FINAL TRANSCRIPT

Thomson StreetEvents℠

DHX - Q3 2011 Dice Holdings Inc Earnings Conference Call

Event Date/Time: Nov. 02. 2011 / 12:30PM GMT

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to Q3 2011 Dice Holdings, Inc. earnings conference call. My name is Maurithio; I will be the coordinator for this conference today.

At this time, all participants are in listen-only mode. We will be facilitating a question-and-answer session towards the end of today's conference. (Operator Instructions). I will now turn the presentation over to your host for today's conference, Jennifer Bewley. Please go ahead.

Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

Thanks, Maurithio and good morning, everyone. With me on the call today is Scot Melland, Chairman, President and CEO of Dice Holdings, along with Michael Durney, the Senior Vice President of Finance and Chief Financial Officer. Please note this morning we issued a press release describing the company's results is for the third-quarter. 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.

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Before we begin, I would 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 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, and Management's Discussion & Analysis of Financial Conditions 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 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 to our earnings release and our Form 8-K that has been furnished to the SEC, both of which are available on our website.

I will to call over to Scot.

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

Thank you, Jennifer. Good morning, everyone. Let me welcome all of you to the Dice Holdings third-quarter 2011 conference call. I will start today by discussing our third-quarter performance, including our thoughts on the online recruitment market and key trends in our verticals. Then I'll hand it over to Mike Durney, our CFO, to take you through our financial performance. Finally, I will make a few closing remarks, and then we will open it up for questions.

Overall in Q3, we turned in very solid performance despite tougher market conditions in our Financial Services segment and good but less urgent recruiting environment for our technology professionals. In Q3, revenues totaled $46.8 million, an increase of 36% year over year, including the contribution from our Rigzone acquisition. Excluding the Energy segment, our revenues were up 30% year over year. Customer billings increased 32% or 25% year over year excluding the Energy segment. And once again, profitability grew faster than revenues with our adjusted EBITDA up 52% year over year to more than $21 million. All in all, a solid quarter of performance for our company.

However, during the quarter, we did see business sentiment become increasingly cautious. Recruitment activity improved in September after the normally slower period at the end of the summer. But the magnitude of the improvement was less than what we traditionally experience, and that has carried through into October.

Concerns about the global economy are leading some companies to review their hiring plans, which in turn is impacting the recruitment activity. However, the impact differs significantly depending on the sector.

At Dice.com, our business grew again in the third quarter. In Q3, the number of recruitment package customers increased and our average yield per customer continued its upward trend, driven by favorable pricing and increased service levels.

Recruitment activity on the website also increased, with both the number of jobs posted and resumes viewed hitting highs for the year. However, during the quarter, the pace of growth slowed as some customers became more cautious, lengthening their sales cycle. And in general, we are sensing less urgency to recruit today than we had in the first half of the year.

During the quarter, we continue to build our tech community and Dice service for the future. Traffic to Dice.com remained solid at more than 2.2 million unique visitors per month, and new resumes posted on Dice were up again year over year, putting our current searchable collection at nearly $1.3 million. Our content library continues to expand as we add more stories through our Dice Blog network, including general technology stories in addition to employment-related pieces.

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Mobile usage has also continued to grow. And our new iPhone and Android mobile applications have been downloaded more than 40,000 times since launch. In the coming quarters, you will continue to see us building the community features on Dice, increasing the content and improving overall functionality.

So overall, with the unemployment rate for tech professionals at 4.2%, we believe that the tech recruiting market will remain active, but at a slightly slower space, reflecting broader economic concerns and the potential impact those concerns may have on turnover.

Turning to Financial Services, recruitment activity in the Financial Services segment slowed in Q3. Lower profits and uncertainty in the banking industry are driving some financial institutions to pull back on their hiring plans as they complete 2011 and look into 2012.

This, in turn, has impacted in the activity with staffing agencies. A handful of customers are signing shorter-term deals and some have adjusted their levels of service, citing challenging market conditions and slower hiring.

The slowdown has been felt primarily in the US and European markets. However, we are beginning to see some caution spread to the Asia-Pacific region at least as part of customer conversations.

On the job seeker side, traffic to eFinancialCareers remains strong at well over 1 million unique visitors per month. And we added nearly 70,000 new searchable resumes to the ESC service during the quarter, putting our searchable collection at more than 800,000 worldwide.

Also in the third quarter, we launched an English-language version of eFinancialCareers for the Russian market. Although this new market will not contribute materially to our revenue, the addition immediately increases the scope and value of our global service.

It's probably not a surprise to anyone that recruiting in the Financial Services industry slowed over the past few months. But even with the falloff in activity, this environment is nothing like what we saw in 2008 or 2009, when many firms put a freeze on hiring and recruiting nearly stopped. Recruiting is continuing in all of our regions, but at a slower pace as the industry looks for some clarity around the European debt crisis and individual institutions gain more visibility into their needs for 2012.

Moving on to our energy vertical, revenues grew 64% year over year on a pro forma basis. This strong performance was driven again by significant customer growth at Rigzone and strong participation at WorldwideWorker recruitment events. With oil and gas prices remaining at attractive levels, new exploration and production projects continue to be green lighted around the world, so we are benefiting by market tailwinds as well as our own strong sales execution. We've made the decision to combine our two energy websites, WorldwideWorker and Rigzone, into one service under the Rigzone brand.

Rigzone is already the leading global site for the energy community. By going to market with a single brand, we will be able to give our customers even greater reach into the energy community in a much more efficient way, as well as bring Rigzone content and editorial to new regions of the world. So over the next few quarters, you will see us expand our sales and marketing resources and editorial content as we continue to build out that business.

Needless to say, we are pleased with the performance of our Energy segment and believe that the single brand will enable us to maximize our opportunity in this business even faster.

So overall, despite changing market conditions, Q3 was a successful quarter. Our billings grew more than 30% year on year. We generated strong profitability. And we made progress on three key strategic priorities -- growing our customer base, expanding the geographies we served, and building out our new energy vertical.

So with that, let me turn it over to Mike for more on the financials.

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Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Okay. Thanks, Scot, and good morning, everyone. Overall, revenues grew 36% year over year to $46.8 million and billings increased 32% year over year. If you exclude the Energy segment, because we didn't own Rigzone for the entire period last year, revenues grew 30% and billings were up 25% year over year. Both adjusted EBITDA and net income increased by more than 50% -- very solid performance in what has become (technical difficulty).

Revenues in the technology and clearance segment increased 30% year over year to $30.0 million with the Dice business growing 31% and ClearanceJobs growing 26%.

Looking more closely at the customer metrics, Dice.com recruitment package customers increased during the quarter by 200 to 8,250 measured on September 30. Year to date, we have added more than 1200 customers. And at quarter end, we had annual customers of 7100, which is up from 6850 on June 30, or an increase of 250 customers under annual contract. And year to date, we have added about 900 annual customers.

Average revenue per customer increased about 1.5% sequentially to $936 per month per customer, another record for the company.

To put some context around that growth, at the low point in the downturn, which was Q4 2009, our customers were generating $808 per month per customer. So that's a 16% increase and we have increased the number of customers over the same timeframe by more than 2200. Since new customers are likely to start their usage of Dice at the base level of service, which is roughly $6500 for an annual contract or $550 per month, this increase is only possible because customers on average are buying more service. And customers only buy higher levels of service if we are continuing to provide the value in terms of efficient access to actionable tech candidates.

In Q3, the renewal rate on annual contracts was 71%, slightly below the long-term range and consistent with our experience in Q1. We had approximately 1400 annual contracts up for renewal in Q3, so each 1% change in the renewal rate is 14 customers. Of those customers that didn't renew in the month they were up for renewal, 17% have renewed since then. We provided that statistic for the first time after Q1. And for the first quarter, we had renewed 20% of those that hadn't renewed by the time of our Q1 call. Today that percentage is 47% of those contracts that didn't initially renew in Q1.

Moving on to eFinancialCareers, that business was up 29% year over year to $11.7 million. Currency translation added about $400,000 to the year-over-year performance, so excluding that impact, revenues were up 25% year over year.

For EFinancialCareers geographies, I'll discuss their results in their base currencies. In the UK, our largest market, revenues grew 19% year over year in sterling. As clients returned from the summer break, both market conditions and sentiment deteriorated, creating a somewhat uneven environment. We experienced a handful of downgrades from tier 1 banks and asset managers in September, and activity slowed in the agency channel. On the flip side, we experienced a handful of upgrades, and some agencies are gearing up to use the uncertain market to take share and thus requesting more service.

Moving to continental Europe and the Middle East, revenues grew 37% year over year in euros. We are seeing more caution, but so far, it's not overly negative and quite different from our experience in 2008. Germany continues to be solid, but we experienced some downgrades of service in France and the urgency to turn around contracts certainly has diminished.

Moving to Asia Pacific, revenues increased 27% in Singapore dollars. Singapore and China continued to perform well but Australia has slowed. As we said last quarter, banks and recruiters are telling us that they expect their rate of hiring to slow, and that is unchanged. What's new is the added uncertainty around extending shorter-term deals. However, we continue to have a good customer opportunity in the region and we will continue to work on penetrating our untapped potential.

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Lastly, in North America, revenues were up slightly. The environment certainly was mixed for those large investment banks whose contracts came up in Q3. We saw a few bridge contracts, largely to maintain their level of service through the end of the year, but those banks were unwilling to stretch their service into 2012 until their recruitment plans have firmed up.

Switching over to energy, revenues in the quarter were $4.1 million on an apples-to-apples basis. The Energy segment revenues would have increased 64% year over year if Rigzone had been owned in both periods. Rigzone's career center and advertising sales have been very strong as has WorldwideWorkers events business. On a year-over-year basis, the events business was helped by an event we held in Aberdeen, which generated about $300,000 in revenue, and that event only happens once every two years.

During the third quarter, we finalized the Rigzone earn-out, and the total consideration of $12.7 million was paid in October, and that amount is up from our previous estimate of $11.7 million.

This did impact the change in acquisition-related contingencies on the income statement, along with the increased sales performance and expected future performance from WorldwideWorker, whose earn-out period ends in December.

So to wrap up the segments, our US business grew 36% or 29% excluding Rigzone, and internationally, we grew 37%.

Cash operating expenses totaled $25.7 million, up 25% year over year. The primary drivers are increased marketing spend, the continued investment in product development and higher sales compensation expense related to higher billings. As we told you at the start of the year, we intended to roughly double our product development spending this year. And it's clear now we won't quite get there, but we've invested in the areas we said we would -- editorial, mobile, and other features and functionality. A driver of the lower operating expense in product development is the speed and efficiency in which we have accomplished some of the initiatives and, therefore, more of the cost are capitalized than we had previously expected.

So adjusted EBITDA grew 52% to $21.1 million, which resulted in adjusted EBITDA margin of 45%. And net income increased 51% to $9.3 million or $0.13 per diluted share.

Included in net income is the charge of $1.2 million in acquisition-related contingencies -- as I mentioned was driven by the Energy segment. Partially offsetting the impact of that charge was $656,000 in tax benefit from the expiration of the statute of limitations on certain tax positions.

Moving on to the balance sheet, deferred revenue totaled $59.4 million on September 30, an increase of 33% year over year and down slightly from the June 30 balance of $60 million. As we said in a normal year, deferred revenue is typically flat in the second and third quarters. The slight decline was driven by a decline in deferred revenue in the eFinancialCareers segment, specifically in continental Europe. This was partially offset by slight increases in Tech & Clearance and in Energy. We expect that we will see the normal seasonal pattern of an increase in deferred revenue in Q4.

Cash from operations was $17.3 million, an increase of 38% year over year. Capital expenditures totaled $1.8 million, so free cash flow in the quarter was $15.4 million.

In August, the company's Board of Directors authorized the purchase of up to $30 million of its common stock over a one-year period. From authorization through the end of September, the company purchased about 916,000 shares of its common stock on the open market at an average cost of $9.06 per share for a total of approximately $8.3 million. We used about half of our free cash flow during the quarter and our net cash position at September 30 is $58.5 million.

So all in all, it was a typical financial performance for Dice -- strong growth in revenues, billings, profitability and cash flow.

So moving on to guidance, revenues for the fourth quarter are expected to be $47.5 million, up 25% year over year. We anticipate adjusted EBITDA to be 46% of revenue, or $22 million, which is slightly higher than our long-term target range. This is a typical

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seasonal pattern as we tend to spend less in marketing in the fourth quarter. As a reminder, we typically see a falloff in the Dice.com customer count as measured on December 31, so during the fourth quarter, you should expect the average customers to rise as we typically add customers during the October/November period, and then experience a drop at the end of the year. Last year we saw a decline of 50 customers, which was well below our traditional experience for the fourth quarter. We anticipate revenue per customer will grow sequentially, albeit at a slower pace than we have experienced so far this year.

So for the full year, if we extend out that Q4 look, we would have revenues of $179.3 million and EBITDA of $77.6 million, which is slightly higher than our expectation for EBITDA that we made last quarter.

As we have done consistently since we went public, we will provide an initial view of next year when we release our Q4 results. However, I would say the current environment has not changed our review of the long-term opportunity for the company.

So before I turn it back to Scot, one organizational announcement. I'm happy to announce that Jennifer Bewley, who many of you interact with routinely, has been promoted to VP of Investor Relations & Corporate Communications, reflecting both her value to the company and value to the investment and media relations community.

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

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

Great. Thank you, Mike.

As you can see, Q3 was a successful quarter. We grew our customer base. We added to our global footprint, and we delivered strong revenue and profit growth.

We are operating today in a tougher environment than we were just a few months ago. But that in no way diminishes our long-term opportunity. So as always, we will continue to be focused on our strategic priorities, and we expect to continue to execute well on those priorities.

Thank you all for listening today and we will open up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Youssef Squali, Jefferies.

Naved Khan - *Jefferies & Co. - Analyst*

Yes, hi. This is Naved Khan for Youssef. Just a couple of questions. Can you guys talk about the performance of EFC by the different geographies, how Europe performed versus US and others. And can you also talk about the ARPU trend outside of the core DCS?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

So sure on the first question, on eFinancialCareers, from a revenue performance standpoint, actually continental Europe did pretty well, reflecting the growth primarily that we have had earlier in the year, although the level of activity certainly declined

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as we entered the traditional summer slowdown period and then didn't have quite the rebound in September that we have traditionally had coming out of the holiday period or the vacation period.

The UK from a growth standpoint grew about 19% year over year in revenue, but had the same type of slowdown in customer activity level or -- as we got towards the end of the year. Singapore and China continued to perform quite well. Australia has been slower. And North America certainly has slowed down.

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

And your second question?

Naved Khan - *Jefferies & Co. - Analyst*

Just the ARPU trends outside of the core DCS? Are you able to see service levels -- are you able to pass on service-level increases?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes; we don't publicly disclose specifically the revenue per customer on the non-Dice service. Since Dice is more than half the business, that's the one we focus on. We had some service-level increases in some of the brands, but certainly not overall in eFinancialCareers brand. Some customers have increased their levels of service and are being charged higher prices for that, but we've had some reductions in service-level as well.

Naved Khan - *Jefferies & Co. - Analyst*

Okay. And then one final question on LinkedIn. Are you -- what are you seeing out there in terms of sort of switching if any by recruiting agencies to LinkedIn from Dice?

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

As we talk to the recruiting agencies and the small and medium-sized recruiters, most of them or nearly all of them use LinkedIn, having been using LinkedIn for many years now. The biggest change that we have seen is that after their IPO, they have definitely benefited by increased I would say name recognition, and overall, I think excitement about their service. And so we have seen some customers switch from non-paid to paid, subscribing to the paid service of LinkedIn. Has that been switching away business from us? We don't think so.

Naved Khan - *Jefferies & Co. - Analyst*

Okay, thank you.

Operator

John Janedis, UBS.

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John Janedis - *UBS - Analyst*

There's been a lot in the press obviously about shrinkage in the Financial Services industry. And I'm wondering when you look at EFC in the UK and the US, to what extent are you exposed to the areas that likely get smaller? And how do you think about any potential impact to the longer-term growth rate of the vertical?

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

Sure. I think one thing to keep in mind about the eFinancialCareers service is that it is quite broad across the Financial Services industry. So it's -- you've got all the major investment banks. You've also got money center banks, insurance and other types of financial institutions. Most of the impact that we have seen so far has been in front office activity, where the back office and a lot of the regulatory compliance, financial IT part of the business has remained quite strong.

So I think what you are seeing is an adjustment in probably the front office part of many of the banks. And overall, what we are dealing with right now is much more uncertainty, and it's uncertainty about regulatory structures that are impacting how the banks want to reorganize themselves for their future business. So I think the long term -- once you remove that uncertainty, the long-term opportunity for us, I don't think has really changed at all.

John Janedis - *UBS - Analyst*

Okay. And maybe away from LinkedIn, Scott, given the slowdown kind of more broadly you guys talked about, I think that some recruiters are looking to maybe -- to maybe cheapen the mix, if you will. And so I'm wondering, are you seeing any kind of new competition or maybe increased mind share from the aggregators?

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

Well we have seen the aggregators, specifically LinkedIn, gain more -- I'm sorry, indeed -- gain more mind share out there. And I think that they are getting more usage from corporate customers as well. But still, it's a very small part of the overall recruiting mix.

John Janedis - *UBS - Analyst*

Thanks a lot.

Operator

Tim McHugh, William Blair & Co.

Tim McHugh - *William Blair & Company - Analyst*

First, just a numbers one is, the year-ago period, is Rigzone in the deferred revenue balance? So are we looking at organic growth right now in deferred?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes.

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Tim McHugh - *William Blair & Company - Analyst*

Okay. And just to -- I guess maybe I should get a -- elaborate or asked a little different way about your commentary in the market. I guess from a big sense -- obviously I think most people on the call here heard one of your -- your other public competitor talk about a significant slowing in late September and into October.

It sounds like you've described a softer environment, but not quite what they are describing. Can you maybe -- am I hearing that right I guess? And I just want to make sure of that.

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

Yes. You are hearing it right. What we are talking about is that the overall environment has shifted slightly. The way it's displaying itself, at least in our business, is with a longer sales cycle in the Dice business. Financial services has its own specific issues. And obviously oil and gas continues to grow and grow very, very quickly. And so what we are seeing is much more of a mixed environment where people are trying to deal with uncertainty rather than a shift in overall demand.

Tim McHugh - *William Blair & Company - Analyst*

Okay, great. And then last question, maybe Mike, you take this one, but the Energy business and combining Rigzone and WorldwideWorker -- I think historically there's a pricing difference or at least a different price point for those two businesses. Can you talk at all about how have you resolved that? And any other things that you need to change as you integrate those two businesses?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Sure. So historically there has been a price difference for comparable quoted levels of service, but I think the WorldwideWorker customer base has gotten a slightly different service offering within the package that they buy justifying the higher price, and there's a slightly higher level of attention that WorldwideWorker has been able to give. So one of the things we resolved is to continue to do that when we merge the two.

So there will be some price degradation on a very limited number of customers because those customers may opt not to continue at the same high levels of service they had before, but we think overall, with the offering being a more robust offering, that that will be more than compensated for by putting the two together.

So we will -- to answer literally your question on specific accounts, where there is overlap, we have a plan that we are working on to put the two offerings together and serve the customers' needs.

Tim McHugh - *William Blair & Company - Analyst*

Okay, thank you.

Operator

Jim Janesky, Avondale Partners.

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Jim Janesky - *Avondale Partners - Analyst*

Thank you. First question is, it sounds like based upon your momentum in October and going into November, that although you are not giving formal guidance for 2012, we should probably expect that the current environment will continue until there is somewhat of a change. Would that be accurate?

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

Well I think at this one, Jim, we really don't have a good sense as to what the budgets for next year are going to look like. Because of the uncertainty that's going on in the market right now, many companies are delaying their decisions about budgets for 2012. So I think it would be premature to really -- to say -- really say anything definitive about 2012.

Jim Janesky - *Avondale Partners - Analyst*

And Scot, how quickly have you found that customers will change their mind in one direction or another, so to look at how quickly things could get better or worse based upon -- you've been -- you were public in the last recession, but the company has been around for a long time. So in your history, how quickly can those things change and have an effect on customer growth that would be outside of the range of seasonality both on the upside and the downside?

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

Well, I think things can change pretty quickly. I think the evidence of that would be service-level upgrades during customers' contract periods, which we have experienced quite a bit of over the last 18 months. As people didn't -- customers ended up in situations where they didn't buy enough service and then they had greater need.

I think what could change this environment to the positive is what happens with turnover. And if people feel more -- professionals feel more comfortable about the overall environment and they start switching jobs again, you could see a spike in turnover and that will have an impact across all of our services.

Jim Janesky - *Avondale Partners - Analyst*

Sure. Okay. And then, on the competition, a broader question -- can you -- is there any change in the growth trajectory due to competition or shifting recruiting budgets over the last year or so? Or do you feel that this is only kind of macroeconomic in nature, if you can give us a direction of magnitude.

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

I think when you look at our services, this is really macroeconomic impact on our prospects' and our customers' hiring plans.

We have our already baked into our thinking about future growth what we see as competition and what we think we're going to see as competition, so that has not really changed.

What has changed is the uncertainty in the environment and the fact that companies are now recognizing some of that uncertainty and changing some of their short-term plans.

Jim Janesky - *Avondale Partners - Analyst*

Okay. Thank you.

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Operator

Jordan Rohan, Stifel Nicolaus.

Jordan Rohan - *Stifel Nicolaus - Analyst*

Sure. My question is on margins and the guidance specifically for fourth quarter. And I guess it's a little bit strange for us to be a little bit disturbed by higher than anticipated margin guidance, but given the way that your business works, I was hoping you could explain for us how much of the higher than expected margin guidance or dollars of spend, the differential, is coming from lower commissions paid to sales force for bookings that are falling off, as opposed to lower spend on marketing which is the one thing that you highlighted in the script. Thanks, guys.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Sure. So as has been the case in each of the quarters I think for the last couple years, the vast majority of whatever change there is, is related to marketing because we really don't do a lot of marketing post-Thanksgiving through the end of the year.

So, the one thing I would say is from a sales compensation standpoint, on a year-over-year basis, the growth may be slightly slower, but billings aren't falling off. So the amount we pay to our salespeople and others on incentive compensation is not falling off. So if you think about expanding -- sequentially expanding margins, our revenue is growing sequentially, from Q3 to Q4. Our continued investment in the business is growing, just not at the same rate. And then we have the impact of spending less in marketing.

So hopefully that's a good explanation, but the literal answer to your question is it's related to marketing spend because we traditionally scale that back post-Thanksgiving.

Jordan Rohan - *Stifel Nicolaus - Analyst*

Thank you very much.

Operator

Craig Huber, Access 342. Please go ahead.

Craig Huber - *Access 342 - Analyst*

Good morning. First a housekeeping question if I could. The number of full-time employees at the end of the quarter was what, please? And what was it three months ago as well?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

At the end of September it's 384. And I believe it was around 370 at the end of -- sorry -- 369 at the end of last quarter.

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Craig Huber - *Access 342 - Analyst*

Okay. Then one of your large competitors, Monster, was quite open on the conference call the other day that they were looking to reduce headcount at their company going forward here. Do you guys have any plans to reduce your headcount?

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

No.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

No.

Craig Huber - *Access 342 - Analyst*

That was my only question. Thank you.

Operator

Doug Arthur, Evercore.

Doug Arthur - *Evercore Partners - Analyst*

Yes, great. Pretty much everything has been asked. I guess on the buyback, (technical difficulty)

Operator

The line was dropped. And we lost the connection.

Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

Let's move on to the next question and have Doug requeue.

Operator

John Blackledge, Credit Suisse.

John Blackledge - *Credit Suisse - Analyst*

Thanks. A couple questions. So in EFC, the sequential growth has been flattish the last couple quarters and it looks to be flattish in the fourth quarter. So as we think about 2012, what drives an acceleration or what gives you confidence that EFC top line can accelerate, and what would be the drivers?

And then secondly in EFC, what percent of the business is from nonfinancial institutions? Is it meaningful? And how has that business been trending? Thank you.

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

So, just on the question of drivers in the business, I think if we get -- on a macro level -- if we get some resolution in terms of -- I mean this is quite macro, but it bears a lot of impact on the Financial Services industry. If we get clarity on the European debt situation and clarity on the regulatory front in the US, those two items will cause many financial institutions -- will reduce the uncertainty that a lot of big financial institutions are seeing as they look to plan their headcounts and plan their investments going forward.

So if those two things happen, we'll see the uncertainty reduce, and we'll see greater hiring plans going forward.

On a more micro basis, this is the end of the year. There's a lot going on. I think as the companies themselves solidify their plans for 2012, that will also have a positive impact.

Your second question was on nonfinancial customers. The bulk of the -- the bulk and the vast majority of the customers are in the Financial Services industry. That's what that service is all about, so we do have some customers who use us to find highly skilled analysts, highly skilled financial types to work in regular industry, but it's a very small part of the business.

John Blackledge - *Credit Suisse - Analyst*

Thank you.

Operator

There's Craig Huber again. Please go ahead.

Craig Huber - *Access 342 - Analyst*

Yes, I do have a follow-up question here. As you kind of think about the broad economy here in the US as you are looking at your business and the various customers that you speak to, is your sense that the economy in the US is just slowing -- that the rate of growth is slowing? Or do you get a sense that things are just go negative here on a real GDP front? What's your general sense, as you look at your business?

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

I actually think that given -- if we go back to what customers are telling us about their businesses, they're basically saying that in general, their businesses are fine. What's happening is there's more uncertainty around the environment, so their businesses are doing fine, but there's uncertainty about the future environment, and that comes in different flavors with different -- depending upon the customer.

I would expect that -- I mean we're not -- I would expect -- and we're not seeing any sort of mass slowdown in the US economy. We're just seeing uncertainty around the environment. And if we can eliminate the uncertainty, then I think we will be just fine.

Craig Huber - *Access 342 - Analyst*

Then also as a follow-up, I know you don't want to talk much about 2012, but is your preliminary expectation for revenues in the first quarter to be up sequentially versus what you're expecting here in the fourth quarter?

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Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes; we are not going to give guidance, and certainly not on a quarterly basis. So stay tuned for January.

Craig Huber - *Access 342 - Analyst*

Okay. Thank you.

Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

Maurithio, have we found Mr. Arthur?

Operator

Yes. (Operator Instructions). Mr. Arthur, Evercore.

Doug Arthur - *Evercore Partners - Analyst*

Yes, can you hear me now? I think everything has been pretty fully covered here. Just on the buyback, you bought back a little less than 1 million shares in the quarter. That -- so you've got a little over $20 million left in the authorization. That is a one-year authorization. So we will see relatively steady activity -- I guess all dependent on the price. Is that --?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes, the goal of the plan is to buy $30 million worth over a year to offset option dilution that we have sustained. So, I would say that you should expect it to be relatively ratable, although when we instituted the plan, we wanted to get started. And so you had probably seen slightly higher activity when we first instituted the plan. But you should expect it will be relatively ratable.

Doug Arthur - *Evercore Partners - Analyst*

And then obviously given a strong net cash position despite the earn-out payment and the buyback, I assume opportunistic tuck-in acquisitions in your new verticals remains a fairly high priority.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes. Acquisition -- use of cash, acquisitions is top of the list. We continue to look all over and we are active in that market.

Doug Arthur - *Evercore Partners - Analyst*

Super. Thank you.

Operator

There are no further questions. (Operator Instructions). There are no questions. I'll hand the conference back to you, sir.

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Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

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, ladies and gentlemen. This concludes your conference call for today. You may now disconnect. Thank you for joining. Have a very good day.

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