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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth-quarter 2010 Dice Holdings, Inc. earnings conference call. My name is John and I'll be your coordinator for today. At this time all participants are in a listen-only mode. We will be conducting a question-and-answer session towards the end of today's conference. (Operator Instructions). As a reminder, this conference is being recorded for replay purposes. I'd now like to turn the presentation over to your host for today's call, Jennifer Bewley, Director of Investor Relations. Please proceed, ma'am.

Jennifer Bewley *- Dice Holdings, Inc. - Director of IR*

Thanks, John, and good morning, everyone. With me on the call today is Scot Melland, Chairman, President and Chief Executive Officer of Dice Holdings, along with Michael Durney, Senior Vice President of Finance and Chief Financial Officer.

Please note this morning we issued a press release describing the Company's results for the fourth quarter and full year 2010. A copy of that release can be viewed on the Company's website at DiceHoldingsInc.com. In fact, we routinely post all material information to our website and would encourage all investors to visit the site for more information on the Company.

Before we begin, I'd like to note that today's call 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 annual report on Form 10-K in the sections entitled Risk Factors, Forward-Looking Statements on Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company is under no obligation to update any forward-looking statements except as required by federal securities laws. Today's call will also include 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 to our earnings release in our Form 8-K that has been furnished to the SEC, both of which are available on our website. With that I'll turn the call over to Scot.

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

Thank you, Jennifer. First let me welcome all of you to the Dice Holdings fourth-quarter 2010 conference call. I'll start today by providing a brief overview of our fourth-quarter performance, including a closer look at our vertical markets, then I'll hand it over to Mike Durney, our CFO, to take you through our financial detail. After Mike I'll make a few closing remarks and we'll open up the call for questions.

Now for the quarter. Our performance in Q4 demonstrates I think how strongly we are capitalizing on the improving market conditions, as well as the value that our vertical services provide for companies and recruiters. We had an excellent quarter across the board in each of our brands and we have seen that momentum continue into 2011.

In Q4 worldwide revenues grew 42% year over year to just under $38 million, including the contribution from our energy acquisitions. On an organic basis our revenues grew a strong 32%. Customer billings grew even faster, increasing 47% year-over-year including the new energy vertical, 36% on an organic basis.

The fourth quarter was our best billings quarter of the year and the highest in nearly three years. Each of our major brands delivered substantial growth led by eFinancialCareers, our fastest-growing service. Mirroring the increase in revenues, adjusted EBITDA increased 49% to $17 million and we nearly doubled our operating cash flow from a year ago. In short, the improving environment is providing the backdrop for us to grow our customer base and customer relationships around the world and we expect that to continue.

Now let's take a closer look at our major brands. At Dice.com we continue to see strong demand for technology skills in almost all metropolitan areas driven by the surge in technology projects and increasing employee turnover in that sector. In Q4 we continued to bring back customers who have used us in the past as well as capture new customers and we ended the year at 7,000 recruitment package customers overall, up about 19% from a year ago.

As many of you know, we typically experience a dip in our Dice customer count at the end of the year as recruiting activity slows down during the holiday season. While this year was no exception, we experienced a much smaller dip than normal, reflecting the recovery in tech and the strength of our service.

Another positive sign has been service levels. Along with the growth in customers we are seeing customers buy more service from us, more job slots, more database access and advertising, which manifests itself in our revenue per customer. These higher service levels are also a good indicator of the health of technology recruiting. Finally, our customers are actually actively using Dice as both the number of job postings and resume database searches increased during the quarter.

At eFinancialCareers we had a very strong finish to the year with each region of the world delivering revenue growth north of 35%. The typical year-end slowdown was less than expected and we saw surprisingly strong renewals and new business, especially in continental Europe which has been lagging our other markets. Asia continues to be our fastest-growing region with revenues up 52% for the year and we are very excited about the potential in that part of the world.

Overall confidence is growing. Banks in general are expecting to recruit more in 2011 driven by selective expansion in various regions around the world and higher expected employee turnover. Recruitment agencies are also confident in the financial services space as we have seen their service levels increase as we enter this new year. Overall 2011 should be a year of opportunity for financial services professionals.

At our energy vertical, Rigzone had a very strong close to the year and is pacing ahead of our expectations. Oil and gas recruiting is increasing as higher commodity prices are leading to more exploration and an expansion of production in various regions around the world. Though not as tight as the tech and financial services labor markets, the energy sector is experiencing shortages in skilled workers in specific job types and regions around the world and we expect those needs to grow in 2011 and beyond.

The Rigzone advertising and data services business also turned in substantial wins for the quarter. Needless to say we have found much to like about the energy sector.

Overall the fourth quarter was a strong end to a terrific year. When we started 2010 we told you that we expected to see a steadily improving recruitment market throughout the year. As we now look out into 2011 we expect to see a continuation of the trends from last year -- moderate economic growth; a slow, steady improvement in the labor markets; skills shortages in the professional segments; and increasing employee turnover. All of this should lead to more recruiting activity.

One thing that I would like to note is that as the labor markets continue to improve we do expect traffic and activity at our career sites to moderate. This is the natural result of markets tightening up as fewer professionals are worried about their job prospects and become much more selective in considering other opportunities. We don't foresee any issues with our services, but this is an important aspect of managing within this better environment.

So what can you expect from us in 2011? First, we will focus on customer acquisition in our core markets to further penetrate our opportunity. Even with the growth we experienced in 2010 we are still well below our peak customer counts in our Dice and eFinancialCareers services. We fully expect to get back to those peak levels and then to exceed them.

We will expand out into new regions in metro areas with our existing services, like our recent expansion into mainland China where we opened up an office in December. We will invest in marketing and sales to support that growth and product development to continue building upon the new career sites we launched this past year.

We will expand our global energy business around the world, building not only the career center but also the news and data services. And finally, we'll drive profitability. It's going to be another exciting year. With that let me turn it over to Mike for more on the financials.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

Great. Thanks, Scot, and good morning, everyone. Across the board the Company's financial performance was excellent during the quarter and our strategic decisions to compete on the value of our services and maintain our pricing throughout the downturn and to enter the energy business are showing measurable benefits.

Overall revenues grew 42% to $37.9 million and billings grew 47% year over year. When you adjust for the energy acquisitions revenues grew 32% year over year and billings grew 36%. Adjusted EBITDA increased 49% to $17 million and net income also grew 49% year over year. So with that summary let's move on to the segments. Revenues in the technology and clearance segment increased 28% year over year to $24.8 million. The Dice service grew 27% while clearance jobs grew 34%.

Looking at some of the metrics, the average number of recruitment package customers at Dice during the fourth quarter were 7,150, up from 6,900 in the third quarter. The seasonal reduction that we always see relating to measuring the count on December 31 was less than normal. So the Dice business ended the year with 7,000 customers of which about 6,200 were under annual contract.

That's a net reduction during the quarter of around 50 customers versus the 400 net reduction in Q4 of '09 and 1,200 in Q4 '08. And while it takes a few days or weeks to get prospects and customers ramping up after the new year, in January we are back on the net customer acquisition path and expect to continue to gradually add recruitment package customers as the year progresses and recruitment activity improves.

Another important message on the Dice business is we have seen a step change in our average monthly revenue per customer. In the fourth quarter customers generated on average $867 per month and that's a new high for the service. The previous high was in the first quarter of '08 at $859 per month per customer. This is largely being driven by service-level upgrades as we continue to see companies add more database licenses or job slots or both.

In September we implemented our first price increase in the Dice service in more than three years. Initially we changed the one-month price on the base level recruitment package. Subsequently we slightly increased the annual subscription base level of service as well. And the price increase on the annual Dice contracts is partially reflected in net revenue per customer.

In the fourth quarter the renewal rate on annual contracts, of which there are about 1,500 up for renewal, was 73% and continues to sit in our historic range of 72% to 78%.

Moving on to the finance segment, revenues in the third quarter grew 43% to $9.7 million and represents the results from our eFinancialCareers brand worldwide. On the top line currency translation negatively impacted revenues by $300,000 from the fourth quarter of 2009.

For the international geographies I'll discuss results in their base currencies, pounds sterling in the UK, euro for the rest of EMEA, Singapore dollars for Asia and of course the US dollar for North America.

In the UK, our largest market, revenues grew 44% year-over-year which represents both the highest level of revenues as well as the strongest growth in any quarter this year. Recruiters remained unusually active for this time of year and the banks were up upbeat about their level of recruitment they expect in 2011.

Interestingly, while the nature of that market is such that a majority of the business is done in monthly billings, we experienced quite a good bump in customer spending right at the end of the year which bodes well for 2011.

Continental Europe and Middle East revenues increased 47% in euros. In France we've seen Tier 1 banks continue to recruit and there appears to be continuing improvement both there and Germany. In general it continues to be a more consistent environment on the continent and in the Middle East we've seen a better sentiment in general than we've noted in the past, although that's still a small market for eFinancialCareers.

For Asia-Pac revenues grew 52% in Singapore dollars and continues to be our fastest-growing geography. The sell side continues to recruit and the recruitment agencies that support them are busy.

In North America revenues increased 39% year-over-year. Last quarter we told you that the buy side was starting to do more recruiting and that continued into the fourth quarter with the sell side recruiting activity very consistent. We've seen a good amount of returning customers who had not used the service since 2009 and 2008 which makes us quite optimistic about the segment going into 2011.

On to our energy segment which contains both WorldwideWorker and Rigzone, those two businesses contributed $2.7 million in revenue including the impact of the deferred revenue written off due to purchase accounting.

Rigzone had a strong quarter and we continue to see solid trends related to recruitment and in the advertising and data businesses. In varying degrees we've been able to increase our pricing in each of those three revenue streams. And the end of year activity at Rigzone particularly was very strong which also bodes well for 2011.

So to wrap up the segments, our US businesses grew 39% year over year, 29% excluding the impact of Rigzone. And of the international side revenues grew 52% year-over-year, 42% excluding WorldwideWorker. It was a terrific quarter and we're encouraged by the performance in each of our main brands and across geographies as we are now in what has historically been the Company's best new business quarter of the year.

Total operating expenses increased 39% year over year to $27 million, mainly driven by higher sales compensation, overall performance-related compensation, the continued investment in our products, and the impact of the energy business. And included in G&A was approximately $750,000 of expenses related to the secondary offering the Company completed in December.

Adjusted EBITDA totaled $17 million, an increase of 49% year over year, which results in an adjusted EBITDA margin of 45%. A note, adjusted EBITDA excludes the costs associated with the secondary offering.

Net income for the quarter grew 49% to $5.7 million from the $3.8 million earned in the fourth quarter of 2009. I want to highlight one key item impacting net income and tax rates and that's a change in acquisition-related contingencies. We have three acquisitions that have remaining performance-related contingent payments which currently totals in the aggregate approximately $11.4 million.

During the quarter we reduced our estimate of contingent payments on the acquisitions of AllHealthcareJobs and WorldwideWorker and therefore recognized income on that change in estimate. On the other hand, we increased our expectation for revenue performance on Rigzone, which is by far the largest of the three, for the period ending June 30, 2011 which is the earn-out period and therefore increased our expected payout. The net result of the three was an increase in expense during the quarter of $528,000.

Since Rigzone and WorldwideWorker were stock deals the net impact of those two did not yield a tax benefit and therefore our effective tax rate was higher in the quarter. The impact on the rate was about 5 percentage points. So diluted earnings per share were $0.08; however, if you adjust for the secondary costs and the increase in the acquisition-related contingencies, diluted earnings per share would have been $0.10.

Moving on to cash generation on the balance sheet, we generated $12.4 million in cash from operations this quarter, almost double the level from a year ago. The largest contributor to the increase was the generation of deferred revenue which grew 10% sequentially to $49.2 million. For the full year deferred revenue increased 45%, or $15.3 million.

As you know, we have historically been a strong and very consistent cash generator regardless of economic conditions and this past year was no exception. For all of 2010 our operating cash flow totaled $47 million and we generated $42 million of free cash flow, both double year over year.

We returned to a net cash position during the quarter of just over $4 million and our debt balance stands at $41 million at December 31 as we repaid $16 million of outstanding debt in the fourth quarter. We also repaid an additional $6 million in January, so today the total debt outstanding is $35 million.

So in conclusion, we delivered strong financial results for the fourth quarter and the for the full year. We think the most important aspect is that our strategy is clear and consistent and we've made significant progress on many fronts which we anticipate will pay off in 2011 and beyond. So with that let's get to the guidance.

On September 30 at our Investor Day we told you to expect 30% plus top-line growth for 2011 and adjusted EBITDA margins of 40% to 42%. We are maintaining that view on a slightly higher base of revenue and EBITDA. For 2011 we expect revenues of $172 million, or 33% year over year growth or a little more than 25% year over year without the full benefit of the energy business.

In addition, we expect adjusted EBITDA margins of 41% or adjusted EBITDA of $71 million. Sales and marketing expense is expected to be about $57 million, or 33% of revenues, and we expect to roughly double our spending in product development. We continue to anticipate the backdrop will be gradual improvement in the job market, as well as increasing levels of turnover.

Some other items for the full year -- we are using current exchange rates for converting to dollars and we expect a tax rate of 36%. In addition, we are going to return to a more normal seasonal pattern of spending for us, similar to what we saw in 2007 and 2008, where the first quarter contains the highest marketing spend as that is when passive job seekers are most interested in changing positions and when customers are making their buying decisions.

So for the first quarter we anticipate revenues of $39 million which represents a 46% year-over-year growth and an adjusted EBITDA margin of 36%. We currently expect sales and marketing to be $15 million, although admittedly it's not clear that we will get to all the initiatives that we planned during the first quarter.

One change we're going to make regarding guidance going forward, we see our expense structure continuing to evolve from what it has historically been -- slightly anyway. We have historically focused on sales and marketing specifically and left the other cash expense lines, which are cost of revenue, product development and G&A, off to the side. However we see the distinction of specifically highlighting sales and marketing versus the other items starting to recede.

So for instance, we may be able to increase activity levels from professionals through product enhancements instead of through marketing. Or if you look at the Rigzone business, that has a slightly different cost structure, so for instance they're focused on editorial. So what we plan to do going forward is give our view on total cash operating expenses, and the resulting EBITDA margin of course, and then highlight sequential or year-over-year changes in the line items that we are seeing.

We pride ourselves on transparency and don't take changes lightly to the information we provide publicly, so we wanted to tell you in advance that we're making this slight change to how we portray the anticipated operating results of the business.

So in closing, as you can tell from our results, we've weathered the storm. As we head into 2011 we are coming off a year that was better than our expectations in January 2010. Recruitment activity continues to intensify. We've diversified the Company by entering the energy business. We've been able to raise prices because we deliver for our customers. We generated a tremendous amount of cash and we continue to gain share in the market.

Our goal for 2011 is to deliver even higher revenues with a more diverse portfolio of recruiting brands while driving higher profitability. Our strategy is unchanged and it clearly delivers for our employees, customers, the professionals who use our services and our shareholders. And with that I'll turn it back to Scot.

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

Thank you, Mike. Let they conclude today just with a few thoughts. As Mike mentioned, 2010 was a very successful year for our Company. We returned to the strong customer growth and revenue growth that we generated before the recession hit us.

We launched new career sites that have new features and functionality that will help us compete in this changing marketplace. We entered the energy recruiting vertical and we now have a global presence in that business and we delivered strong profitability and cash flow for our shareholders.

As we enter 2011 we do so with a strong portfolio of services that are leaders in their respective areas. Our services are performing well and, more importantly, we have market conditions that provide us a meaningful opportunity to generate value for our customers and our prospects. It's going to be a very exciting year for us. Thank you all for listening and let's open up the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Timothy McHugh, William Blair & Co.

Timothy McHugh - *William Blair & Co. - Analyst*

Yes, Hi guys. First I wanted to mention -- and maybe first talk about maybe if you could give us an update on the Dice Talent Network and then your comments about doubling product development costs for next year. Can you give us a little more color on where that's going and what you hope to maybe roll out or develop across the year?

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

Sure. On the Dice Talent Network and the Cleared Network, which is part of clearance jobs, we continue to have more companies adopting the service and more job seekers or professionals using the service. The most popular part of the new functionality is turning out to be the company pages themselves.

The companies that are participating are finding that these detailed pages that we have for those companies to be really good branding opportunities for them because they can attach videos and news and all sorts of event information for the company. So that's become quite popular.

This though as a service -- this is really a long-term strategy for us, so our expectation is that this will continue to build over the coming months and years. As far as doubling the product development, this is really a continuation of what we started last year which was upgrading our services, really focused on usability. And then in making the services more networked, more social as well as adding more content to the services.

So I think what you can expect to see -- so if you look at our services today, they actually include a number of those pieces of functionality versus where we were 12 and 18 and 24 months ago. I think what you can expect from us this year is that you'll probably see some mobile app development from us. You'll see much more content and you'll see some additional functionality in the sights.

Timothy McHugh - *William Blair & Co. - Analyst*

Okay. And then can I follow up just -- the 2011 revenue guidance, I know you have a history of trying to maintain a conservative bent, but given the 45% deferred revenue growth, why would revenue growth be as low as 33% for the year? Which is a great result, but given that deferred -- it's a pretty wide delta there. Are you counting on leaving room for -- I know there are concerns about the financial services vertical slowing or some other factor or any other reason that might not be at first apparent to everyone?

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

It's a fair question. I think if you -- I think our history has been from a guidance standpoint to tell you exactly what we think is opposed to create broad ranges up and down. And so the revenue guidance that we have today is what we think we're going to do for this current year and it's based on a variety of factors. Deferred revenue is one of them.

I think the most important thing about deferred revenue, which we've talked about in the past, is deferred revenue is a point in time. It is impacted by what we build on one day versus another and can vary a little bit. So I think if you look at the growth in deferred revenue year over year it's reflective of a variety of things including price increases and obviously the addition of the energy business.

But I wouldn't read anything specifically into a change in the balance sheet amount of deferred revenue from one date to another versus what we see from revenue growth.

Timothy McHugh - *William Blair & Co. - Analyst*

Okay. And then on the financial services vertical, can you maybe respond to those concerns? You had great results this quarter and it sounded like you're still positive. Can you compare that to kind of the concerns and some of the commentary from banks that some of them have said they're slowing down hiring, yet they seem to be using you guys quite a bit.

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

Well, it's interesting. We see the same press reports and analysis on the banks, but what is bearing out in the market is it looks very different. What we're hearing from customers is that the large banks in general are expecting to do more recruiting in 2011. Now some of that is driven just by pure turnover.

There's been a lot written, actually we did a piece as well on bonuses and the reaction to bonuses and different compensation and that's having an impact in the industry and causing a larger amount of turnover. So that's definitely one of the drivers.

I think the other thing that's going on here is that we are in a position where we are still penetrating existing markets. If you look outside of the UK especially, we're relatively underdeveloped in terms of capturing the recruiting that's going on in those markets. And so we really don't see any sort of impact from the kinds of analysis that you're referring to.

Timothy McHugh - *William Blair & Co. - Analyst*

Okay, thank you.

Operator

Youssef Squali, Jefferies & Co.

Youssef Squali - *Jefferies & Co. - Analyst*

Thank you very much. Two quick questions please. Scot, I think you mentioned in your prepared remarks expansion into China. Can you kind of expand that? What kind of services were you thinking about initially, kind of costs associated with that? And then subsequent to that, maybe you can just touch base on your SBC guidance kind of doubling or almost doubling Q4 -- or Q1 over Q4. Where do you see it as a percentage of revenues kind of longer-term? Thanks.

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

So just on China -- China is, as a market and as a country obviously, is becoming much more important especially in financial services. What we've been doing over the last couple of years is becoming more active, first serving China from outside of mainland China, and now more recently with opening up our office in Shanghai and having sales representation inside the country, taking a much more aggressive approach to getting after that business.

So essentially what we're doing in China today is we're now trying to serve the country and trying to serve the banks and financial institutions that are both bringing talent into China from outside of China, as well as now serving local recruiting with inside of China. And right today this is essentially the eFinancialCareers service. In the years ahead we would expect to expand that to other services that we have in the Company.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

I'm sorry, Youssef, ask the second piece again. I'm not sure we understood the question.

Youssef Squali - *Jefferies & Co. - Analyst*

Well, I was trying to see if you can maybe just explain what's causing the SBC, stock based comp, to dramatically increase Q1 over Q4. I think it's going to $1.5 million versus $900,000 you just had this quarter and just over time how should we be thinking about that expense line?

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

Oh, sorry. Yes, the driver of that is the transition out of fully expensing options from a couple of years ago that were relatively low-priced. We grant options to the employee base every year in the first quarter. Because the stock price is higher the assumption is -- although we haven't granted them yet -- the assumption is that the cost of those options will be slightly higher. So you have them rotating out of some low-priced and the addition of some higher cost.

Youssef Squali - *Jefferies & Co. - Analyst*

All right. And so I guess if we look at that line item past 2011, we should just effectively be using that as a percentage of revenue as a good proxy?

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

Yes, I would assume it will decline after 2011 as a percentage of revenue.

Youssef Squali - *Jefferies & Co. - Analyst*

Okay. All right, we'll work with that. And then lastly, Scot, maybe you can touch base a little bit on the competitive environment. Has it changed at all LinkedIn filed? Anything that surprises you in their filing that we know their size profitability, etc.?

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

So just the competitive environment in general is basically the same. I think what we're seeing is that now that there's more recruiting activity out there customers are worried about -- are generally more worried about maintaining staff, recruiting new staff. So in that environment competition, I would say especially pricing competition, lightens up a little bit because people really want to buy the service, they really want to use the service.

And so from that perspective it's a little bit easier competitive environment. For LinkedIn specifically, really no change. And then looking at the filing of LinkedIn, really not any real surprises there. I think what it shows is it shows that they are a player in recruiting, which we all knew, and they've got a good customer base, which we all knew. So really no change there or surprises.

Youssef Squali - *Jefferies & Co. - Analyst*

Okay, thank you.

Operator

John Janedis, UBS.

John Janedis - *UBS - Analyst*

Hi, good morning. Thank you. A couple of questions here. First, Mike, you referenced the average revenue per recruitment package level of about $867. How do you see that trending in 2011 and do you assume a stable renewal rate?

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

Yes, I think what we saw in Q4 was a little bit of a step up. Our expectation is it goes back to what we've said in the past is we think sequentially it's 1% or 2% quarter to quarter. Renewal rate we assume will be in the same range it has been. We've said this for years, other than the '08 into '09 dip in renewal rates it's been incredibly consistent and we assume it'll be the same.

John Janedis - *UBS - Analyst*

Okay. And then just separately ,you talked about the price increase now at Dice.com for a quarter or two. It looks like you also increased prices at EFC with the exception of the US market. Is there something there different about the competitive environment of that vertical in the US relative to the rest of the portfolio?

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

I think there's really not too much difference there. I think what you do find though is that there are different competitive price points in different markets around the world. So the pricing in Asia is generally different than the pricing in Europe and different than the pricing in the UK and the US.

So we start from different competitive price points to begin with and that affects some of our thinking about what we do with price over time. But -- so it really has much more to do with where the sort of average pricing is in the market and what we're trying to do with our customers.

John Janedis - *UBS - Analyst*

Thank you.

Operator

Jordan Rohan, Stifel Nicolaus.

Jordan Rohan - *Stifel Nicolaus & Co. - Analyst*

Good morning, guys. I seemed to notice a little bit of uptick in tone, even beyond the optimism that you had around the secondary offering and dealing with investors, specifically on the ability and the likelihood of getting to new highs in terms of recruitment packages and I would assume the number of people looking for jobs, resumes and stuff like that.

Is there something about your diversification into new verticals? Is there something about the way that this job market is maturing or progressing over the course of -- since the bottom a year and a half ago? Or can you just give a little more color as to maybe why your competitive position vis-a-vis Monster and some others might have changed? Thank you.

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

I think we've been -- hopefully we've been trying to reflect being upbeat about the business really since mid-year this year because we started to see some really nice changes in the marketplace. I don't think -- the market really hasn't changed that much from today versus where we were a few months ago.

I think in general what we're seeing though is that we are seeing that what we expected was an increased importance of recruiting in our customers and larger budgets in the new year from our customers. And now as we're in the beginning of this new year it's coming -- it's actually happening. So from that perspective I think some of the things we believed about 2011, at least a month in, we're seeing to be true.

Jordan Rohan - *Stifel Nicolaus & Co. - Analyst*

Okay, and separately, can you talk about the dynamics for somebody that already may have a Monster and a Dice recruitment service at their disposal and how likely you believe that they maybe as a recruiter to move away from that in favor of LinkedIn or some other things like that? Is that plausible today? And specifically, when you look at those customers who don't renew, what is the feedback about that? What usually are the reasons for them not renewing? Thank you.

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

So if we look at Monster, a customer that today would take Monster and Dice and then what would be the impact of LinkedIn, I think a lot of that impact has already been felt because LinkedIn has been out there for two or three years with recruiting products and a sales team, an active sales team for the last two years.

And the way that we've seen that happen or impact our customers is essentially they've divided up their recruiting budgets to match specific recruiting problems or needs that they have and they're using LinkedIn for certain things and they're using us for other things and using the other services for other things too.

So I think in the competitive set I think the best way to think about this competition is really that customers are increasingly more sophisticated about how they do their recruiting and they have -- now with LinkedIn they have another option out there for them to use which serves some of their needs. And so they're allocating budget and recruiting time to using that service.

It doesn't, if you look at our performance, our performance continues to be I think quite good, both within specific customers as well as in general. So I think we're certainly holding our own in the competitive environment. But we look at renewals of customers and non-renewals -- and we do this all the time, we have sort of exit interviews and surveys and such -- and what we find is that the most common reason for not renewing our service is no need.

And so customers are in general using us when they need us and then if they run into a patch where they don't need us, some of them, they don't use us. But what we're finding is they generally come back as well. So that's the number one reason. There are other smaller reasons; customers might have been acquired or they've changed their recruiting strategy so that they're outsourcing it and that might impact how we work into a customer. But the number one reason is really nonuse rather than for competitive reasons.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

I'm glad you asked the question because it's a reminder that we take for granted how we disclose renewal rates. So the renewal rate that we disclosed is renewals of annual contracts at the time they're up for renewal. So if somebody's contract ended October 15 and they renewed in November because they were on vacation, that renewal is not in the 73%.

So we've tracked over time the annual customers that come back and it's roughly half or so of the delta between 100% and 75% or 73% in this particular quarter. Actually, returns of the service within some point in time just after their contract was up for renewal. So the most common thing that actually happens is the customer comes back.

Jordan Rohan - *Stifel Nicolaus & Co. - Analyst*

Okay, one last question about China. Is it a fertile environment for tech recruiting services as well?

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

There's definitely a lot of technology development and there's a large technology base of skills in China. That's one thing that we're looking at. One of the issues that we always consider as we look at other markets -- and we've said for a while now that we would love to expand our technology recruiting business to other regions of the world and that's something we'd like to do.

One of the things we have to consider is where the price points are and whether we can bring value to the market so we can get price points that would work for our service and work for our shareholders. If you look at the Chinese market right now we've been successful with eFinancialCareers serving the market with very much a premium service with the price points that we would expect. A lot of the recruiting in China right now is happening at very, very low price points.

Jordan Rohan - *Stifel Nicolaus & Co. - Analyst*

Thank you very much. I appreciate it.

Operator

John Blackledge, Credit Suisse.

John Blackledge - *Credit Suisse - Analyst*

Thanks for taking the questions. Two questions. One was on pricing, just -- if you could just talk about the customer reaction to the pricing increases. And would you raise pricing again later in 2011 in September or in the third or fourth quarter?

And then secondly, just on the social network side, LinkedIn side of the house. Wondering if you can tell if customers are allocating more budget, same budget, less to the social networks as you get feedback from your salespeople? Thank you.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

So John, on the first question, pricing, customer reaction across the services certainly seems to be pretty muted. I think there's always a cross-section of the customer base that doesn't like pricing change and will hold out for no pricing change. But I think the value of the services demonstrate the ability for us to move pricing.

So I think from a customer acquisition and renewal rate, if you look at the metrics, not much has changed since we put in place the Dice increase. Certainly on the energy business and on the financial services businesses there's been no negative impact, so we're pretty comfortable with the strategy late in 2010. Going forward it remains to be seen.

Our history is not one where we've had routine price changes at a specific point in time. We test the market, we identify the value of the service, so it remains to be seen. But none of our expectations for 2011 include any price increases other than those we've done already and have them flow through.

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

On the social networking side, I think if you look at this in general what we're seeing in general is that customers' budgets, as recruiting need has increased with the comeback in the market the budgets are getting larger. The share of budget, how they're allocating that is also changing and we've done market research as well as feedback from our sales teams on this.

And what it points to is that they're dividing up their budgets much more than they have in the past. Certainly the recent past. And more of the budgets seem to be going to specialty players as well as social networks. Within social networks or social recruiting, I would say that part of that is what in the industry we would call experimental money. So trying new things to see how they work. So some of that is definitely experimental money and the rest of it is serious recruiting with services that work.

John Blackledge - *Credit Suisse - Analyst*

Thanks. Just one follow-on. Your growth for 2011 is obviously very good and just on the pricing -- if the demand is there and the growth is there, would it make sense to kind of increase pricing again if the demand and the expected growth is there? Thanks.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

I think if we believe the demand is there and it can support higher prices than we'll do it.

John Blackledge - *Credit Suisse - Analyst*

Okay, thank you.

Operator

Craig Huber, Access 342.

Greg Stein - *Access 342 - Analyst*

Hi, this is Greg Stein on behalf of Craig Huber. I just have a couple questions. Just to follow-up on pricing again, what have you seen in the US marketplace on pricing, any incremental changes from a few months ago? Basically just I guess pricing with major competitors. And then the second question is just on marketing spend specifically, how much you think it will be up, will it pace revenue, how do you plan to spend these dollars, I guess what type of ads? Thank you.

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

In terms of the pricing environment, if you go back about 12 months ago or 18 months ago in the thick of the recession, I think the pricing environment was very promotional because there was not as much recruiting activity out there and so there was a lot of competition I think for the budget dollars.

Now that things are busier and customers are definitely more active recruiting and time is becoming much more important -- finding the right people, finding them quickly, getting them productively employed in your company -- the pricing environment is less promotional in general. So I think that is probably the best characterization of the market.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

On marketing spend, I think we intend, as we always have, to focus more of our marketing dollars on job seeker acquisition. I think Scot mentioned earlier about the need for us to continue to reach professionals in the various geographies and the various verticals that we operate in, in what we expect to be an ever slightly tightening labor environment.

So we will spend in the places we generally do, which is for the most part from a professional job seeker standpoint online, in various forms online from a customer acquisition standpoint. We do a lot of direct-mail, so no real change in the strategy. The increase year over year and sequentially -- I'll deal with year over year first -- is in each of the services.

And then we, as we said before, when we bought the two energy businesses we expect to increase spending in a variety of places including marketing for WorldwideWorker and Rigzone. On a sequential basis fourth quarter is always the lowest spend in terms of marketing because the activity level is quite a bit less when you get into the end of the year period so it will come across the board. But from a strategic standpoint it's not terribly different, it's just that we're going to reach further and wider.

Greg Stein - *Access 342 - Analyst*

Okay, and I guess just lastly, Monster, on their fourth-quarter call they blamed some of their performance on weather. I mean, it seems like you obviously beat your revenue guidance. But I guess, I mean did you see any effects from weather in December and have you seen any in January?

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

Well, definitely the weather was difficult, but we really didn't see much impact on the business.

Greg Stein - *Access 342 - Analyst*

Okay, thank you.

Operator

(Operator Instructions). [Guy Coleman], [Island Capital].

Guy Coleman - *Island Capital - Analyst*

Hi, thank you very much. I've got two questions for you. One on the strategic side -- how does your strategy of focusing on highly skilled, experienced professionals address the aging workforce in the US and the need to replenish emerging talent across verticals? And the second question is just financial, if you have any thoughts on future debt pay down?

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

On the older worker question, I think one of the impacts of our strategy is because we're focused on the professionals in specific verticals we do find that we generally serve what we would call the career professional in each of our markets. So these people tend to be a little bit older, a little bit more highly skilled, and also a little bit more highly compensated than what you find in other services. So I'm not sure we're serving the very older segment, but we're definitely capturing the bulk of the career professional in each of these segments that we focus on.

Michael Durney - *Dice Holdings, Inc. - SVP Finance & CFO*

And on the issue of debt pay down, we've always said this business generates a fair amount of cash. We look for acquisition opportunities. We'd like to find some. There are none we're working on at the moment. We invest in our brands that we own, although that is from cash we generate from running those businesses. And if we don't find acquisition opportunities we'll pay down debt as we have been doing.

Guy Coleman - *Island Capital - Analyst*

Thank you so much.

Operator

And at this time you have no further questions. I'd like to hand the call back to Jennifer Bewley for any closing remarks.

Jennifer Bewley - *Dice Holdings, Inc. - Director of IR*

Thank you for your time this morning and interest in Dice Holdings. Management will be available to answer any follow-up questions you may have. Please call Investor Relations at 212-448-4181 to be placed in the queue. Have a good day.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a great day.