and then in Q1 and then is generally level in Q2 and Q3. Same thing happened last year roughly. So that's what you're asking right -- was the deferred revenue?

Youseff Squali - *Jefferies and Company - Analyst*

Yes. I was actually open for some year-on-year growth rate instead of just sequential if you have them, otherwise you can do it offline.

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Okay. Yes. If you go back to Q1 '06, now we have the eFinancialCareers in the middle of last year. Q1 '06 was 23.6 million and Q2 '06 was about 26 million. So the growth rate -- we can do the growth rate separately, but that gives you some flavor back for the periods before we reported.

In terms of incremental EBITDA, I'm not sure if you're measuring quarter to quarter or year-over-year. We tend to look at it on a year-over-year basis. Q2 from Q1 is typically higher from an incremental margin standpoint, because we historically and we would expect this to continue spend more in sales and marketing as a percent of revenue in Q1 than we do in any of the other quarters.

And so -- that you get the operating leverage from the non-sales and marketing costs, and then you get leverage in sales and marketing from Q1 into Q2, and that happens for a variety of reasons. We spend more in marketing to professionals because Q1 is -- a point in time when they often are making career choices, financial services industry has some turnover.

In Q1 after bonuses are paid, we spend more in marketing as a percentage of revenue to customer acquisition initiatives because that's when companies budgets are released and they're making decisions on hiring plans. And then on the sales side, because we recognize sales commissions at the time of billing and the revenue is recognized over the remaining period.

Sales costs tend to be higher as a percentage of revenue in Q1. So on an incremental margin basis, we look at it year-over-year and not quarter-to-quarter, but that would be the reason why Q2 would be higher as measured on Q1.

Youseff Squali - *Jefferies and Company - Analyst*

Yes, that makes sense because I was actually looking at it on a quarter-over-quarter basis, so that make sense. And then Scot, the quarter -- the quarter was clearly very strong so congrats on that, but have you seen any pockets of weakness in the market?

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

I think overall -- let me kind of divide the answer into sort of North America and outside of North America. In North America, I think as we mentioned on our call last time as well in general the economy is an issue and has presented some weakness and has impacted our -- the growth of the Dice business.

I think the good news here is that we continue to grow through what I believe is pretty difficult situation with economic growth and some competitive behavior, so really no change there. Outside the U.S. pockets of weakness.

I think -- our belief is that with what's going on in the credit markets and how it's impacting the hiring plans of financial institutions globally that it's our expectation that any impact we would see and financially you can tell that we haven't seen much of any impact yet would probably be felt in the U.S. and the UK and not in Europe or Asia or the Middle East. So it's more of a regional type of issue. At least that's what we would expect.

Youseff Squali - *Jefferies and Company - Analyst*

Okay, great. Thanks.

Operator

Our next question comes from the line of Heath Terry with Credit Suisse. Please proceed.

Heath Terry - *Credit Suisse - Analyst*

Great. Thank you. I was wondering if you could give us an idea of what kind of mix shift if there is any that you're seeing in your business whether you're seeing more growth from the -- SME category or more growth from smaller -- from larger institutions or employers, and whether or not there's any difference in the trend that you're seeing in your Dice vertical versus your finance vertical?

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

It's interesting that you bring that up Heath. I think one mix shift that we are seeing in the U.S. with the Dice business is that as we continue to penetrate the customer opportunity and we're brining on new customers we're bringing on a greater proportion of what we call direct hiring companies versus recruiting and staffing firms.

So a couple of years ago as we were growing the business and growing the customer account a greater number -- proportion of that was represented by recruiting and staffers. Now as we move into the market penetration a little bit further, we're seeing more business, in fact on a net new business new customer basis we're bringing on more net new direct hiring companies and recruiting and staffing firms. So, I think that that's just a natural result of our penetration of the market.

For eFinancialCareers really no change. No real change there. There's always been a mix of both very large financial services companies, as well as recruiting and staffing firms that serve that industry. The same is happening -- that same sort of mix is happening now in a lot of new countries but really not a big change in the mix.

Heath Terry - *Credit Suisse - Analyst*

Great. Thank you.

Operator

Our next question comes from the line of Collis Boyce with Morgan Stanley. Please proceed.

Collis Boyce - *Morgan Stanley - Analyst*

Thanks guys. I was just wondering -- are you seeing any type of change in the recruiting landscape from these networking sites like LinkedIn? And then, I guess a follow-up to that would be, are you seeing any opportunities of leverage their growth?

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

One of the things that's happened in this industry and I think we talked a little about this on our last call is over the last year has been a number of new companies -- smaller ventures, new business models that we've seen out there. LinkedIn is definitely one. It's been around for a long time but focuses on a professional social -- professional networking.

What we've seen so far -- I mean there's others. There's Jobster. There's The Ladders. There's other smaller competitors that have popped up over time which I think is a natural progression for our industry. Specifically on LinkedIn, what we've seen is that customers are trying the social networks. They're using it -- they're using them and it's more than LinkedIn. It's Face Book. It's others -- other services.

They're using them to get background information on people and they're use -- they're trying them out in terms of recruiting services. The feedback that we have heard so far is that they're interesting services but the performances of the services is a bit spotty.

So that's actually the feedback that we've seen. In terms of working with those players we advertise on many of the new sites that are out there. The aggregator sites like the Simply Hired and those folks and we're also an advertiser on LinkedIn as well. So we're actually playing with a number of these new business models as well as watching what they do.

Collis Boyce - *Morgan Stanley - Analyst*

Thank you very much.

Operator

Our next question comes from the line of Doug Anmuth with Lehman Brothers. Please proceed.

Doug Anmuth - *Lehman Brothers - Analyst*

Thanks for taking my question. Mike, can you provide some color on the sales and marketing costs during 3Q? I know that you said some programs were rolling more into the fourth quarter. Numbers that might have came in below what we expect so if you could you provide some color there, and also talk essentially about how you're spreading your marketing spending across the different business units.

Is it fair to correlate it pretty closely to the revenue split and then secondly can you also talk about your traction with EFCUS during the quarter and how the grow is trending in that division? Thank you.

Mike Durney - *Dice Holdings, Inc. - Senior VP of Finance and CFO*

Sure. I'll take the first one and then Scot can talk about EFC growth or we can give some numbers. So on marketing to -- Doug, address the first question we do a fair amount of marketing testing specifically to professionals. One of the things that we plan to do in Q3 was to do some local market testing to saturate local markets where there's a high density of tech professionals.

It's something we've talked about testing for quite a while. We picked two markets to start that process. We started in September. There's not a good reason to do it in July and into the beginning of August necessarily, so we stared in September, and using that as one example we've run that from September into October.

And so, back in August we thought we'd do it mostly in September spanning September/October and that's on the order of a couple of hundred thousand dollars. And as you guys probably know, none of the marketing initiatives that we talk about ever exceed more than a few hundred thousand dollars, so we're never talking about huge spends.

But there's a handful of those types of things in terms of marketing. So that -- when I talk about spanning Q3 and Q4 that's the kind of thing I'm talking about. From an annual basis as I mentioned earlier we spend a fair amount in both customer acquisition marketing and professional job seeker marketing, which is how we look at the two of them.

Internally, we spend a lot on Q1. We spend some in Q2. It falls off a little bit in the summer, and then falls of quite a bit in November and December when there's less activity. So you will at times see initiatives that we have spanned quarters, and so, but -- I hope that addresses the first question. The first piece of the question.

The second piece of the question we spend more in marketing in the Dice business than we do in the EFC, eFinancialCareers business, that's been the case since we've bought it. We're starting to invest more in marketing and in eFinancialCareers, certainly in the U.S. And then in some of the non-UK or non-Europe markets -- some of the new markets to generate a local traffic.

eFinancialCareers historically has been fabulous at building off its cross-border recruiting efforts, and so we're starting to spend more. And I think in the future you'll see us spend more in marketing to attract local candidates in some of the newer eFinancialCareers markets, Australia, Asia, the Middle East, some the newer European markets. Again just to clarify it, we're talking about hundreds of thousands of dollars, we're not talking about millions by any stretch. But to specifically answer the question, we spend more in Dice than we do in eFinancialCareers.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

And as far as eFinancialCareers U.S., we've been very pleased with the growth of that business. I guess we don't specifically release those numbers, but that is from a job posting point of view, that is the second largest job posting market for eFinancialCareers globally and it's one of the fastest growing country markets for EFC right now.

The customer acquisition opportunity for eFinancialCareers is -- in the U.S. is pretty significant starting from a relatively low base, and as we've folded it into the U.S. Dice based sales and marketing operation it certainly seen the benefits of that, and there are customer groups that we don't yet penetrate fully. So we have seen, and we expect to continue to see pretty good upside.

I did mention earlier, and just to reiterate while eFinancialCareers in the U.S. is embedded inside of other -- and so you can kind of put some parameters around the size of it, it has doubled its revenue in each of the last two quarters year-over-year and on an accelerating basis for each of the three quarters since we've owned it.

Doug Anmuth - *Lehman Brothers - Analyst*

Okay that's great. Good color. Thank you.

Operator

(OPERATOR INSTRUCTIONS)

Our next question comes from the line of Doug Campbell with Spirit Capital. Please proceed.

Doug Campbell - *Spirit Capital - Analyst*

Thanks. The answer to this may be subjective but now that you have a publicly traded security and that you have -- your targeting acquisitions in various parts of the globe does that appear in early days to enhance your opportunity to sit out your network of -- [both] locations [to customers]?

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

You mean being a public company does that give us an advantage?

Doug Campbell - *Spirit Capital - Analyst*

Yes.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

I would say definitely say yes. It gives us an advantage in being able to have the financial capability to potentially make some of these acquisitions. It also gives us -- it makes the whole acquisition process much, much easier. Believe it or not, it's easier to do a transaction as a public company than as a private company for a number of reasons. So, it's a definite advantage on both fronts.

I guess the third advantage is probably that we've come up from under the radar, and so opportunities were much more well known on a global basis now and opportunities find us, as well as us finding opportunities.

Doug Campbell - *Spirit Capital - Analyst*

Have you -- do you have what you might call a pipeline? I know that's really the wrong word, but -- I mean do you have a series of prospects that you have worked up to position yourselves in the places where you want to be or in vertical markets where you want to be?

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

We do. We have a pipeline of -- we've around the industry for a number of years now, so we know many of the players and with eFinancialCareers now and the terrific management team there they now know the players in the markets that they operate in, and we do have a pipeline and a game plan here.

Again, nothing I would say eminent in terms of closing a transaction, but we definitely have an idea of where we want to go and who we want to talk with.

Doug Campbell - *Spirit Capital - Analyst*

Thank you.

Operator

This concludes our question and answer session. I would now like to turn the call back over to management for closing remarks.

Scot Melland - *Dice Holdings, Inc. - President, Chairman and CEO*

Great. Thank you. So, thank you all for participating in the call and look forward to speaking to you again early in the next year.

Operator

Thank you for your participation in today's conference. This concludes your presentation. You may now disconnect. Good day.
