

FINAL TRANSCRIPT

Thomson StreetEventsSM

DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

Event Date/Time: Mar. 03. 2008 / 6:55PM ET

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

CORPORATE PARTICIPANTS

Scot Melland

Dice Holdings, Inc. - Chairman, President, CEO

CONFERENCE CALL PARTICIPANTS

Collis Boyce

Morgan Stanley - Analyst

Mary Meeker

Morgan Stanley - Analyst

PRESENTATION

Collis Boyce - *Morgan Stanley - Analyst*

Okay. Thanks for joining us. My name is Collis Boyce and I work with Mary Meeker and Dave Joseph. And I'm joined here by Scot Melland at Dice and I guess just a couple of minutes to introduce Dice and yourself.

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

Sure. For those of you who may not be familiar with Dice Holdings, we're a leading provider of career sites for professional communities. Our career sites bring together, or job boards, bring together skilled professionals with the recruiters and employers that are trying to find them.

What makes us different though than some of the other providers out there like the Monsters and the CareerBuilders is that we take a vertical approach. And what that means is that instead of having a service that appeals to all job types and all job seekers, each one of our services is tailored to the specific needs of the professionals that it serves.

Today we operate job sites in four communities, dice.com and the tech and engineering space in the United States. It's been around for 17 years. It's the clear leader in the space.

eFinancialCareers, which is the leading global network of career sites, serving the securities and financial services community. That was an acquisition that we did a little bit over a year ago. It's been a terrific acquisition for our Company.

A smaller service called ClearanceJobs, which is in the highly specialized field of helping companies find people with active government security clearance. Our customers there are customers like the agencies and defense contractors, CIA, NSA, et cetera. And we also have Jobsinthemoney, which is another small service, which is based here in the U.S. that focuses on the accounting and corporate finance world.

One thing to remember, we also run a -- sorry. We also run about 80 career fairs across the U.S. on an annual basis. About 95% of our revenue, though, is derived from Dice and eFinancialCareers. So those are our two flagship services.

We've grown very quickly as a Company, tripled the size of the Company in the last few years. In fact, last year our revenues grew 38% top-line, EBITDA grew about 68%. And excited to be here.

I think what we're looking to do in the future and how we plan to grow the Company in the future is really three-fold. We're focused on today, because we're really a young company today, and haven't penetrated the opportunity in our market. Our first and primary focus is really customer penetration or gaining and getting the most out of our customer opportunity both here in the U.S. and outside the U.S.

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

I should say that about 25% of our revenue today is outside the U.S. And it's actually the fastest growing part of our Company. The fourth quarter grew about 80% year-over-year pace. So taking advantage of that customer opportunity, penetrating that customer opportunity, is definitely the job one in the Company.

We also plan to grow the business by entering new countries. We operate in about 14 markets across the world today. And we're planning to add some additional country markets in the next year. And we're also looking to do that for our eFinancialCareers service, as well as our Dice service.

And lastly we plan to grow the Company through acquisitions. We have been tremendously successful in the acquisitions we've done over the last couple of years, eFinancialCareers being the latest one.

We see opportunity in other recruiting verticals outside of financial services and outside of technology. And we think that really the way the market's developing on a global basis today the leading players have yet to be determined outside the U.S. And we think there's an opportunity to move in and create positions in these other verticals, especially outside the U.S. in the coming years.

QUESTIONS AND ANSWERS

Collis Boyce - Morgan Stanley - Analyst

Okay, thank you. I guess before we get into more Dice specific questions, we've been asking kind of an overall question for all the companies here. But one of the first ones is how much of a slowdown in the economy have you guys kind of baked into your guidance? Kind of as you're thinking about this year out, how have you incorporated that?

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

Well, we've calculated our guidance or formulated our guidance and presented it early in February. So we've actually been through January, which is a big part of our year.

The basic assumption that we've made was that we assume that there would be a continuation of the economic conditions that we experience basically in third and fourth quarter of '07 would continue. In other words, the economy wouldn't get drastically better; it wouldn't get drastically worse. And then especially as it pertains to our business that the labor markets weren't going to demonstrably better or demonstrably worse.

Collis Boyce - Morgan Stanley - Analyst

Okay. And then when you think of internal IT spending, how do you view that as changing in 2008 versus 2007?

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

IT spending or capital spending in our business is actually a very small part of our business. There was about \$3.5 million -- our whole capital expenditure budget last year was about \$3.5 million. This year it's going to be about \$5 million. So we're actually spending more on IT and infrastructure this year than last year.

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

Collis Boyce - Morgan Stanley - Analyst

Okay. Then I guess just to really get started. As I talk to people it seems that some bears think about the online recruitment segment and say oh, if overall recruitment budgets fall, I mean you guys will be very -- your business model could slow drastically. Whereas I talked to other bulls and they turn around and say that it's a much cheaper source. It could actually accelerate the movement online. What are your views on that?

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

I think if, I guess first thing is just overall when you think about recruiting and the labor market, a lot of people as we've talked to investors, a lot of people tend to think of it as sort of one big mammoth, monolithic thing. When actually you have very different markets. What's going on in construction, what's going on in retail, labor markets are very different than what's going on in technology and the other labor markets.

But so where we see this thing going is that if there is a pullback in recruiting in the sectors that pertain to our business. It will definitely have an impact on our business. But it will not have the kind of, I think, impact that many people expect because we are the low cost providers. We've seen the recruiting budgets of many of these customers. And so as a result we benefit from some protection in their budgets.

Collis Boyce - Morgan Stanley - Analyst

Okay. It also seems historically you guys have been very successful in increasing your prices for a monthly online recruitment package for Dice, \$895. A similar, and that's for five-job slots with a one license to use the resume database. If you look at some of the competitors like Monster and CareerBuilder, they seem to be kind of \$2,500, \$2,700 range. What ability do you think that you have kind of to continue to increase prices?

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

We have increased prices quite a few times in the last two years, about five times in the last two years and that, so we've taken that gap and we've kind of shrunk that gap. I think the opportunity is there for us to continue to raise price over time. I think the question is if we deliver for our customers the question is, is that something we want to do today?

I think given the environment that we have going on today and the sensitivity with customers today, we'd rather play for market share and play for long-term customer relationships rather than extracting every last cent out of customers at this time.

Collis Boyce - Morgan Stanley - Analyst

Okay. In the most recent quarter, fourth quarter versus third quarter, it seems that these package customers, there's a slight decline. You also had your most recent increases in the third quarter. How much of that, do you contribute that to the economy? Or do you think that the actual price increase could have any impact on customers going away?

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

Well every year at the end of the fourth quarter you always see a drop-off in recruiting activity. And as a result you see a drop-off in customers that are using our service, as I'm sure you see it with the other services as well.

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

What happened this year is we saw a little bit deeper dip or drop-off after Thanksgiving. So we saw sort of a deeper holiday slowdown. And then when we got into January things rebounded right again. And I think we mentioned on our analysts call, I'm sorry, our earnings call earlier this month that it'd already bounced back to the level that they were at before.

So I really don't, I think the deeper drop-off is probably more a result of what's going on in the market today certainly than any pricing action we took. And so I wouldn't attribute it to the pricing at all.

Collis Boyce - Morgan Stanley - Analyst

Okay. You had previously mentioned on a pro forma basis the last year you guys grew at 38%, that's a decline from the 52%. Based on your guidance currently, it seems that that growth is going to continue to moderate. Can you just discuss that a little bit?

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

I think if you look at going from over 50% to 38%, that's on a much larger business but that's still quite a substantial amount of growth in our business. When we look at '08 though, one of the difficulties with forecasting and planning for '08 is the uncertainty that you see in the market.

And the uncertainty it's actually being driven by customers who we deal with on a daily basis telling us that their taking longer to make buying decisions. They're taking longer to evaluate their recruiting needs and such. And so as a result, I think we created a very large spread in our guidance. And if you take the mid-point of our guidance we've got definitely a deceleration of the business.

What's not included in those numbers, though, are many of the things that I talked about earlier, like expansion into new countries, acquisitions that we may now be able to do. So those are things that would be on top of the guidance growth that we've given.

Collis Boyce - Morgan Stanley - Analyst

Okay, so if I'm thinking about that, if you guys over-perform your guidance, it seems a lot of that would come from expansion and kind of revenue that we're not seeing today that would be added. If you were to under perform your guidance, to the extent that you can, is there any kind of factor that you think might lead to that?

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

I think if we come in towards the low end or under our guidance, it will be a result of what, of the uncertainty that's going on in the market and the market itself. If we come in on the high end or above, it'll probably be driven by the economy or either the uncertainty declining or the economy having, become a little bit more robust towards the second half of the year.

So I think what you should really keep in mind with our business is that the market opportunity is there. The question is how quickly can we get to it as a Company and execute on it. And then when we get to those customers, when we talk to those customers, how confident are they given their own situations about trying a new vendor or expanding their service with us? So the opportunity is there. It's really a question of what's going on in the economy and our own execution.

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

Collis Boyce - Morgan Stanley - Analyst

Okay, now I've got one more question before I open it up to anyone else that might have additional questions. But you've talked about expanding kind of both geographically and also possibly through other vertical or adding other verticals. What do you think of when you're evaluating the overall picture? And then if it is geographically, would you look to move EFC and Dice into these additional countries? Or is that really a country-by-country decision?

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

Well, I think first when we talk about new countries or new country markets to go into, the first move there is really to fill out the strategy of eFinancialCareers. Today with eFinancialCareers we're in many of the largest capital markets in the world. But we're not in all of them.

And I think that you can probably expect that we will be in all of the major capital markets over the coming years. Because if we do that, we will essentially own that part of the market, so we'll have each of the whole financial services industry covered from that standpoint. So that's really the first driver there.

In terms of expansion of the technology recruiting side of our business, we're looking at doing that outside of the U.S. obviously. And we're looking at which countries have the nicest market opportunity first. So a lot of it has to do with where is the technology recruiting today. What is the current competitive levels look like within those countries? And then what's the best way for us to participate, whether it's through our own organic growth into those countries or through acquisition. So that's really how we think about country expansion.

In terms of sector expansion we love verticals that are large, that are professional in nature, where the recruiting is complex, where there's a natural supply and demand in balance. We love sectors where the people that participate in those sectors think about themselves as part of a group or community because you have that. You can create a brand; you can create a brand image around that.

And so you can sort of see naturally how we went from technology to financial services. And there is a few other professional verticals that I think would make sense, would fit that profile.

Collis Boyce - Morgan Stanley - Analyst

Okay, does anyone out there have any -- Mary?

Mary Meeker - Morgan Stanley - Analyst

This is difficult with the shoe on the other foot I guess. Could you talk a little bit about technology advantages and product advantages? If we look at the success of successful companies on the Internet in the last few years or so, Amazon.com has won by being especially effective with its customer service. Google just keeps gaining share because it keeps making user experience better.

I think that's something that might be a little more comparable in the online travel business. Kayak has come along as an aggregator of different travel information at the margin. It's been really taking market share away from the incumbent players.

You have a market with traditional offline players. You have a market with Monster.com. You've sort of, I'm not going to say you've come out of nowhere cause that's not a fair characterization, but you've really gained a lot of market share in the last three plus years in your market. And you're expanding that elsewhere.

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

But if you could talk about competitive advantages, how focused you are on improving the product. What the acceptance of that looks like, and how you look at the other players in the market and then the next players that might come along, whether it's LinkedIn or whomever.

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

The advantage that we have in the market against the Monsters and the CareerBuilders really stems from this vertical focus that we have. And part of it is a technological advantage and part of it is sort of a content and community advantage.

On the technology side of things we do have a search engine and we have search tools and all sorts of specialized tools for recruiting tech people that are somewhat difficult to replicate. Our search engine has been tuned to searching based upon skill sets rather than based upon free text search and job titles like Monster and CareerBuilder are. And so you literally can get better search results using the Dice search engine.

But then we also combine that with better content. And that better content, and I think community. And the better content comes from having a real in-depth understanding of what on the job, on the professional side of it or the job seeker side of it, what is the career track type professional? What is it like? What are the decision points? What do they need to know? How do they think about their careers and building their careers and then giving them type of information?

And on the recruiter side, how does that whole contracting world work? How do companies think about evaluating the skill sets? And we give that kind of content and customer service experience. And then we wrap it all inside of this community, which is two plus million people who visit us. So we have the density of the community over time.

So the advantage that we have today is because of those things we can deliver a better slate of candidates faster and easier than any of the other players can. And that's why people buy us. That's plain and simple. They're going to find a very high quality skilled people. They're going to find them quickly.

In the case of the staffing company customer, speed to market is very important in their business. They either get the business or they don't based upon speed. And we deliver that speed for them. So what are we doing in the future to sort of enhance that? And by the way the same thing is true for eFinancialCareers but applied to the financial services industry.

What are we doing to enhance steps or even more competitive in the future? We're coming out with a new version of our web site this year. So you'll see entirely new versions of Dice and eFinancialCareers.

You'll see more in-depth content. We now have original content on both services that basically give us one more leg up in attracting those professionals who, many of which aren't using any online service today. So we're bringing in professionals into the town pool and giving companies a way to reach them where historically they had to use executive recruiters to reach them.

So it's really a focus on just continuing to enhance the technology. And then enhance the content. And then hopefully we've made the right calls so that the community itself likes being there, likes talking to each other, likes giving advice to each other.

Mary Meeker - *Morgan Stanley - Analyst*

Have you looked at what a company like LinkedIn is doing?

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

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

Yes. We've watched all the social networking sites for several years now. And we love what LinkedIn's doing. I think it's a terrific professional networking service. And in fact we advertise with LinkedIn. So our jobs are available on LinkedIn.

We're also doing things with Facebook. We think Facebook is very interesting in what's it's doing, although it's not strictly professional, as everybody knows today. But it is a way of building brand, we think. And it could be a way, for certain segments, be a really effective way to build brand. So we are working with these guys. I think, and recruiters are using LinkedIn. Recruiters are using a lot of these different services.

But the feedback we're getting from recruiters and companies is that they're interesting services, they're using them in sort of non-traditional ways. They're using them to check backgrounds on people, to get to know contacts of people that knew people at other places. So they're not always using it in a strict recruiting context.

Unidentified Audience Participant

From a I guess a job seeker perspective, just to follow-on to Mary's question, are you -- you talked a lot about community. And the anchor obviously is the common interest. But what tools can you provide to foster a sense of community a little bit and maybe make for a stickier experience?

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

Well one of the kind of there's tools that we've added over time and then there's content. And I think both are very important in building community and then getting the community interact on a regular basis. On the sort of tools side of things, we've done all the basic stuff that you'll find at the other guys; help writing your resume, advisory pieces, and salary tools and stuff like that.

But what we also have, is we also have discussion groups and floor rooms, and I don't want to say blogs, but there's a combination of blogs there. Where you can essentially bring your questions as a technology job seeker or as a financial services person and place those questions in front of both our experts, right inside of our Company, and then your peers. And you can get answers back.

And the dialogue is pretty useful. And so that dialog I think is very important in building a real community aspect because now you've got people not only interacting with the experts at Dice but they're interacting with each other. And they're getting perspectives on employers. They're getting perspectives on different career tracks, and ways of changing industries within the same career track and things like that. So that's really I think probably the glue that really fosters the community aspect of it.

Collis Boyce - Morgan Stanley - Analyst

One follow-up to that would be none of those, specifically the social networking sites. But if you were to think of the online recruitment industry, obviously over the last 10 years it's very, very different than somebody that was looking for a job 10 years ago.

If you were to go out another 10 years, do you think there's still kind of separate entities for the large sites like Monster, CareerBuilder? The social network sites kind of on one side where and then in addition you guys have obviously proven a need for kind of vertical sites as well. I mean where do you think that would all kind of where all the balls would land?

Mar. 03. 2008 / 6:55PM, DHX - Dice Holdings, Inc at Morgan Stanley Technology Conference

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

Well, I think there's two forces going on right now that are actually pushing the same direction but they come from very different starting points. One is that customers, so the actual, the people who pay the bills and use these services, to find talent or recruiters and the HR folks. They are now becoming very sophisticated. They have all sorts of talent management tools, they have all sorts of applicant tracking systems.

And one of the outcomes of that is that they're very good now at measuring where they actually get their talent. Where two, three, five years ago they were throwing money at media. Throwing money at newspapers, throwing money at Monster, money at Dice. And they would get all sorts of people in, and they would make their decisions, but they didn't really have great tracking tools. Today they have great tracking tools.

On the other side of the fence you have very sophisticated now users, right? So three and five and 10 years ago you had users that had a different level of expectation. Maybe I'd use a Monster because I'd heard of it, or I'd use a Dice cause I'd heard of it. But now you're, maybe this is the second job you found online, maybe this is the third job you've found online. You're very sophisticated in how to use these systems. And your expectations are growing up.

You now expect the site to speak to you, understand your career track, understand what you're looking for. And to basically help you more than just be a platform for you to shoot your resume out to people. And those two things, if you pull them together, I think lead to services that are much more specialized.

So the job seeker is looking for a tailored experience from a knowledgeable trusted source where they have community, where they have the ability to learn a lot along with their job search. And you now have customers that have an ability to measure where they actually get their best people from. And as a result, they can use specialty services and measure the efficacy of those services. So I think the two together point that specialty services are the way of the future.

Collis Boyce - Morgan Stanley - Analyst

Okay, well we're actually just out of time. So thank you very much for coming out and talking to everyone.

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

Thanks, great to be here. Thanks, Collis.

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2008, Thomson Financial. All Rights Reserved.