DICE HOLDINGS, INC.
Form 10-K
February 04, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2012

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-33584

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes £ No R

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes £ No R

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes R No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company in Rule 12b-2 of the Exchange Act.
Large accelerated filer £ Accelerated filer R Non-accelerated filer £ Smaller Reporting Company £
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R
The aggregate market value of common stock held by non-affiliates of the registrant was approximately $416,000,000 as of June 30, 2012, the last business day of the registrant’s second fiscal quarter of 2012.
As of January 28, 2013, there were 58,585,941 shares of the registrant’s common stock, par value $.01 per share, outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
Part III incorporates information from certain portions of the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of December 31, 2012.

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NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, and descriptions of our business strategy. These statements often include words such as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to:

- increases in the unemployment rate, cyclicality or downturns in the United States or worldwide economy or the industries we serve, labor shortages, or job shortages;
- concerns regarding the European debt crisis and market perceptions concerning the instability of the Euro;
- competition from existing and future competitors;
- changes in the recruiting and career services business and technologies, and the development of new products and services;
- decreases or delays in business-to-business technology advertising spending could harm our ability to generate advertising revenue;
- failure to develop and maintain our reputation and brand recognition;
- failure to increase or maintain the number of customers who purchase recruitment packages;
- failure to attract qualified professionals or grow the number of qualified professionals who use our websites;
- failure to timely and efficiently scale and adapt our existing technology and network infrastructure;
- capacity constraints, systems failures or breaches of network security;
- compliance with laws and regulations concerning collection, storage and use of professionals’ personal information;
- our indebtedness;
- inability to borrow funds under our Credit Agreement (as defined below) or refinance our debt;
- results of operations fluctuate on a quarterly and annual basis;
- periods of operating and net losses and history of bankruptcy;
- covenants in our Credit Agreement;
- inability to successfully identify or integrate future acquisitions;
- strain on our resources due to future growth;
- misappropriation or misuse of our intellectual property, claims against us for intellectual property infringement or the failure to enforce our ownership or use of intellectual property;
- control by our principal stockholders;
- compliance with certain corporate governance requirements and costs incurred in connection with being a public company;
- compliance with the continued listing standards of the New York Stock Exchange (the “NYSE”);
- failure to maintain internal controls over financial reporting;
- loss of key executives and technical personnel;
- U.S. and foreign government regulation of the Internet and taxation;
- changes in foreign currency exchange rates;
- failure to realize the full potential of our network;
- decrease in user engagement;
- failure to halt the operations of websites that aggregate our data, as well as data from other companies;
- failure of Slashdot Media business to attract and retain users;
- inability to retain Open Source projects and attract new Open Source projects;

- our foreign operations;
- inability to expand into international markets;
- unfavorable decisions in proceedings related to future tax assessments;
- taxation risks in various jurisdictions for past or future sales;
- write-offs of goodwill; and
- significant downturn not immediately reflected in our operating results.

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NON-GAAP FINANCIAL MEASURES

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States ("GAAP"). Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, and other non-recurring income or expense ("Adjusted EBITDA"), and free cash flow. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for definitions of these measures.

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PART I

Item 1. Business

Information Availability
Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other material information concerning us are available free of charge on the Investor Relations page of our website at www.diceholdingsinc.com. Our reports filed with the SEC are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, by calling 1-800-SEC-0330, or by visiting http://www.sec.gov.

Company Profile
Dice Holdings, Inc. (the "Company" or "DHI") is a leading provider of specialized websites focused on select professional communities. Through our online communities, professionals can manage their careers by finding relevant job opportunities and by building their knowledge through original and community-shared content. Generally, each of our websites are free for professionals to use.
All of our websites are targeted to the specific needs of the professional community they serve. This enables employers, recruiters, staffing agencies, consulting firms and marketing professionals to effectively target and reach highly-valued audiences.
The majority of our revenues are derived from employers and recruiters who utilize our services to find and recruit prospective employees through job postings, access to proprietary resume databases, career fairs and employer branding. The majority of revenues are generated through the sale of recruitment packages, which are available through monthly or longer-term contractual arrangements and allow customers to post jobs and source candidates through our resume databases, and in the case of Dice.com utilize Open Web™ service.

We operate a number of services which generate the majority of revenues from recruitment, including:

- Dice.com, the leading website in the United States for technology and engineering professionals. The service has operated for over 22 years;
- ClearanceJobs.com, the leading Internet-based career network dedicated to matching security-cleared professionals with the best hiring companies searching for new employees has operated for more than 10 years;
- eFinancialCareers, the leading global website for capital markets and financial services professionals. The service has been in operation for 12 years and operates in 19 markets and five languages primarily in the United Kingdom, Asia, Continental Europe, North America, Australia, as well as the financial centers of the Middle East;
- Rigzone, a market leader in the oil and gas industry delivering career services, content, data, and advertising, with 14 years of oil and gas rig data;
- Health Callings (formerly known as AllHealthcareJobs), a leading website in the United States for healthcare professionals. The service has operated for over 13 years; and
- Targeted Job Fairs, a leading producer and host of career fairs and open houses focused primarily on technology, energy and security-cleared candidates.

We operate a number of services which generate the majority of revenues from advertising and marketing solutions, including:

- SourceForge, the largest, most trusted online destination for Open Source software development, discovery, review and publication has been in operation for over 13 years; and
- Slashdot, a user-generated news, analysis, peer question and professional insight community has been in operation for over 15 years.

The Company, a Delaware corporation, was incorporated on June 28, 2005. We believe that our long operating history (through our predecessors we have been in the technology career development business for over 22 years) has enabled us to build brand recognition and a critical mass of both customers and professionals, which has given us a distinct competitive advantage in our categories.

We believe as recruiting and marketing activities continue to migrate online and become increasingly targeted and specialized, both professionals and customers demand access to relevant industry and occupation-specific news, content, data,

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and recruiting services. Professionals can utilize the tools we provide to build their online professional profiles on specialized websites focused on select professional communities.

Strategic Investments

In October 2012, we acquired all of the issued and outstanding shares of WorkDigital Limited, a technology company focused on the recruitment industry. The purchase price consisted of $10.0 million in cash, plus deferred payments totaling up to $10.0 million in the aggregate payable in 2013-2014 based on the delivery of certain products and the achievement of certain milestones. The acquisition resulted in the recording of $17.9 million in goodwill and $2.3 million in intangible assets.

In September 2012, we purchased certain assets of Geeknet, Inc.'s online media business (now known as "Slashdot Media"), including the Slashdot, SourceForge and Freecode websites. The purchase price consisted of $20.0 million in cash, of which $3.0 million is being held in escrow. The acquisition resulted in recording intangible assets of $9.7 million and goodwill of $6.2 million.

In June 2012, we purchased certain assets of FINS.com and entered into an exclusive agreement with Dow Jones & Company to provide and operate the online career centers for WSJ.com, The Wall Street Journal website, and MarketWatch.com in the United States.

In August 2010, we acquired all of the issued and outstanding shares of Rigzone.com, Inc., a market leader in the oil and gas industry delivering online content, data, advertising and career services. The purchase expanded our footprint in the energy vertical. The purchase price consisted of initial consideration of approximately $39.0 million in cash. In October 2011, additional consideration of $12.7 million was paid under the purchase agreement for the achievement of certain revenue goals through June 30, 2011, bringing the total purchase price to $51.7 million. The acquisition resulted in recording intangible assets of $24.6 million and goodwill of $30.2 million. In May 2010, we acquired the online and career-events business of WorldwideWorker.com, a global leader in online recruitment for the energy industry. The purchase price consisted of initial consideration of $6.0 million in cash. Additional consideration of $230,000 was paid in 2011 and an additional $1.6 million was paid in February 2012. The acquisition resulted in recording intangible assets of $4.9 million and goodwill of $4.9 million. In January 2012, we combined WorldwideWorker and Rigzone into one service under the Rigzone brand and website, creating one global service with strong reach in each of the major energy producing regions of the world.

In June 2009, we acquired substantially all of the assets of AllHealthcareJobs.com (now known as Health Callings), a leading online career site dedicated to matching healthcare professionals with available career opportunities. The purchase price consisted of initial consideration of $2.7 million in cash (including working capital adjustments) and the issuance of 205,000 shares of the Company's common stock (with certain restrictions) valued at $959,000.

In October 2006, we acquired all of the outstanding capital stock of eFinancialGroup (the "eFinancialGroup Acquisition"). eFinancialGroup operated the eFinancialCareers.com website, which targets financial markets professionals and employers worldwide. Total consideration for eFinancialGroup was $89.9 million (including the value of 3,628,992 shares of the Series A convertible preferred stock of Dice Holdings, Inc. issued as partial consideration for the eFinancialGroup Acquisition).

Our Segments

The following table summarizes our revenues by reporting segments, which are described in each of the subsequent discussions:

	Year ended December 31,								
	2012			2011			2010		
	(in thousands, except percentages)								
Revenues:									
Tech & Clearance	$133,375	68.3	%	$115,011	64.2	%	$88,206	68.4	%
Finance	38,373	19.6	%	44,970	25.1	%	33,730	26.1	%
Energy	19,144	9.8	%	15,622	8.7	%	4,440	3.5	%
Other	4,471	2.3	%	3,527	2.0	%	2,621	2.0	%
Total revenues	$195,363	100.0	%	$179,130	100.0	%	$128,997	100.0	%

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Revenues during the year ended December 31, 2012, 2011, and 2010 from customers in the United States totaled $155.8 million, $136.7 million, and $99.0 million, respectively. The remaining revenue for each period was from all foreign countries, none of which were individually significant.
Refer to the notes to our consolidated financial statements for a measure of profit and assets by segment.

Tech & Clearance
Our Tech & Clearance reporting segment is comprised of the Dice.com, ClearanceJobs.com and Slashdot Media (since date of acquisition) services. Revenues are derived mostly from sales of recruitment packages to recruiters and employers, which are a combination of job posting slots, access to a searchable database of candidates, and in the case of Dice.com, our Open Web service. Revenues are also generated from website advertising and marketing solutions, primarily on our Slashdot and SourceForge sites, along with the sale of classified job postings to recruiters and employers.
Dice.com is the leading recruiting and career development website for technology and engineering professionals in the United States. During December 2012, Dice.com had nearly 2.0 million unique visitors, a decrease of 6% since December 2011. As of December 31, 2012, there were approximately 81,000 job postings on Dice.com.
ClearanceJobs.com is the leading Internet-based career network dedicated to matching security-cleared professionals with the best hiring companies searching for new employees. During December 2012, ClearanceJobs.com had approximately 277,000 unique visitors, an increase of approximately 1% since December 2011, and as of December 31, 2012 had approximately 5,900 job postings on ClearanceJobs.com.
Slashdot Media includes Slashdot, SourceForge, and Freecode websites. Slashdot is a user-generated news, analysis, peer question and professional insight community. It serves technology professionals and enthusiasts with timely, peer-produced and peer-moderated technology news and discussion. During December 2012, Slashdot.com had approximately 3.8 million unique visitors. SourceForge is an online destination for technology professionals and enthusiasts to develop, download, review, and publish Open Source software. SourceForge had approximately 40.7 million unique visitors (a majority of which originated from countries outside the United States) during December 2012 and over 4.0 million downloads per day. Freecode indexes downloadable Linux, Unix, and cross-platform software for a worldwide technology audience.
Finance
Our Finance reporting segment represents the eFinancialCareers service worldwide, including both the International and North American operating segments. Revenues are derived from the sale of job postings, access to a searchable database of candidates, classified job postings, and website advertising, either as part of a package or individually.
eFinancialCareers.com is the leading global recruiting and career development website for financial markets professionals and serves the financial services industry in various markets around the world. During December 2012, eFinancialCareers.com had approximately 1.1 million unique visitors worldwide, including visitors who came to more than one site in the network during the month, an increase of 7% since December 2011. As of December 31, 2012, there were approximately 5,900 job postings on eFinancialCareers.com.
Energy
Our Energy reporting segment represents the Rigzone service. In January 2012, we combined WorldwideWorker and Rigzone into one service under the Rigzone brand and website. Unique features and functionality from the WorldwideWorker website were replicated in the Rigzone website. Resumes and customers on WorldwideWorker were transferred to the Rigzone service, and the WorldwideWorker website was shut down. Revenues are primarily derived from sales of job postings, access to a searchable database of candidates, classified job postings, marketing solutions and website advertising, either as part of a package or individually. Revenues are also generated from the sale of subscriptions to energy industry data and from recruitment services at energy industry events. During December 2012, Rigzone.com had approximately 786,000 unique visitors, an increase of 25% since December 2011, and as of December 31, 2012 there were approximately 4,200 job postings on Rigzone.com.
Other
Our Other reporting segment is comprised of Targeted Job Fairs, Health Callings (beginning June 2009), JobsintheMoney (shut down in June 2010), and WorkDigital (beginning October 2012). Revenues are derived from

sales of recruitment packages to recruiters and employers, which is a combination of job posting slots and access to a searchable database of candidates and from the sale of classified job postings to recruiters and employers, along with website advertising and job fair revenue.

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Health Callings is a leading recruiting and career development website for healthcare professionals. During December 2012, Health Callings had approximately 328,000 unique visitors, an increase of approximately 1% since December 2011. As of December 31, 2012, Health Callings had approximately 22,000 job postings.

WorkDigital is a technology company focused on the recruitment industry.

Our Industry

We primarily operate in the online employment advertising segment of the broader market for staffing and employment services, although through the acquisition of SourceForge and Slashdot, the Company also operates in the online advertising business. The worldwide market for staffing and employment advertising is large and shifting online at a rapid pace, as is general advertising.

We believe that the overall demand for employment advertising and recruiting and career development products and services has significant long-term growth potential. Over the next decade, the aging labor force of the United States is expected to lead to a labor supply-demand imbalance as baby-boomers retire. We believe that international economies show similar trends, with an aging labor force in Europe and shortages of skilled professionals to meet the demand of developing economies in Asia.

We also believe that certain industries that employ highly skilled and highly paid professionals will experience particularly strong demand for effective recruiting solutions due to the scarcity of such professionals.

We believe that the market for employment advertising will continue to shift online due to:

- Expansion in the size of the Internet population and increased broadband access. The Internet population continues to grow and, according to International Data Corporation (“IDC”), the number of global Internet users is projected to grow from 2.3 billion in 2012 to over 2.7 billion in 2015. According to Paul Budde Communication, a telecommunications research firm, broadband access is expected to increase to 5.0 billion people in 2016 from the current estimate of 1.0 billion. This trend is bringing online large groups of workers from diverse industry segments and enabling employers and marketers to target them through online classified advertisements.
- Shift in media consumption and spending from offline to online media. Increased penetration of broadband Internet connections is fueling not only the growth in the number of Internet users but also the amount of time consumers are spending online (on an absolute basis and relative to using other media). According to eMarketer, in 2012 time spent on the Internet increased 4% from 2011 while mobile use increased 52% during the same period. While U.S. online advertising budgets are large and growing, online marketing spend represents only a small fraction of total advertising spend. According to eMarketer, online advertising budgets were estimated to be approximately $37.3 billion in 2012, which was 22% of total U.S. advertising expenditures. We believe that over time, advertisers will follow consumer behavior and invest a growing share of their marketing budgets in online advertising. eMarketer projected that U.S. online advertising would reach $55.3 billion in 2016 and represent 29% of all marketing spend, representing a Compound Annual Growth Rate (“CAGR”) of approximately 10% from 2012.
- Online job boards offer inherent benefits compared to offline methods. The Internet has revolutionized the hiring process for professionals as well as for recruiters and employers. Professionals experience multiple benefits from performing searches online. They are able to search for open positions that fit their qualifications and career objectives and immediately upload their resumes to apply for open positions. Prior to online offerings, recruiters and employers had a limited and relatively inflexible set of options to find employees, including newspaper classifieds and other print advertisements, traditional career fairs, on campus recruiting, internal referral programs and recruiting firms. With online solutions, recruiters and employers are able to immediately upload and update a list of open positions and can provide detailed job descriptions, along with links to relevant information for potential candidates. They can also efficiently search through online databases of resumes for candidates that fit their hiring needs.
- Relative cost advantages of online versus print employment advertising. Recruiters and employers using online recruiting methods can realize substantially lower cost per hire and overall sourcing costs in comparison to traditional print classified advertisements. Not only is the typical price to post a job listing lower online than in print for a comparable period of time, but we also believe that online advertising is more effective and contributes to a higher return on investment for our customers because online job postings are generally more accessible to a wider audience given the limitless geographic boundaries and 24/7 access the Internet affords. Moreover, online job postings can

more easily be filtered for relevancy than print listings, allowing customers access to a more targeted audience. Further, searchable database access allows customers access to a broad and unique talent pool, immediately and cost effectively, connecting employers with highly qualified professionals.

- Expansion of public information online related to careers through social media. The rapid adoption of social media has led to an expansion of information professionals are willing to share on the open web. As search tools and

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services continue to improve the indexing, parsing, matching, and aggregating data, employers and recruiters will derive more value from online sourcing services, particularly those that can efficiently target and connect directly with highly-valued professionals.

While generalist career sites have improved the recruiting process compared to traditional offline alternatives, specialized websites offer job postings, content and services tailored to the specific needs of the communities they serve. Generalist sites often do not provide as simple and as rapid an ability to match specific skills and requirements between candidates and available positions. Specialist websites, however, not only can provide an experience relevant to candidates' specific needs, but also can remain relevant for professionals who are not currently seeking a job, but who nonetheless wish to remain apprised of market trends. We believe this leads to a better recruitment experience for both customers and professionals.

Our Value Proposition

We have become a leading provider of specialized websites for select professional communities by providing unique benefits to professionals and our customers. Each of our websites are targeted to the specific needs of the professional community it serves. This enables employers, recruiters, staffing agencies, consulting firms and marketing professionals to effectively target and reach highly-valued audiences.

By providing deep databases of professionals and highly valued audiences to our customers and a large number of employment opportunities and original and community-shared content for professionals, we encourage the use of our websites and continue to attract customers to our services. We believe these factors have helped us to achieve a critical mass of both customers and professionals, contributing to the attractiveness and efficiency of our online marketplaces.

Benefits to Professionals

Access to a large number of relevant job postings. Our websites provide a large number of job postings for technology and engineering, financial services, energy, healthcare and U.S. government security-clearance positions. For example, as of December 31, 2012, Dice.com had 81,000 individual job postings for technology and engineering professionals, which we believe to be the largest concentration in the United States in these verticals, and eFinancialCareers had more than 5,900 job postings for financial markets professionals. ClearanceJobs.com had 5,900 job postings for individuals with U.S government security-clearance and Rigzone had 4,200 job postings for energy industry positions. In addition, the specialized focus of our career websites benefits professionals by helping to ensure that the job opportunities posted by our customers are relevant and attractive to them.

Compelling user experience. We have designed each of our websites with the specific needs of our target audiences of professionals in mind. Each of our specialized websites permits professionals to search for jobs based on location and other specific variables, such as type of employment and skill set. We also offer tools such as our "search agents," which provide for powerful, detailed searches of job opportunities that match desired criteria, the results of which are delivered by email. We believe this makes it easy for professionals to quickly find job opportunities that match their qualifications and expectations. Additionally, we tailor the "look and feel" and content of each of our websites to its intended target audience of professionals, which makes the experience more useful and relevant in their day-to-day work lives. We also offer mobile applications for Dice.com and Slashdot to allow users a better experience with their mobile devices. We believe that our customized search engines and audience-tailored websites are efficient and relevant, easy to use and valuable to our users, helping us build a loyal and engaged audience.

Targeted career development services and tools. We provide professionals with targeted career development services and tools including content, decision support tools and relevant industry news. For example, Dice.com and ClearanceJobs.com provide professionals with market and salary information and local market trends. eFinancialCareers.com provides industry-specialized online career content, as well as print and online career guides targeted to college and graduate students. The Rigzone services provide energy industry news from around the globe, as well as detailed salary information. We believe our career development services and tools benefit the professionals who use our websites by providing them with relevant information to manage and enhance their careers, and also increase the engagement of professionals with our sites. Through the acquisition of Slashdot Media, our commitment to delivering unique and valuable information for engagement in each of our communities is reinforced by providing the best original and community-generated content to help technology professionals succeed in their careers.

Benefits to our Customers

Unique pools of qualified professionals. We seek to improve the efficiency of the recruiting process for our customers by providing quick and easy access to large and up-to-date pools of highly qualified and hard-to-reach professionals. The professionals who post their resumes on Dice.com are highly educated, with approximately 70% having a bachelor's degree or

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higher, as of January 2013. Our online surveys indicate that over 71% of professionals who use Dice.com have more than five years of experience, nearly half have greater than 10 years of experience, and the majority are currently employed. We believe the high number of employed, or “passive” job seekers that use our websites makes our online websites more attractive to our customers because actively employed professionals often make for more attractive candidates. Moreover, because the communities of professionals who visit our websites are highly skilled and specialized within specific industries, we believe our customers reach a more targeted and qualified pool of candidates than through generalist sites. Additionally, the size and geographic scope of the eFinancialCareers network, which operates websites in 19 markets around the world, provides customers with access to highly targeted financial markets professionals around the world.

Efficient and targeted candidate searches. Our websites are easy to use and our search engines are designed so that our customers can search our resume databases quickly to find professionals who meet specified criteria. We believe that this approach results in a faster and more efficient search for candidates which improves customers overall efficiency in their recruiting efforts and increases customer preference for our recruiting solutions relative to those of our competitors.

High-quality customer support. We are able to differentiate ourselves from our competitors by providing extensive ongoing support to our customers. Our customer support representatives focus on building customer loyalty, aiding customers in elevating job performance, customer training, proactive follow-up support, reactive troubleshooting, maintenance and expansion of customer relationships and compliance. We personalize our customer support efforts by providing our customers with representatives that are knowledgeable about the professional communities we serve and the skill sets of professionals in those communities. For example, we help our customers draft job postings and build specific candidate searches, improving the relevancy of job postings for professionals, and helping our customers find and attract qualified candidates.

Strong reach into the technology community. Our Slashdot Media sites serve 45 million unique visitors per month worldwide. Technology professionals and enthusiasts turn to our Media sites to create, improve, compare, and distribute Open Source software and to debate and discuss current issues facing the technology community. The strong user engagement on our sites creates a unique value to advertisers, whether the customers are pursuing business-to-business technology advertising and customized marketing solutions or employment branding and advertising. Our heavily traveled sites deliver significant traffic levels, which provides excellent exposure for advertisers.

Our Strategy

Our goal is to be the leading global network of specialized websites for select professional communities. Our primary objective is to maximize the long-term potential of our websites. We continue to pursue our goals by pursuing the following strategies:

Continue to grow the size, quality, uniqueness and activity level of our professional communities. Continuing to grow the size, quality, uniqueness and activity level of our professional communities is a key success factor in maximizing the long-term potential of our websites. By continually delivering a growing and fresh audience of qualified professionals to our customers, we will be able to satisfy and retain our existing customers as well as to meet the expectations and needs of new customers. We intend to achieve this objective by increasing loyalty and usage among professionals who currently use the site and by reaching new users through targeted marketing, online advertising campaigns, and by providing original and community shared content which helps professionals manage their careers.

Continue to execute on customer acquisition. Our ability to achieve our long-term growth objective depends, in part, on our ability to expand our customer base and deepen the relationships we have with our existing customers. Our customer acquisition efforts are focused primarily on direct marketing combined with a targeted sales approach. We believe there are significant opportunities to sell our services to companies with whom we do not currently have a relationship and to expand the level of services we sell to our existing customers.

Further build brand awareness. Brand recognition is a key differentiating factor among providers of traditional and online recruiting and career services, as well as marketing services. We believe that during the 22 years we have operated Dice.com, the 12 years that eFinancialCareers has been in operation, and the 14 years of Rigzone’s oil and gas rig data, we have fostered brands that are closely associated with ease of use and high quality sector-specific career, recruiting services, and information within their professional communities. Slashdot and SourceForge have been in operation for over 15 and 13 years, respectively, and we expect to continue to expand the recognition of these well-known brands. We will continue to invest in increasing brand awareness through targeted marketing and advertising campaigns in order to attract new customers and professionals.

Enhance content and community features across our websites. We believe that professionals find value in the free information and services we provide, and we intend to enhance, expand and develop additional content and community features across our websites. For example, Dice.com launched a discussion board where technology professionals come together to

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discuss career advice and network with each other. In the past two years, we launched the Dice Talent Network and the Cleared Network that allows for direct interaction between professionals and recruiters or companies that seek to recruit them. eFinancialCareers has invested in producing significant online and offline content tailored to each of its websites and audiences. In addition, by powering the career service of an estimated additional 80 websites in the financial services sector, including well-known, worldwide financial publications, eFinancialCareers is able to position its job postings next to high quality, third party content. We believe enhancing our community features will increase the level of engagement we have with our audience and our audience has with each other.

Continuous innovation builds more efficiency and features into our online services. We seek to continuously improve the value our customers receive though adding features to our specialized websites that drive more efficiency and are tailored to the industry, audience and customers that each site serves. Our Open Web product, currently in beta, searches approximately 50 social and professional networks to create an aggregated profile of a candidate's professional experience, contributions, history, and capabilities, as well as their passions and interests. This database of aggregated profiles creates a more efficient way to reach talent by reducing the need to search multiple sites, while delivering more candidates and information. In addition, there are continuous improvements in the features professionals use that generates more value for our customers. For example, streamlining the application process for professionals to create site profiles, instant applications and attached resumes has shown a marked increase in the number of searchable profiles and resumes collected which results in additional value to our customers. To support our continuous innovation, the company has recently adopted an agile development process.

Further expand our services globally. We believe there are significant long-term global growth opportunities for the online recruitment and employment advertising industry. As in the United States, there is increasing demand for specialized online recruiting in both emerging and established economies worldwide. Consistent with this belief, we acquired eFinancialGroup in 2006, and, as a result, we now have a strong presence in the United Kingdom, as well as a presence in important financial centers around the world. Our acquisitions of WorldwideWorker and Rigzone in 2010 broadened our global presence to include the energy industry. Our acquisition of Slashdot Media and its strong and substantial audience from countries outside North America provides us with a platform for launching our technology recruiting service beyond North America. Despite the strong overseas traffic generated on the Slashdot Media properties, there has been limited sales staff and sales support to reach marketing and advertising professionals in overseas geographies, an area in which the company intends to invest. We believe the expertise and reach of our brands will provide a strong position to expand our business and brands into new markets. We will also continue to evaluate and selectively pursue other growth opportunities that will allow us to further expand our business outside of the United States.

Selectively expand into new verticals. We believe other professional communities have characteristics that would support specialized websites. We will consider entering into new verticals that meet specific criteria, primarily focusing on hard-to-find, highly skilled and highly paid professionals. We believe we can leverage our experience serving unique vertical or industry markets as we pursue opportunities in other vertical industries.

Products and Services

We provide leading online communities for direct employers, recruiters and staffing companies, consulting firms and marketing professionals, technology and engineering, financial markets, energy, healthcare, and security-cleared professionals. We provide our customers with access to unique audiences of experienced and highly qualified professionals, and we provide our professionals with jobs, community-shared content, career information along with access to collections of full-time, part-time and contract positions. Both customers and professionals provide content for our websites by posting descriptions of available jobs and resumes, and by creating, improving, comparing, and distributing Open Source software and debating and discussing current issues facing the technology community. Our search technology and specialized focus enable us to provide professionals with the ability to perform highly targeted job searches based on specific criteria, including locations, types of employment, skills and keywords. Our vertical focus allows users to find the information they are looking for faster and easier than general job boards. Our websites also offer career resources, such as specialized and community-shared content and industry news.

We offer our recruiting and career development services and tools through the following five websites, each of which focuses on different career sectors:

Dice.com is the leading career site for technology and engineering professionals and the companies that seek to employ them. The job postings available on Dice.com, from both technology and non-technology companies across many industries, include a wide variety of technology positions for software engineers, systems administrators, database specialists and project managers, and a variety of other technology and engineering professionals. Customers have access to specific tools and resources that Dice.com provides to help recruiters and human resources managers improve the effectiveness and efficiency of their recruitment processes. Through our resume database offerings,

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Dice.com provides customers with the ability to conduct powerful, detailed searches of candidate resumes that match desired criteria, the results of which are delivered by email to our customers, as well as the ability to find and source technology professionals through our Open Web tool. Dice.com also provides professionals with job search tools, resume posting and career-related content. In December 2012, Dice.com had over 2.0 million unique visitors and ended the month with more than 1.5 million searchable resumes. Approximately 1.0 million of these resumes are more than one year old.

Customers can purchase recruitment packages, classified postings or advertisements. Approximately 86% of Dice.com revenue is derived from recruitment packages. Recruitment packages offer our customers the ability to access the candidate resume database, post jobs in job slots, and utilize our Open Web service that is currently in beta. Job slots allow our customers to rotate an unlimited number of jobs through the same slots during the contract period. Our base monthly recruitment package gives our customers a single license to search our candidate resume and Open Web databases and the ability to post positions in up to five job slots. Customers are incentivized to purchase our recruitment packages on an annual basis. Our classified postings allow our customers to post a single job for a period of 30 days. General website advertising does not generate a significant portion of our revenue, but may be purchased separately or as part of a recruitment package.

ClearanceJobs.com is the leading Internet-based career network dedicated to matching security-cleared professionals with the best hiring companies searching for employees. Authorized U.S. government contractors, federal agencies, national laboratories and universities utilize The Cleared Network to quickly and easily find candidates with specific, active security clearance requirements to fill open jobs in a range of disciplines. We believe ClearanceJobs.com has the largest and fastest-growing database of active security-cleared candidates available online, with approximately 190,000 resumes as of December 31, 2012. The majority of candidates with resumes in our database have high-level security clearance.

eFinancialCareers.com is the leading global recruiting and career development network for financial markets professionals, including investment banking, asset management, insurance, retail banking, hedge funds and senior corporate finance professionals. eFinancialCareers was launched in the United Kingdom in 2000, and now operates websites in 19 markets in five languages primarily across Europe, Asia, Australia, and North America. eFinancialCareers has expanded its career site network through distribution agreements and powers the career section of more than 60 finance and business websites around the world, including well-known publications and organizations, such as Thomson Reuters (U.K., France, Italy, Germany, Africa and Gulf), L’Agefi, L’Expansion and l’Express (France), Milano Finanza (Italy), Boersen-Zeitung (Germany), Business Spectator (Australia), and Finance Asia (Southeast Asia). As a result, eFinancialCareers is able to greatly enhance the reach and visibility of its job postings and has attracted an audience of cross-border customers and professionals willing to seek jobs in markets other than their own. eFinancialCareers does not generate revenues from its distribution agreements.

eFinancialCareers’ customers primarily post jobs targeting specific sectors within the financial services industry, and can also search the resume database of highly qualified and specialized professionals in this sector. In addition to allowing professionals to post resumes and apply for listed positions, eFinancialCareers also provides professionals with career enhancement tools and resources, such as employer profiles, newsletters, and industry surveys. eFinancialCareers also provides both professionals and graduating students with professional education and training materials. As of December 31, 2012, eFinancialCareers.com had 967,000 searchable resumes.

Rigzone.com is a leading website dedicated to delivering online content, data, advertising and career services in the oil and gas industry. In December 2012, Rigzone.com had over 786,000 unique visitors and following the merger of WorldwideWorker resumes into the Rigzone database, the combined energy database held approximately 800,000 searchable resumes at the end of December 2012.

Health Callings is a leading website dedicated to matching healthcare professionals with available career opportunities. We believe Health Callings has the largest and fastest-growing database of healthcare professionals available online, with 643,000 resumes as of December 31, 2012.

We also operate Targeted Job Fairs, a leading producer and host of career fairs and open houses focused primarily on technology and security-cleared candidates in the United States.

We offer our advertising and marketing solutions through the following three websites,which are focused on technology professionals and enthusiasts:

Slashdot Media connects millions of technology professionals and enthusiasts. Technology professionals and enthusiasts turn to our sites to create, improve, compare and distribute Open Source software, as well as to debate and discuss current issues within the technology community. Our sites are supported by business-to-business technology advertisers wanting to reach our unique audience of visitors. The following describes the websites included in Slashdot Media:

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- SourceForge provides the Open Source community with a platform to develop, host and distribute Open Source software worldwide, with the majority of the traffic originating outside of the United States;
- Slashdot provides an avenue for technology professionals and enthusiasts to have timely, peer-produced and peer-moderated technology news and discussion; and
- Freecode indexes downloadable Linux, Unix, and cross-platform software for a worldwide technology audience.

Marketing and Sales

Success in the highly competitive online recruiting and advertising businesses requires the creation of a marketplace attractive to both customers and professionals. We focus our long-term marketing efforts on growing the number of professionals who visit and engage with our websites, which we believe increases the attractiveness of our websites to our customers. We primarily use targeted marketing, rather than broad-based advertising, to increase our brand awareness among professionals as well as new applicable audiences and to improve site performance including new resumes posted, applications to job postings, and increasing page views. For instance, in the case of Dice.com, we have advertising campaigns on technology-focused websites, and through online and mobile advertising programs on search engines. We also market our websites to professionals through the use of newsletters and industry pieces, such as The Dice Advisor and The ClearanceJobs Report, and through the use of products, such as daily “Job Alert” emails. Our job seeker marketing programs have helped us produce strong results in traffic and user activity.

Our customer marketing efforts are directed at targeted customer acquisition and have been effective in producing new customers. We also employ marketing efforts directed at retaining our existing customers. eFinancialCareers has built its brand awareness through strategic relationships, but without significant spending on marketing and advertising. In addition to our sales efforts described below, our customer marketing efforts are conducted through direct mail and email campaigns, high impact marketing, trade shows, and events. For instance, we send over 1.8 million emails and 100,000 pieces of direct mail to our existing and potential customers on a monthly basis. We also reach our customers through the use of direct marketing educational campaigns, which keep them aware of recruiting developments and practices.

Our sales efforts focus on further penetrating the market for recruiting, career development services, as well as business-to-business marketing and advertising solutions. Our field sales groups target Fortune 1000 companies, large staffing and recruiting firms and other large and mid-size businesses. Our telesales organization focuses on generating new business from recruiters and small and mid-size companies, renewing customer contracts and increasing the service levels that customers purchase, as well as servicing the needs of our largest clients. As of December 31, 2012, our sales organization employed 117 sales personnel in the United States and 53 in the rest of the world. In addition to our sales organization, we also use ad networks, primarily Google’s AdSense for content.

Customer Support

We believe we have differentiated ourselves from our competitors by providing extensive ongoing support to our customers. Our customers are assigned a customer support representative, who is the first point of contact after a sale is made. Our customer support efforts focus on training our customers on our products and services, because we believe customers will have a more compelling user experience if they are more familiar with our products and services. Our customer support representatives also assist customers, upon request, by building candidate searches and writing and editing customers’ job postings. Additionally, our customer support efforts focus on ensuring that the professionals who use our websites have positive experiences. For instance, our customer support department constantly reviews our websites for false or inaccurate job postings and performs other similar compliance functions. We believe customers view our customer support functions as a strong, attractive attribute of our websites.

Customers

We currently serve a diversified customer base consisting of over 12,000 customers. No customer for our website services accounted for more than 1% of our revenues in 2012. Our customers include small, mid-sized and large direct employers, staffing companies, recruiting agencies, consulting firms, as well as marketing departments of companies. As of December 31, 2012, notable customers of Tech & Clearance segment included AT&T, Adecco, Amazon, IBM, Lockheed Martin, Manpower, Microsoft, Raytheon and Robert Half, and notable customers of eFinancialCareers included Robert Half, Moody’s Investors Service, JP Morgan Chase, Bloomberg, Michael Page International, Credit Suisse, BNY Mellon and Standard Chartered Bank. Notable customers of Rigzone included Halliburton, Schlumberger, Petronas, Saudi Aramco, Shell and British Petroleum.

Technology

We use a variety of technologies to support our websites. Each system is designed so that it can be scaled by adding additional hardware and network capacity. We host our applications whenever possible on clustered, high availability hardware. All applications and data connections are monitored 24/7 for performance, responsiveness and stability. Our primary operations facilities are in co-location data centers in limited access, temperature-controlled environments with emergency power generation capability and service from multiple telecommunications providers. We maintain backup systems for website operations within our geographically separate recovery data center. We replicate website data at various times throughout the day from the production co-location facility to the recovery data center. Additionally, we have business resumption hardware and software in place at the recovery data center to ensure a smooth transition for the business in case of loss of our data center, and offsite data storage capabilities. We have robust firewalls and switchgear to provide network security, and have used substantial expert assistance in their configuration and testing.

Competition

The market for recruiting services and employment advertising, as well as business-to-business technology advertising and marketing solutions, is highly competitive with multiple online and offline competitors. With the evolution of the online recruiting model, there has been an increasing need to provide ease of use and relevance to professionals, as well as an efficient and cost-effective recruitment method for direct employers, recruiters and staffing companies. Additionally, the further development of the Internet has made it easier for new competitors to emerge with minimal barriers to entry, and advertisers have many alternatives available to reach their target audience. Our ability to maintain our existing customer base and generate new customers depends to a significant degree on the quality of our candidate base and audiences, the quality of our services, the ability to enhance our websites and underlying technology to meet the needs of a rapidly-evolving marketplace, our pricing and value-added products and services and our reputation among our customers and potential customers who are increasingly-sophisticated and demanding. Our competitors include:

- generalist job boards, some of which have substantially greater resources and brand recognition than we do, such as CareerBuilder (owned by Gannett, Tribune, McClatchy and Microsoft), and Monster.com, which, unlike specialized job boards, permit customers to enter into a single contract to find professionals across multiple occupational categories and attempt to fill all their hiring needs through a single website;
- social and professional networking sites, such as LinkedIn and Facebook;
- aggregators of classified advertising and profiles, including SimplyHired, Indeed, Talent Bin, Entelo, Google and Craigslist;
- newspaper and magazine publishers, national and regional advertising agencies, executive search firms and search and selection firms that carry classified advertising, many of whom have developed, begun developing or acquired new media capabilities such as recruitment websites, or have recently partnered with generalist job boards;
- specialized job boards focused specifically on the industries we service, such as FT.com and ComputerJobs.com;
- new and emerging competitors with new business models and products;
- our customers, who seek to recruit candidates directly by using their own resources, including corporate websites;
- sites that host and support Open Source development activities, such as Github.com and Berlios.de; and
- general business sites and print sites, as well as technology news and information community sites such as news.google.com, Digg.com and Reddit.com.

Intellectual Property

We seek to protect our intellectual property through a combination of service marks, trademarks, copyrights and other methods of restricting disclosure of our proprietary or confidential information. We have no patents or patent applications pending for our current services. As we continue to develop and improve our technology, patents may become a more significant part of our intellectual property in the foreseeable future. We generally enter into confidentiality agreements with our employees, consultants, vendors and customers. We also seek to control access to and distribution of our technology, documentation and other proprietary information.

We generally pursue the registration of the material service marks we own in the United States and internationally, as applicable. We own a number of registered, applied for and/or unregistered trademarks and service marks that we use in connection with our businesses. We have registered the DICE trademark in the United States, Canada and the European community and the CLEARANCEJOBS.COM and RIGZONE trademarks in the United States. We have registered the EFINANCIALCAREERS mark on the Supplemental Register in the United States and have applied for registration of the mark in other jurisdictions. Through the Slashdot Media acquisition, we acquired all rights and interest in the SourceForge and Slashdot trademarks used in the United States and in other countries. Registrations for trademarks may be maintained indefinitely, as long as the trademark owner continues to use and police the trademarks and timely renews registrations with the applicable governmental office. Although we generally pursue the registration of our material service marks and other material

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intellectual property we own, where applicable, we have trademarks and/or service marks that have not been registered in the United States and/or other jurisdictions. We have not registered the copyrights in the content of our websites, and do not intend to register such copyrights.

The steps we have taken to protect our copyrights, trademarks, service marks and other intellectual property may not be adequate, and third parties could infringe, misappropriate or misuse our intellectual property. If this were to occur, it could harm our reputation and affect our competitive position. See Item 1A. "Risk Factors—Misappropriation or misuse of our intellectual property could harm our reputation, affect our competitive position and cost us money."

Regulation and Legislation

User Privacy

We collect, store and use a variety of information about both professionals and customers on our website properties. Within the websites, the information that is collected, stored and used has been provided by the professionals or customers with the intent of making it publicly available. We do not store credit card numbers within our systems, and we do not ask professionals or customers to supply social security numbers. Our business data is separated from website operations by a variety of security layers including network segmentation, physical and logical access controls, firewalls, and many industry accepted best practice information security controls.

We post our privacy policies on our websites so that our users can access and understand the terms and conditions applicable to the collection, storage and use of information collected from users. Our privacy policies also disclose the types of information we gather, how we use it and how a user can correct or change their information. Our privacy policies also explain the circumstances under which we share this information and with whom. Professionals who register for our websites have the option of indicating specific areas of interest in which they are willing to receive offers via email or postal mail. These offers contain content created either by us or our third-party partners.

To protect confidential information and to comply with our obligations to our users, we impose constraints on our customers to whom we provide user data, which are consistent with our commitments to our users. Additionally, when we provide lists to third parties, including to our advertiser customers, it is under contractual terms that are consistent with our obligations to our users and with applicable laws and regulations.

U.S. and Foreign Government Regulation

Congress has passed legislation that regulates certain aspects of the Internet, including content, copyright infringement, user privacy, advertising and promotional activities, taxation, access charges, liability for third-party activities and jurisdiction. In addition, federal, state, local and foreign governmental organizations have enacted and also are considering, and may consider in the future, other legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include, but are not limited to, libel, electronic contracting, pricing, quality of products and services and intellectual property ownership.

As of January 1, 2004, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the "CAN-SPAM Act," became effective. The CAN-SPAM Act regulates commercial emails and provides a right on the part of the recipient to request the sender to stop sending messages, and establishes penalties for the sending of email messages that are intended to deceive the recipient as to source or content. Under the CAN-SPAM Act, senders of commercial emails (and other persons who initiate those emails) are required to make sure that those emails do not contain false or misleading transmission information. Commercial emails are required to include a valid return email address and other subject heading information so that the sender and the Internet location from which the message has been sent are accurately identified. Recipients must be furnished with an electronic method of informing the sender of the recipient's decision not to receive further commercial emails. In addition, the email must include a postal address of the sender and, under certain circumstances, notice that the email is an advertisement. The CAN-SPAM Act may apply to the marketing materials and newsletters that we distribute to our audience via email. At this time, we are applying the CAN-SPAM Act to our email communications, and believe that our email practices comply with the requirements of the CAN-SPAM Act.

The European Union ("EU") also has enacted several directives relating to the Internet and various EU member states have implemented them with national legislation. In order to safeguard against the spread of certain illegal and socially harmful materials on the Internet, the European Commission has drafted the "Action Plan on Promoting the

Safe Use of the Internet.” Other European Commission directives and national laws of several foreign governments address the regulation of privacy, e-commerce, security, commercial piracy, consumer protection and taxation of transactions completed over the Internet. See Item 1A. “Risk Factors—Our business is subject to U.S. and foreign government regulation of the Internet and taxation, which may have a material adverse effect on our business.”

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Employees

As of December 31, 2012, we had 534 employees. Our employees are not represented by any union and are not the subject of a collective bargaining agreement. We believe that we have a good relationship with our employees.

Item 1A. Risk Factors

We may be adversely affected by cyclicality, volatility or an extended downturn in the United States or worldwide economy, or in or related to the industries we serve.

Our revenues are generated primarily from servicing customers seeking to hire qualified professionals in the technology and finance sectors and the energy industry. Demand for these professionals, and professionals in the other vertical industries we serve such as healthcare, tends to be tied to economic and business cycles. Increases in the unemployment rate, specifically in the technology, finance and other vertical industries we serve, cyclicality or an extended downturn in the economy could cause our revenues to decline. For example, during the recession in 2001, employers reduced or postponed their recruiting efforts, including their recruitment of professionals in certain of the vertical industries we serve, such as technology. The 2001 economic recession, coupled with the substantial indebtedness incurred by our predecessor, Dice Inc., resulted in Dice Inc. filing for Chapter 11 protection in 2003. As of December 2012, the seasonally unadjusted U.S. unemployment rate was 3.8% for computer related occupations, 4.1% in the finance sector, 5.2% in the healthcare sector, as compared to the overall national average of 7.8%, seasonally adjusted. The increase in unemployment and decrease in recruitment activity experienced during 2008 and 2009 resulted in decreased demand for our services. During 2009 we experienced a 29% decline in revenues compared to 2008. If the economic environment experienced during 2008 and 2009 returns, our ability to generate revenue may be adversely affected.

In addition, the general level of economic activity in the regions and industries in which we operate significantly affects demand for our services. When economic activity slows, many companies hire fewer employees. Therefore, our operating results, business and financial condition could be significantly harmed by an extended economic downturn or future downturns, especially in regions or industries where our operations are heavily concentrated. Further, we may face increased pricing pressures during such periods as customers seek to use lower cost or fee services. Additionally, the labor market and certain of the industries we serve have historically experienced short term cyclicality. It is difficult to estimate the total number of passive or active job seekers or available job openings in the United States or abroad during any given period. If there is a labor shortage, qualified professionals may be less likely to seek our services, which could cause our customers to look elsewhere for attractive employees. Such labor shortages would require us to intensify our marketing efforts towards professionals so that professionals who post their resumes on our websites remain relevant to our customers, which would increase our expenses. Alternatively, if there is a shortage of available job openings, the number of job postings on our websites could decrease, causing our revenues to decline. Any economic downturn or recession in the United States or abroad for an extended period of time could have a material adverse effect on our business, financial condition, results of operations and liquidity. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if the economy does not fully recover or worsens, our business, results of operations and financial condition could be materially and adversely affected.

Concerns regarding the European debt crisis and market perceptions concerning the instability of the Euro could adversely impact our business.

Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These concerns, or market perceptions concerning these and related issues, could adversely affect demand for our services in the European market and our business, results of operations, financial condition and liquidity.

We operate in a highly competitive developing market and we may be unable to compete successfully against existing and future competitors.

The market for career services is highly competitive and barriers to entry in the market are relatively low. For example, there are tens of thousands of job boards currently operating on the Internet, and new competitors may emerge. We do not own any patented technology that would preclude or inhibit competitors from entering the recruiting and career development

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services market. We compete with other companies that direct all or portions of their websites toward certain segments or sub segments of the industries we serve. We compete with generalist job boards, some of which have substantially greater resources and brand recognition than we do, such as CareerBuilder (owned by Gannett, Tribune, McClatchy and Microsoft) and Monster.com, which, unlike specialist job boards, permit customers to enter into a single contract to find professionals across multiple occupational categories and attempt to fill all their hiring needs through a single website, as well as job boards focused specifically on the industries we service, such as FT.com and ComputerJobs.com. We also compete with newspaper and magazine publishers, national and regional advertising agencies, executive search firms and search and selection firms that carry classified advertising, many of whom have developed, begun developing or acquired new media capabilities such as recruitment websites, or have recently partnered with generalist job boards. In addition, we face competition from aggregators of classified advertising, including SimplyHired, Indeed, Google, and Craigslist. Social and professional networking sites, such as LinkedIn, Facebook, Twitter and Google compete with us in providing professional services. We also compete with new and emerging competitors with new business models and products that customers are more willing to try in periods of economic uncertainty. In addition, many of our customers also seek to recruit candidates directly by using their own resources, including corporate websites. Existing or future competitors may develop or offer services that are comparable or superior to ours at a lower price, which could cause our customers to stop using our services or put pressure on us to decrease our prices. If our current or potential customers, or the qualified professionals who use our websites, choose to use these websites rather than ours, demand for our services could decline and our revenues could be reduced. Additionally, job postings and resume posting in the career services industry are not marketed exclusively through any single channel, and accordingly, our competition could aggregate a set of postings similar to ours. Our inability to compete successfully against present or future competitors could materially adversely affect our business, results of operations, financial condition and liquidity.

We must adapt our business model to keep pace with rapid changes in the recruiting and career services business, including rapidly changing technologies and the development of new products and services.

Providing recruiting and career development services on the Internet is a relatively new and rapidly evolving business, and we will not be successful if our business model does not keep pace with new trends and developments. The adoption of recruiting and job seeking, particularly among those who have historically relied on traditional recruiting methods, requires acceptance of a new way of conducting business, exchanging information and applying for jobs. The number of customers and professionals utilizing our services has increased from several years ago. If we are unable to adapt our business model to keep pace with changes in the recruiting business, or if we are unable to continue to demonstrate the value of our online services to our customers, our business, results of operations, financial condition and liquidity could be materially adversely affected. Our success is also dependent on our ability to adapt to rapidly changing technology and to make investments to develop new products and services. Accordingly, to maintain our competitive position and our revenue base, we must continually modernize and improve the features, reliability and functionality of our service offerings and related products in response to our competitors. Future technological advances in the career services industry may result in the availability of new recruiting and career development offerings or increase in the efficiency of our existing offerings. Some of our competitors have longer operating histories, larger client bases, longer relationships with clients, greater brand or name recognition, or significantly greater financial, technical, marketing and public relations resources than we do. As a result, they may be in a position to respond more quickly to new or emerging technologies and changes in customer requirements, and to develop and promote their products and services more effectively than we can. We may not be able to adapt to such technological changes or offer new products on a timely or cost effective basis or establish or maintain competitive positions. If we are unable to develop and introduce new products and services, or enhancements to existing products and services, in a timely and successful manner, our business, results of operations, financial condition and liquidity could be materially and adversely affected.

Trends that could have a critical impact on our success include:

- rapidly changing technology in online recruiting;
- evolving industry standards relating to online recruiting;
- developments and changes relating to the Internet and mobile devices;

- evolving government regulations;
- competing products and services that offer increased functionality;
- changes in employer and job seeker requirements; and
- privacy protection concerning transactions conducted over the Internet.

Many individuals are using devices other than personal computers to access the Internet. If users of these devices do not widely adopt solutions we develop for these devices, our business could be adversely affected.

The number of people who access the Internet through devices other than personal computers, including mobile telephones, personal digital assistants, smart phones and handheld tablets or computers, has increased dramatically in the past few years and is projected to continue to increase. If we are unable to develop mobile solutions to meet the needs of our users, our business could suffer. Additionally, as new devices and new platforms are continually being released, it is difficult to

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predict the problems we may encounter in developing versions of our solutions for use on these alternative devices, and we may need to devote significant resources to the creation, support, and maintenance of such devices.

If we fail to develop and maintain our reputation and brand recognition our business could be adversely affected.

We believe that establishing and maintaining the identity of our brands, such as Dice, eFinancialCareers, Rigzone, Health Callings, and ClearanceJobs, is critical in attracting and maintaining the number of professionals and customers using our services, and that the importance of brand recognition will increase due to the growing number of Internet services similar to ours and relatively low barriers to entry. Promotion and enhancement of our brands will depend largely on our success in continuing to provide high quality recruiting and career development services. If users do not perceive our existing career and recruiting services to be of high quality, or if we introduce new services or enter into new business ventures that are not favorably received by users, the uniqueness of our brands could be diminished and accordingly the attractiveness of our websites to professionals and customers could be reduced. We may also find it necessary to increase substantially our financial commitment to creating and maintaining a distinct brand loyalty among users. If we cannot provide high quality career services, fail to protect, promote and maintain our brands or incur excessive expenses in an attempt to improve our career services or promote or maintain our brands, our business, results of operations, financial condition and liquidity could be materially adversely affected.

Our business is largely based on customers who purchase monthly or annual recruitment packages. Any failure to increase or maintain the number of customers who purchase recruitment packages could adversely impact our revenues.

Our customers typically include recruiters, staffing firms, consulting firms and direct hiring companies. Customers can choose to purchase recruitment packages, classified postings or advertisements. Most of our revenues are generated by the fees we earn from our customers who purchase monthly or long-term recruitment packages. Our growth depends on our ability to retain our existing monthly and annual recruitment package customers and to increase the number of customers who purchase recruitment packages. Any of our customers may decide not to continue to use our services in favor of alternate services, lack of need, or because of budgetary constraints or other reasons. We cannot assure you that we will be successful in continuing to attract new customers or retaining existing customers or that our future sales efforts in general will be effective. If our existing customers choose not to use our services, decrease their use of our services, or change from being recruitment package customers to purchasing individual classified postings, our services, job postings and resumes posted on our websites could be reduced, search activity on our websites could decline, the usefulness of our services to customers could be diminished, and we could experience declining revenues and/or incur significant expenses.

If we fail to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, our revenues could decline.

The value of our websites to our customers is dependent on our ability to continuously attract professionals with the experience, education and skill-set our customers seek. For example, the professionals who post their resumes on Dice.com are highly educated. As of January 2013, approximately 70% having a bachelor's degree or higher. Our online surveys indicate that 71% of professionals who use Dice.com have more than five years of experience, nearly half have greater than 10 years of experience, and the majority are currently employed. To grow our businesses, we must continue to convince qualified professionals that our services will assist them in finding employment, so that customers will choose to use our services to find employees. We do not know the extent to which we have penetrated the market of qualified professionals in the industries we serve or the extent to which we will be able to grow the number of qualified professionals who use our websites. If we are unable to increase the number of professionals using our websites, or if the professionals who use our websites are viewed as unattractive by our customers, our customers could seek to list jobs and search for candidates elsewhere, which could cause our revenues to decline.

We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our websites are accessible within an acceptable load time.

A key element to our continued growth is the ability of our users (whom we define as anyone who visits our website, regardless of whether or not they are a customer), enterprises and professional organizations in all geographies to access our website within acceptable load times. We call this website performance. We have experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our website simultaneously, and denial of service or fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these website performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the performance of our websites, especially during peak usage times and as our solutions become more complex and our user traffic increases. If our websites are unavailable when users attempt to access them or do not load as quickly as they expect, users may seek other websites to obtain the information for which they are looking, and may not return

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to our websites as often in the future, or at all. This would negatively impact our ability to attract customers, enterprises and professional organizations and increase engagement on our websites. We expect to continue to make significant investments to maintain and improve website performance and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

Capacity constraints, systems failures or breaches of our network security could materially and adversely affect our business.

We derive almost all of our revenues from the purchase of recruitment products and services and employment advertising offered on our websites. As a result, our operations depend on our ability to maintain and protect our computer systems, most of which are located in redundant and independent systems in Iowa. Any system failure, including network, software or hardware failure that causes interruption or an increase in response time of our services, could substantially decrease usage of our services and could reduce the attractiveness of our services to both our customers and professionals. An increase in the volume of queries conducted through our services could strain the capacity of the software or hardware we employ. This could lead to slower response times or system failures and prevent users from accessing our websites for extended periods of time, thereby decreasing usage and attractiveness of our services. Our operations are dependent in part on our ability to protect our operating systems against:

- physical damage from acts of God;
- terrorist attacks or other acts of war;
- power loss;
- telecommunications failures;
- network, hardware or software failures;
- physical and electronic break-ins;
- hacker attacks;
- computer viruses or worms; and
- similar events.

Although we maintain insurance against fires, floods and general business interruptions, the amount of coverage may not be adequate in any particular case. Furthermore, the occurrence of any of these events could result in interruptions, delays or cessations in service to users of our services, which could materially impair or prohibit our ability to provide our services and significantly impact our business.

Additionally, overall Internet usage could decline if any well publicized compromise of security occurs or if there is a perceived lack of security of personal and corporate information that is stored within our systems to facilitate hiring and recruitment business processes. “Hacking” involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment and online job boards, in particular, have been targeted by hackers who seek to gain unauthorized access to job seeker and customer data for purposes of implementing “phishing” or other schemes. Despite our implementation of firewalls, switchgear and other network security measures, our websites, servers, databases and other systems may be vulnerable to computer hackers, physical or electronic break-ins, sabotage, computer viruses, worms and similar disruptions from unauthorized tampering with our computer systems. Our systems, like the systems of many other websites, have been targeted in the past in cyber attacks and hacks and may continue to be subject to such attacks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures. We will continue to review and enhance our computer systems to try to prevent unauthorized and unlawful intrusions, but in the future it is possible that we may not be able to prevent all intrusions and such intrusions could result in our network security or computer systems being compromised and possibly result in the misappropriation or corruption of proprietary or personal information or cause disruptions in our services. We might be required to expend significant capital and resources to protect against, remediate or alleviate problems caused by such intrusions. We may also not have a timely remedy against a hacker who is able to penetrate our network security. Our networks could also be affected by computer viruses or other similar disruptive problems and we could inadvertently transmit viruses across our networks to our users or other third parties. Our hardware and back up systems could fail causing our services to be interrupted. Any of these occurrences, and negative publicity arising from any such occurrences, could harm our business or give rise to a cause of action against us. Our general business interruption insurance policies have limitations with respect to covering interruptions caused by computer viruses or hackers. We have not added specific insurance coverage to protect against these risks. Our activities and the activities of third party contractors involve the storage, use and transmission of proprietary and personal information, including personal information collected from professionals who use our websites. Accordingly, security breaches could expose

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us to a risk of loss or litigation and possibly liabilities. We cannot assure you that contractual provisions attempting to limit our liability in these areas will be successful or enforceable, or that other parties will accept such contractual provisions as part of our agreements. Any security breaches or our inability to provide users with continuous access to our networks could materially impact our ability to provide our services as well as materially impact the confidence of our customers in our services, either of which could have a material adverse effect on our business.

We may be liable with respect to the collection, storage and use of the personal information of our professionals and our current practices may not be in compliance with proposed new laws and regulations.

Our business depends on our ability to collect, store, use and disclose personal data from the professionals who use our websites. Our policies concerning the collection, use and disclosure of personally identifiable information are described on our websites. In recent years, class action lawsuits have been filed and the Federal Trade Commission and state agencies have commenced investigations with respect to the collection, use, sale and storage by various Internet companies of users' personal information. While we believe we are in compliance with current law, we cannot ensure that we will not be subject to lawsuits or investigations for violations of law. Moreover, our current practices regarding the collection, storage and use of user information may not be in compliance with currently pending legislative and regulatory proposals by the United States federal government and various state and foreign governments intended to limit the collection and use of user information. While we have implemented and intend to implement additional programs designed to enhance the protection of the privacy of our users, these programs may not conform to all or any of these laws or regulations and we may consequently incur civil or criminal liability for failing to conform. As a result, we may be forced to change our current practices relating to the collection, storage and use of user information. Our failure or our perceived failure to comply with laws and regulations could also lead to adverse publicity and a loss of consumer confidence if it were known that we did not take adequate measures to assure the confidentiality of the personally identifiable information that our users had given to us. This could result in a loss of customers and revenue and materially adversely impact the success of our business. Concern among prospective customers and professionals regarding our use of personal information collected on our websites, such as credit card numbers, email addresses, phone numbers and other personal information, could keep prospective customers from using our career services websites. Internet-wide incidents or incidents with respect to our websites, including misappropriation of our users' personal information, penetration of our network security, or changes in industry standards, regulations or laws could deter people from using the Internet or our websites to conduct transactions that involve confidential information, which could have a material adverse impact on our business. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties (including voluntary third-party certification bodies such as TRUSTe). We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways and/or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted. Additionally, the EU has adopted a directive, and most of the EU states have adopted laws, that impose restrictions on the collection, use and disclosure of personal data concerning EU residents, and on any transfer of such data outside of the EU. In response to the directive and these laws, which prohibit the transfer of data to countries that are not deemed to have laws that adequately protect data subjects' privacy rights, other countries have adopted or are considering adopting laws and regulations regarding the collection, use and disclosure of personal data that meet the EU's standard for adequacy. Directives and privacy acts of these other countries may have an adverse effect on our ability to collect, use, disclose and transfer personal data from users in the applicable countries and consequently may have an adverse effect on our business.

We have indebtedness which could affect our financial condition, and, given the current environment, we may not be able to borrow funds under our revolving credit facility or refinance our indebtedness.

As of December 31, 2012, we had $46.0 million of outstanding indebtedness under our Credit Agreement and we had the ability to borrow an additional $109.0 million. If we cannot generate sufficient cash flow from operations to service our debt, we may need to further refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to take any of these actions, if necessary, on a timely basis or on terms satisfactory to us or at all.

Our Credit Agreement is a revolving facility, the funding of which is dependent on five financial institutions. It is possible that one or more of the lenders will refuse or be unable to satisfy their commitment to lend to us should we need to borrow funds under the revolving credit facility. If borrowings are unavailable to us and we cannot generate sufficient revenues to fund our operations, our business will be adversely affected. In addition, the inability to borrow could hinder growth if we need funds to complete an acquisition.

Our indebtedness could limit our ability to:

- obtain necessary additional financing for working capital, capital expenditures or other purposes in the future;
- plan for, or react to, changes in our business and the industries in which we operate;
- make future acquisitions or pursue other business opportunities; and

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- react in an extended economic downturn.

The terms of our Credit Agreement may restrict our current and future operations, which would adversely affect our ability to respond to changes in our business and to manage our operations.

Our Credit Agreement contains, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends and make other restricted payments;
- repurchase our own shares;
- create liens;
- make investments and acquisitions;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

Our Credit Agreement also requires us to maintain certain financial ratios. A failure by us to comply with the covenants or financial ratios contained in our Credit Agreement could result in an event of default under the facility which could adversely affect our ability to respond to changes in our business and manage our operations. In the event of any default under our Credit Agreement, the lenders under our Credit Agreement will not be required to lend any additional amounts to us. Our lenders also could elect to declare all amounts outstanding to be due and payable and require us to apply all of our available cash to repay these amounts. If the indebtedness under our Credit Agreement were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full.

We expect our operating results to fluctuate on a quarterly and annual basis.

Our revenue and operating results could vary significantly from quarter-to-quarter and year-to-year and may fail to match our past performance because of a variety of factors, some of which are outside of our control. Any of these events could cause the market price of our common stock to fluctuate. Factors that may contribute to the variability of our operating results include:

- the size and seasonal variability of our customers' recruiting and marketing budgets;
- the entrance of new competitors in our market whether by established companies or the entrance of new companies;
- the cost of investing in our technology infrastructure may be greater than we anticipate;
- our ability to increase our customer base and customer engagement;
- disruptions or outages in the availability of our websites, actual or perceived breaches of privacy and compromises of our customer's data;
- changes in our pricing policies or those of our competitors;
- macroeconomic changes, in particular, deterioration in labor markets, which would adversely impact sales of our hiring solutions, or economic growth that does not lead to job growth, for instance increases in productivity;
- the timing and costs of expanding our organization and delays or inability in achieving expected productivity;
- the timing of certain expenditures, including hiring of employees and capital expenditures;
- our ability to increase sales of our products and solutions to new customers and expand sales of additional products and solutions to our existing customers;
- the extent to which existing customers renew their agreements with us and the timing and terms of those renewals; and
- general industry and macroeconomic conditions.

Our history of operations includes periods of operating and net losses, and we may incur operating and net losses in the future. Our significant net losses in periods prior to 2003 and the significant amount of indebtedness incurred by our predecessor led us to declare bankruptcy in early 2003.

We experienced operating and net losses from continuing operations of approximately $307,000 and $1.4 million, respectively, in the four month period ending December 31, 2005, due primarily to the negative impact of the deferred revenue adjustment we made at the time of the 2005 Acquisition and the increased amortization expense and interest expense incurred as a result of the 2005 Acquisition. Additionally, on a pro forma basis, we experienced a net loss from continuing operations of $3.6 million for the year ended December 31, 2006. If we continue to suffer operating and net losses the trading price of our common stock may decline significantly. In addition, we had net losses from continuing operations of $16.4 million in 2002, primarily as a result of a decline in demand for the products and services Dice Inc. offered stemming from the severe and

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extended downturn in the general labor market and more specifically the technology labor market that began in 2001, and also due to the significant amount of indebtedness Dice Inc.'s predecessor had incurred. As a result on February 14, 2003, Dice Inc. filed a voluntary petition for bankruptcy under Chapter 11 of the United States Bankruptcy Code (the "Joint Plan of Reorganization"). The Joint Plan of Reorganization was confirmed by the Bankruptcy Court on June 24, 2003, and became effective as of the close of business on June 30, 2003, at which point Dice Inc. emerged from bankruptcy. Although we have managed to achieve an increase in revenues since Dice Inc. emerged from bankruptcy, we have also increased our operating expenses significantly, expanded our net sales and marketing operations, made significant acquisitions and have continued to develop and extend our online career services with the expectation that our revenues will grow in the future. We may not generate sufficient revenues to pay for all of these operating or other expenses, which could have a material adverse effect on our business, results of operations and financial condition.

If we are not able to successfully identify or integrate recent or future acquisitions our management's attention could be diverted, and our efforts to integrate future acquisitions could consume significant resources.

An important component of our strategy is to expand the geographic markets and the vertical sectors we serve and diversify the products and services we offer through the acquisition of other complementary businesses and technologies (for example, the 2012 FINS.com and Slashdot Media acquisitions, 2010 WorldwideWorker and Rigzone acquisitions, the 2009 Health Callings acquisition and the 2006 eFinancialGroup Acquisition). Our further growth may depend in part on our ability to identify additional suitable acquisition candidates and acquire them on terms that are beneficial to us. We may not be able to identify suitable acquisition candidates or acquire them on favorable terms or at all. In addition, the anticipated results or operational benefits of any businesses we acquire may not be realized and we may not be successful in integrating other acquired business into our operations. Failure to manage and successfully integrate acquired businesses could harm our business. Even if we are successful in making an acquisition, we may encounter numerous risks, including the following:

- expenses, delays and difficulties in integrating the operations, technologies and products of acquired companies;
- potential disruption of our ongoing operations;
- diversion of management's attention from normal daily operations of the business;
- inability to maintain key business relationships and the reputations of acquired businesses;
- the difficulty of integrating acquired technology and rights into our services and unanticipated expenses related to such integration;
- the impairment of relationships with customers and partners of the acquired companies or our customers and partners as a result of the integration of acquired operations;
- the impairment of relationships with employees of the acquired companies or our employees as a result of integration of new management personnel;
- entry into markets in which we have limited or no prior experience and in which our competitors have stronger market positions;
- dependence on unfamiliar employees, affiliates and partners;
- the amortization of the acquired company's intangible assets;
- insufficient revenues to offset increased expenses associated with the acquisition;
- inability to maintain our internal standards, controls, procedures and policies;
- reduction or replacement of the sales of existing services by sales of products and services from acquired business lines;
- potential loss of key employees of the acquired companies;
- difficulties integrating the personnel and cultures of the acquired companies into our operations;
- in the case of foreign acquisitions, uncertainty regarding foreign laws and regulations and difficulty integrating operations and systems as a result of cultural, systems and operational differences; and
- the impact of potential liabilities or unknown liabilities of the acquired businesses.

If any of these risks materialize, they could have a material adverse effect on our business, results of operations, financial condition and liquidity.

In addition, any acquisition of other businesses or technologies may require us to seek debt or equity financing. Such financing might not be available to us on acceptable terms, if at all. The global financial markets have recently experienced declining equity valuations and disruptions in the credit markets due to liquidity imbalances and repricing of risk, which may impact our ability to obtain additional financing on reasonable terms, if at all.

Our potential future growth may strain our resources.

As our operations have expanded, we have experienced a rapid growth in our headcount. We grew from 169 employees at December 31, 2005 to 534 employees at December 31, 2012. Our rapid growth has demanded and will continue to demand substantial resources and attention from our management, including improving our operational and financial systems and

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expanding, training, retaining and managing our employee base. If we do not effectively manage our growth and expand, train, retain and manage our employee base, our customer service and responsiveness could suffer and our costs could increase, which could harm our brand, increase our expenses and reduce our profitability.

Misappropriation or misuse of our intellectual property could harm our reputation, affect our competitive position and cost us money.

Our success and ability to compete are dependent in part on the strength of our intellectual property rights, the content included on our websites, the goodwill associated with our trademarks, trade names and service marks and on our ability to use U.S. and foreign laws to protect them. Our intellectual property includes, among other things, the content included on our websites, our logos, brands, domain names, the technology that we use to deliver our products and services, the various databases of information that we maintain and make available and the appearance of our websites. We claim common law protection on certain names and marks that we have used in connection with our business activities and the content included on our websites. We also own a number of registered or applied for trademarks and service marks that we use in connection with our business, including DICE, CLEARANCEJOBS.COM, EFINANCIALCAREERS and RIGZONE. Through the Slashdot Media acquisition, we acquired all rights and interest in the SourceForge and Slashdot trademarks used in the United States and in other countries. Although we generally pursue the registration of material service marks and other material intellectual property we own, where applicable, we have copyrights, trademarks and/or service marks that have not been registered in the United States and/or other jurisdictions. We generally enter into confidentiality and work-for-hire agreements with our employees, consultants, vendors and customers to protect our intellectual property rights. We also seek to control access to and distribution of our technology, documentation and other proprietary information as well as proprietary information licensed from third parties. Policing our intellectual property rights worldwide is a difficult task, and we may not be able to identify infringing users. The steps we have taken to protect our proprietary rights may not be adequate, and third parties could infringe, misappropriate or misuse our intellectual property rights. If this were to occur, it could harm our reputation and affect our competitive position. It could also require us to spend significant time and money in litigation. In addition, the laws of foreign countries do not necessarily protect intellectual property rights to the same extent as the laws of the United States. We have licensed in the past (on a royalty free basis), and expect to license in the future, various elements of our distinctive trademarks, service marks, trade dress, content and similar proprietary rights to third parties. We enter into strategic marketing arrangements with certain third party web site operators pursuant to which we license our trademarks, service marks and content to such third parties in order to promote our brands and services and to generate leads to our websites. While we attempt to ensure that the quality of our brands is maintained by these licensees, we cannot assure you that third party licensees of our proprietary rights will always take actions to protect the value of our intellectual property and reputation, which could adversely affect our business and reputation.

We could be subject to infringement claims that may result in costly litigation, the payment of damages or the need to revise the way we conduct business.

We cannot be certain that our technology, offerings, services or content do not or will not infringe upon the intellectual property rights of third parties and from time to time we receive notices alleging potential infringement. In seeking to protect our marks, copyrights, domain names and other intellectual property rights, or in defending ourselves against claims of infringement that may or may not be without merit, we could face costly litigation and the diversion of our management’s attention and resources. Claims against us could result in the need to develop alternative trademarks, content, technology or other intellectual property or to enter into costly royalty or licensing agreements, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. If we were found to have infringed on a third party’s intellectual property rights, among other things, the value of our brands and our business reputation could be impaired, and our business could suffer.

If we are unable to enforce or defend our ownership or use of intellectual property, our business, competitive position and operating results could be harmed.

The success of our business depends in large part on our intellectual property rights, including existing and future trademarks and copyrights, which are and will continue to be valuable and important assets of our business. Our business could be harmed if we are not able to protect the content of our databases and our other intellectual property.

We have taken measures to protect our intellectual property, such as requiring our employees and consultants with access to our proprietary information to execute confidentiality agreements. In the future, we may sue competitors or other parties who we believe to be infringing our intellectual property. We may in the future also find it necessary to assert claims regarding our intellectual property. These measures may not be sufficient or effective to protect our intellectual property. We also rely on laws, including those regarding copyrights and trademarks to protect our intellectual property rights. Current laws, or the enforceability of such laws, specifically in foreign jurisdictions, may not adequately protect our intellectual property or our databases and the data contained in them. In addition, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet related businesses are uncertain and evolving, and we cannot assure you of the future viability or

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value of any of our proprietary rights. Others may develop technologies similar or superior to our technology. A significant impairment of our intellectual property rights could require us to develop alternative intellectual property, incur licensing or other expenses or limit our product and service offerings.

We are controlled by two groups of principal stockholders, as well as management stockholders, whose interest in our business may be different than yours.

Together, the Principal Stockholders beneficially own approximately 29% of our outstanding common stock as of January 30, 2013. Our Principal Stockholders together with certain of our officers and employees, which we refer to as the "Management Stockholders" beneficially own approximately 36%. Accordingly, together the Principal Stockholders and Management Stockholders can exercise significant influence over our business policies and affairs, including the composition of our board of directors, and over any action requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and the approval of mergers or sales of substantially all of our assets. The concentration of ownership of the Principal Stockholders may also delay, defer or even prevent an acquisition by a third party or other change of control of our company and may make some transactions more difficult or impossible without the support of the Principal Stockholders, even if such events are in the best interests of minority stockholders. In addition, in connection with our Initial Public Offering ("IPO") in July 2007, we entered into the Institutional and Management Shareholders Agreement, or the "Institutional Shareholder Agreement," with the Principal Stockholders and Management Stockholders. In accordance with the Institutional Shareholder Agreement, each of the Principal Stockholders has the right to designate up to (1) three members of our board of directors if such Principal Stockholder owns 17.5% or more of our common stock, (2) two members of our board of directors if it owns less than 17.5% but at least 10% of our common stock, and (3) one member of our board of directors if it owns less than 10% but at least 5% of our common stock. If a Principal Stockholder owns less than 5% of our common stock, it will no longer be entitled to designate members of our board of directors. Each Principal Stockholder has agreed to vote its shares in favor of the directors designated by the other Principal Stockholder in accordance with the terms of the agreement. Each Principal Stockholder will also have the right to designate one member of our Compensation Committee and one member of our Nominating and Corporate Governance Committee if such Principal Stockholder owns at least 5% of our common stock. Our Institutional Shareholder Agreement and our amended and restated certificate of incorporation provides that the doctrine of "corporate opportunity" will not apply against our Principal Stockholders in a manner that would prohibit them from investing in competing businesses or doing business with our clients and customers. To the extent they invest in such other businesses, they may have differing interests than our other stockholders.

We have incurred increased costs and will continue to incur these costs as a result of being a public company.

As a public company, we have incurred and will continue to incur significant levels of legal, accounting and other expenses. The Sarbanes Oxley Act of 2002 ("Sarbanes Oxley"), the Dodd-Frank Act and related rules of the Securities and Exchange Commission, the "Commission," and the NYSE regulate corporate governance practices of public companies and impose significant requirements relating to disclosure controls and procedures and internal control over financial reporting. Compliance with these public company requirements has increased our costs, required additional resources and made some activities more time consuming. We are required to expend considerable time and resources complying with public company regulations.

If we do not meet the continued listing requirements of the NYSE our common stock may be delisted.

Our common stock is listed on the NYSE. The NYSE requires us to continue to meet certain listing standards, including standards related to the trading price of our common stock (e.g., maintaining an average share price of at least $1.00), as well as our global market capitalization (e.g., maintaining an average global market capitalization of at least $75 million). While we are currently in compliance with the NYSE continued listing requirements, we cannot assure you that we will remain in compliance. If we do not meet the NYSE's continued listing standards, we will be notified by the NYSE and we will be required to take corrective action to meet the continued listing standards; otherwise our common stock will be delisted from the NYSE. A delisting of our common stock on the NYSE would reduce the liquidity and market price of our common stock and the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to access the public capital markets. A delisting would also reduce the value of our equity compensation plans, which could negatively impact our ability to retain key employees.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and stock price.

Maintaining effective internal control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If we are unable to maintain adequate internal controls, our business and operating results could be harmed. We are required to satisfy the requirements of Section 404 of Sarbanes Oxley and the related rules of the Commission, which require, among other things, our management to assess annually the effectiveness of our internal control over financial reporting and our independent registered public accounting firm to issue a report on that

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assessment. We may be unable to remedy before the requisite deadline for those reports. Any failure to remediate deficiencies noted by our independent registered public accounting firm or to implement required new or improved controls or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. If our management or our independent registered public accounting firm were to conclude in their reports that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

We are dependent on the continued service of key executives and technical personnel whose expertise would be difficult to replace and, if we fail to retain key executives and personnel, there could be a material adverse effect on our business.

Our performance is substantially dependent on the performance of senior management and key technical personnel. We have employment agreements, which include non-compete provisions, with all members of senior management and certain key technical personnel. However, we cannot assure you that any of these senior managers or others will remain with us or that they will not compete with us in the event they cease to be employees, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. In addition, we have not purchased key person life insurance on any members of our senior management. Our future success also depends upon our continuing ability to identify, attract, hire and retain highly qualified personnel, including skilled technical, management, product and technology, and sales and marketing personnel, all of whom are in high demand and are often subject to competing offers. There has in the past been, and there may in the future be, a shortage of qualified personnel in the career services market. We also compete for qualified personnel with other companies. A loss of a substantial number of qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for expansion of our business, could have a material adverse effect on our business.

Our business is subject to U.S. and foreign government regulation of the Internet and taxation, which may have a material adverse effect on our business.

Congress and various state and local governments, as well as the EU, have passed legislation that regulates various aspects of the Internet, including content, copyright infringement, user privacy, taxation, access charges, liability for third-party activities and jurisdiction. In addition, federal, state, local and foreign governmental organizations are also considering legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include libel, pricing, quality of products and services and intellectual property ownership. A number of proposals have been made at the state and local level that would impose taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of commerce over the Internet and could adversely affect our business, future results of operations, financial condition and liquidity. A law imposing a three-year moratorium on new taxes on Internet based transactions was enacted by Congress in October 1998. The moratorium was extended by Congress three different times with the expiration now being in
2014. This moratorium relates to new taxes on Internet access fees and state taxes on commerce that discriminate against out-of-state websites. Sales or use taxes imposed upon the sale of products or services over the Internet are not affected by this moratorium. We may be subject to restrictions on our ability to communicate with our customers through email and phone calls. Several jurisdictions have proposed or adopted privacy related laws that restrict or prohibit unsolicited email or “spam.” These laws may impose significant monetary penalties for violations. For example, the CAN-SPAM Act of 2003, or “CAN-SPAM,” imposes complex and often burdensome requirements in connection with sending commercial email. Key provisions of CAN-SPAM have yet to be interpreted by the courts. Depending on how it is interpreted, CAN-SPAM may impose burdens on our email marketing practices or services we offer or may offer. Although CAN-SPAM is thought to have preempted state laws governing unsolicited email, the effectiveness of that preemption is likely to be tested in court challenges. If any of those challenges are successful, our business may be subject to state laws and regulations that may further restrict our email marketing practices and the services we may offer. The scope of those regulations is unpredictable. Because a number of these laws are relatively new and still in the process of being implemented, we do not know how courts will interpret these laws. Therefore, we are uncertain as to how new laws or the application of existing laws will affect our business. Increased regulation of the Internet may therefore reduce the use of the Internet, which could decrease demand for our services, increase our

cost of doing business or otherwise have a material adverse effect on our business, results of operations, financial condition and liquidity.
We post our privacy policy and practices concerning the use and disclosure of user data on our websites. Any failure by us to comply with our posted privacy policy or other privacy-related laws and regulations could result in proceedings which could potentially harm our business, results of operations and financial condition. In this regard, there are a large number of legislative proposals before the United States Congress, various state legislative bodies as well as various European Union institutions, bodies and agencies regarding privacy issues related to our business. It is not possible to predict whether or when such legislation may be adopted, and certain proposals, if adopted, could significantly harm our business, financial condition and results of operations through a decrease in user registrations and revenues. This could be caused by, among other possible provisions, the required use of disclaimers or other requirements before users can utilize our services.

Due to the global nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to regulate its transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws or such laws may be modified and new laws may be enacted in the future. Any such developments (or developments stemming from enactment or modification of other laws) may significantly harm our business, operating results and financial condition.

If candidate profiles are out-of-date, inaccurate or lack the information that users and customers want to see, we may not be able to realize the full potential of our network, which could adversely impact the growth of our business.

If candidate profiles do not accurately reflect candidate information or if candidates do not update their information or provide accurate and complete information, the value of our network may be negatively impacted because our value proposition as a professional network and as a source of accurate and comprehensive data will be weakened. For example, customers of our services may not find candidates who meet their qualifications or may misidentify a candidate as having such qualifications, which could result in mismatches that erode customer confidence in our solutions. Similarly, incomplete or outdated candidate information would diminish the ability of our customers to reach their target audiences and candidate bases and our ability to provide our customers with valuable insights. Therefore, we must provide features and products that demonstrate the value of our services to our candidates and motivate them to contribute additional, timely and accurate information to their profile and our network. If we fail to successfully motivate our candidates to do so, our business and operating results could be adversely affected.

If Internet search engines' methodologies are modified or our search result page rankings decline for other reasons, our user engagement could decline.

We depend in part on various Internet search engines, such as Google, Bing and Yahoo!, to direct a significant amount of traffic to our website. Our ability to maintain the number of visitors directed to our website is not entirely within our control. Our competitors' search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. If search engine companies modify their search algorithms in ways that are detrimental to our new user growth or in ways that make it harder for our users to use our website, or if our competitors' SEO efforts are more successful than ours, overall growth in our user base could slow, user engagement could decrease, and we could lose existing users. These modifications may be prompted by search engine companies entering the online professional networking market or aligning with competitors. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our website would harm our business and operating results.

We may not be able to halt the operations of websites that aggregate our data as well as data from other companies, including social networks, or copycat websites that have misappropriated our data in the past or may misappropriate our data in the future. These activities could harm our brand and our business.

From time to time, third parties have misappropriated our data through website scraping, robots or other means and aggregated this data on their websites with data from other companies. In addition, "copycat" websites have misappropriated data on our network and attempted to imitate our brand or the functionality of our website. These activities could degrade our brand and harm our business. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. However, we may not be able to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to stop their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against such websites. Regardless of whether we can successfully enforce our rights against these websites, any measures that we may take could require us to expend significant financial or other resources.

If our Slashdot Media business fails to attract and retain users, particularly users who create and post original content on our web properties, our financial results will be adversely affected.

Our reliance upon user-generated content requires that we develop and maintain tools and services designed to facilitate:

- creation of user-generated content
- participation in discussion surrounding such user-generated content
- evaluation of user-generated content
- distribution of user-generated content.

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If our development efforts fail to facilitate such activities on our web properties, the level of user engagement and interaction will not increase and may decline. Even if we succeed in facilitating such activities on our sites, there can be no assurance that such improvements will be deployed in a timely or cost-effective manner.
If we fail to increase user engagement and interaction on our web properties, we will not attract and retain a loyal user base that is desirable to advertisers. Our inability to maintain a loyal user base and the advertisers who desire to reach them which will adversely affect our Slashdot Media business and our ability to maintain or grow our revenue.
We rely on a limited number of Open Source projects for a portion of our traffic on SourceForge. If we fail to retain these Open Source projects and attract new Open Source projects, our Slashdot Media revenue will be adversely affected.
We generate revenue from advertisements which are displayed when a visitor engages with our Slashdot Media properties and, in particular, at SourceForge.net when a visitor obtains information and or downloads software from an Open Source project. A significant portion of the page views is generated from a limited number of hosted Open Source projects. The loss of the hosting of an Open Source project may result in a significant loss of page views and result in a loss of revenue. There can be no assurance that these Open Source projects will continue to be hosted on our web sites or that users will continue to be attracted to, view and download these Open Source projects. To the extent that we are unable to retain these Open Source projects on our websites for any reason and/or attract new projects, then our advertising revenue will decline, and our Slashdot Media revenue may be adversely affected.
We face risks relating to our foreign operations.
We operate websites serving 19 markets around the world. For the year ended December 31, 2012, approximately 20% of our total revenues were generated outside of the United States. Such amounts are collected in local currency. As a result of operating outside the United States, we are at risk for exchange rate fluctuations between such local currencies and the United States dollar, which could affect our results of operations. To date, we have not engaged in exchange rate hedging activities. Even were we to implement hedging strategies to mitigate this risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. We are also subject to taxation in foreign jurisdictions. In addition, transactions between our foreign subsidiaries and us may be subject to United States and foreign withholding taxes. Applicable tax rates in foreign jurisdictions differ from those of the United States, and change periodically. The extent, if any, to which we will receive credit in the United States for taxes we pay in foreign jurisdictions will depend upon the application of limitations set forth in the U.S. Internal Revenue Code of 1986, as amended, or the “Code,” as well as the provisions of any tax treaties that may exist between the United States and such foreign jurisdictions. Our current or future international operations might not succeed for a number of reasons including:

- difficulties in staffing and managing foreign operations;
- competition from local recruiting services or employment advertising agencies;
- operational issues such as longer customer payment cycles and greater difficulties in collecting accounts receivable;
- seasonal reductions in business activity;
- language and cultural differences;
- taxation issues;
- foreign exchange controls that might prevent us from repatriating income earned in countries outside the United States;
- credit risk;
- higher levels of payment fraud;
- multiple and conflicting laws and regulations, including complications due to unexpected changes in these laws and regulations;
- the burdens of complying with a wide variety of foreign laws and regulations;
- difficulties in enforcing intellectual property rights in countries other than the United States; and
- general political and economic trends.

Our future growth depends on our ability to expand operations in international markets. We may have limited experience or we may need to rely on business partners in these markets, and our future growth will be materially adversely affected if we are unsuccessful in our international expansion efforts.

We operate local websites in numerous markets around the world. Our future growth will depend significantly on our ability to expand our brands and product offerings in additional international markets. As we expand into new international markets, we may have only limited experience in marketing and operating our products and services in such markets. In other instances, we may have to rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting the online recruitment and advertising industry medium and, as a result, our operations in international markets may not develop at a rate that supports our level of investment. In addition, business practices in these new international markets may be unlike those in the other markets we serve and we may face increased exposure to fines and penalties under U.S. laws such as the Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act and local laws prohibiting corrupt payments to governmental officials. Although we have implemented policies and procedures designed to ensure compliance with these laws, we cannot be sure that our employees, contractors or agents will not violate our policies. Any such violations could materially damage our reputation, our brand, our international expansion efforts, our business and our operating results.

We may be impacted by unfavorable decisions in proceedings related to future tax assessments.

We operate in a number of jurisdictions and are from time to time subject to audits and reviews by various taxation authorities with respect to income, payroll, sales and use and other taxes and remittances, for current as well as past periods. We may become subject to future tax assessments by various authorities. The determination of our worldwide provision for income taxes and current and deferred tax assets and liabilities requires judgment and estimation. There are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the ultimate tax outcome may differ materially from the tax amounts recorded in our consolidated financial statements. Any amount we might be required to pay in connection with an ongoing audit or review or a future tax assessment may have a material adverse effect on our financial position, cash flows or overall results of operations.

Taxation risks could subject us to liability for past sales and cause our future sales to decrease.

We do not collect sales or other taxes in certain jurisdictions on the services we provide in the United States. Our operations, and any future expansion of them, along with other aspects of our evolving business, may result in additional sales and other tax obligations.

Currently, the individual states' sales and use tax regulations determine which services performed over the Internet are subject to sales and use tax. A number of states have been considering or have adopted initiatives that could impose sales and use taxes on certain services delivered over the Internet. If these initiatives are successful, we could be required to collect sales and use taxes in additional states. Also, a state may take the position under existing tax regulations that certain services we provide are subject to sales tax under current regulations. The imposition by state and local governments of various taxes upon certain services delivered over the Internet could create administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on all of our online competitors and potentially decrease our future sales.

We collect consumption tax (including value added tax, goods and services tax, and provincial sales tax) as applicable on services sold by us on some of our international sites. Additional foreign countries may seek to impose sales or other tax collection obligations on us.

A successful assertion by one or more states or foreign countries that we should collect sales or other taxes on the sale of services could result in substantial tax liabilities for past sales, decrease our ability to compete, and otherwise harm our business.

A write-off of all or a part of our goodwill would hurt our operating results and reduce our net worth.

We have significant intangible assets related to goodwill, which represents the excess of the total purchase price of our acquisitions over the estimated fair value of the net assets acquired. As of December 31, 2012, we had $202.9 million of goodwill on our balance sheet, which represented approximately 57% of our total assets. We do not amortize goodwill under U.S. accounting standards and instead are required to review goodwill at least annually for impairment. During 2008, goodwill of $7.2 million related to eFinancialCareers' North American operations was written off. In the event impairment is identified again in the future for any of our reporting units, a charge to earnings would be recorded. Although it would not affect our cash flow or financial position, a write-off in future periods of all or a part of our goodwill would have a material adverse effect on our overall results of operations. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Goodwill."

Because we recognize most of our revenue from our contracts over the term of the agreement, a significant downturn in these businesses may not be immediately reflected in our operating results.

We recognize revenue from sales of our recruiting contracts over the terms of the agreements, which, on average, is approximately 12 months. As a result, a significant portion of the revenue we report in each quarter is generated from agreements entered into during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not significantly impact our revenue in that quarter but will negatively affect our revenue in future quarters. In addition, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in the sales of these offerings may not be reflected in our short-term results of operations.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any properties. Our corporate headquarters are located at 1040 Avenue of the Americas, New York, New York, where we lease approximately 12,000 square feet. We lease approximately 35,000 square feet of office space in Urbandale, Iowa. We lease approximately 11,000 square feet of space to house our eFinancialCareers operation in London, England. We also have small offices in Cincinnati, Ohio; Houston, Texas; Tiburon, California; San Francisco, California; Dexter, Michigan; Singapore; Dubai, United Arab Emirates; Sydney, Australia; Perth, Australia; Hong Kong; Beijing, China; and Shanghai, China. Our small offices are used across multiple segments. We believe that our facilities are generally adequate for current and anticipated future use, although we may from time to time lease additional facilities as operations require.

Item 3. Legal Proceedings

From time to time we may be involved in disputes or litigation relating to claims arising out of our operations. We are currently not a party to any pending material legal proceedings.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the NYSE under the ticker symbol “DHX”. We have not listed our stock on any other markets or exchanges. Prior to July 18, 2007, there was no public market for our common stock. The high and low quarterly closing sales prices for the common stock for 2012 and 2011 were as follows:

	2012				2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Low	$8.27	$9.03	$7.10	$8.11	$12.77	$11.90	$7.82	$7.05
High	$10.21	$10.98	$9.65	$9.20	$16.13	$18.33	$14.80	$11.00

As of December 31, 2012, the last reported sale price of our stock as reported by the NYSE was $9.18.

Holders

As of December 31, 2012, there were 41 stockholders of record of our common stock. A significant number of the outstanding shares of common stock which are beneficially owned by individuals and entities are registered in the name of Cede & Co. Cede & Co. is a nominee of The Depository Trust Company, a securities depository for banks and brokerage firms.

Dividend Policy

While we did declare and pay dividends prior to our IPO, we have not declared or paid any cash dividends on our stock as a public company. We currently anticipate that all future earnings will be retained by the Company to support our long-term growth strategy. Accordingly, we do not anticipate paying periodic cash dividends on our stock for the foreseeable future.

Furthermore, we are restricted by our Credit Agreement in the amount of cash dividends that we can pay.

The payment of any future dividends will be at the discretion of our Board of Directors and subject to the Credit Agreement and will depend upon, among other things, future earnings, operations, capital requirements, our general financial condition, contractual restrictions and general business conditions.

Repurchases of Equity Securities

On August 15, 2011, our Board of Directors approved a stock repurchase program authorizing the purchase, at the discretion of management, of up to $30 million of our common stock over a one-year period (the “Stock Repurchase Plan I”). This plan concluded on March 8, 2012.

In March 2012, the Company’s Board of Directors approved a stock repurchase program that permits the Company to repurchase up to $65 million of its common stock (the “Stock Repurchase Plan II” and, together with the Stock Repurchase Plan I, the “Stock Repurchase Plans”). This new authorization became effective upon the completion of the Stock Repurchase Plan I and will be in effect for one-year.

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

During the three months ended December 31, 2012, purchases of our common stock pursuant to the repurchase plan were as follows:

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Period	(a) Total Number of Shares Purchased [1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 through October 31, 2012	590,000	$ 8.64	590,000	$ 12,967,300
November 1 through November 30, 2012	437,685	8.45	437,685	9,267,428
December 1 through December 31, 2012	320,658	8.74	320,658	6,466,228
Total	1,348,343	$ 8.60	1,348,343	

[1] No shares of our common stock were purchased other than through a publicly announced plan or program.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information required by this item as of December 31, 2012 regarding compensation plans under which the Company's equity securities are authorized for issuance:

	(a)	(b)	(c)
	Number of Securities to be Issued upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Plan Category			
Equity compensation plans approved by security holders	8,780,400	$4.67	5,949,294
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	8,780,400	$4.67	5,949,294

See also Item 7. "Management Discussion and Analysis of Financial Conditions and Results of Operations—Critical Accounting Policies—Stock and Stock-Based Compensation."

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Performance Graph

The following graph shows the total shareholder return of an investment of $100 in cash on July 18, 2007 (the date on which our common stock was first traded on the NYSE) through December 31, 2012 (the last trading day of our common stock on the NYSE in 2012) for (i) our common stock, (ii) the Russell 2000 and (iii) the Dow Jones Internet Composite Index, at the closing price on July 17, 2007. All values assume reinvestment of the full amount of all dividends, if any.

Comparative Returns

The returns shown on the graph do not necessarily predict future performance. The performance graph is not deemed "filed" with the SEC.

Item 6. Selected Financial Data

The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

The following consolidated statements of operations data for the years ended December 31, 2012, 2011 and 2010 and the consolidated balance sheet data as of December 31, 2012 and 2011 have been derived from the audited consolidated financial statements and related notes of Dice Holdings, Inc., which are included elsewhere in this Annual Report. The consolidated statements of operations data for the years ended December 31, 2009 and 2008 and the consolidated balance sheet data as of December 31, 2010, 2009 and 2008 have been derived from the audited consolidated financial statements and related notes of Dice Holdings, Inc., which are not included in this Annual Report.

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	For the year ended December 31,				
	2012 (3)	2011	2010 (2)	2009 (1)	2008
Revenues	$195,363	$179,130	$128,997	$109,991	$155,009
Operating expenses:					
Cost of revenues	15,687	13,024	9,573	7,501	9,862
Product development	16,225	10,316	6,747	3,866	4,425
Sales and marketing	65,033	59,111	44,183	35,241	57,019
General and administrative	27,163	23,804	20,736	18,857	21,277
Depreciation	5,657	4,739	4,122	3,715	3,689
Amortization of intangible assets	6,654	10,062	11,431	14,270	16,641
Impairment of goodwill and intangible assets	—	—	—	—	7,213
Change in acquisition related contingencies	48	3,127	47	—	—
Total operating expenses	136,467	124,183	96,839	83,450	120,126
Operating income	58,896	54,947	32,158	26,541	34,883
Interest expense	(1,314)	(1,446)	(3,376)	(6,801)	(9,552)
Deferred financing cost write-off	(765)	—	(1,388)	—	—
Interest income	83	112	112	213	1,647
Gain (loss) from interest rate hedges	—	—	216	1,505	(2,568)
Other expense	(62)	(124)	(4)	(77)	—
Income from continuing operations before income taxes	56,838	53,489	27,718	21,381	24,410
Income tax expense	18,751	19,389	8,819	7,890	9,573
Income from continuing operations	38,087	34,100	18,899	13,491	14,837
Discontinued operations:					
Income from discontinued operations	—	—	—	—	519
Income from discontinued operations, net of tax	—	—	—	—	519
Net income	$38,087	$34,100	$18,899	$13,491	$15,356
Basic earnings per share:					
From continuing operations	$0.62	$0.52	$0.30	$0.22	$0.24
From discontinued operations	—	—	—	—	0.01
	$0.62	$0.52	$0.30	$0.22	$0.25
Diluted earnings per share:					
From continuing operations	$0.59	$0.49	$0.28	$0.20	$0.23
From discontinued operations	—	—	—	—	0.01
	$0.59	$0.49	$0.28	$0.20	$0.24
Weighted average shares outstanding:					
Basic	61,192	65,809	62,665	62,266	62,194
Diluted	64,604	70,053	67,926	66,074	65,345

	For the year ended December 31,				
	2012 (3)	2011	2010 (2)	2009 (1)	2008
		(in thousands, except per share information)			

Other Financial Data:					
Net cash from operating activities	$54,661	$64,494	$47,068	$22,801	$54,176
Depreciation and amortization	12,311	14,801	15,553	17,985	20,330
Capital expenditures	(5,902)	(7,776)	(4,626)	(2,988)	(3,971)
Net cash from investing activities	(33,939)	(10,614)	(46,428)	(3,516)	(10,341)
Net cash from financing activities	(36,829)	(41,595)	(1,769)	(31,170)	(43,196)
Deferred revenue (end of period)	69,404	60,887	49,224	33,909	40,758

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	At December 31,				
	2012 (3)	2011	2010 (2)	2009 (1)	2008
Balance Sheet Data:					
Cash and cash equivalents	$40,013	$55,237	$43,030	$44,925	$55,144
Intangible Assets. net	62,755	56,471	66,500	48,536	59,119
Goodwill	202,944	176,365	176,406	142,638	137,416
Total assets	354,230	326,378	318,722	262,555	283,169
Long-term debt, including current portion	46,000	15,000	41,000	50,300	81,500
Total stockholders' equity	190,638	209,216	178,227	148,620	123,506

(1) Reflects the Health Callings Acquisition in June 2009.
(2) Reflects the WorldwideWorker Acquisition in May 2010 and the Rigzone Acquisition in August 2010.
(3) Reflects the FINS.com Acquisition in June 2012, Slashdot Media Acquisition in September 2012 and the WorkDigital Acquisition in October 2012.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this report. See also "Note Concerning Forward-Looking Statements."

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include, without limitation, information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptio that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, competition from existing and future competitors in the highly competitive market in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicality or downturns in the economy or industries we serve, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. These factors and others are discussed in this Annual Report on Form 10-K under the headings "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

You should keep in mind that any forward-looking statement made by us herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect us. We have no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.

Overview

We are a leading provider of specialized websites for select professional communities. Through our online communities, professionals can manage their careers by finding relevant job opportunities and by building their knowledge through original and community-shared content. Our websites enable employers, recruiters, staffing agencies, consulting firms and marketing professionals to effectively target and reach highly-valued audiences.

In online recruitment, we target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our websites serve as online marketplaces where employers and recruiters find and recruit prospective employees, and where professionals find relevant job opportunities and information to further their careers.

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

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

Through our predecessors, we have been in the recruiting and career development business for more than 22 years. Based on our operating structure, we have identified three reportable segments under the Segment Reporting topic of the FASB ASC. Our reportable segments include Tech & Clearance (which includes Dice.com, ClearanceJobs.com and Slashdot Media (from the date of acquisition)), Finance (which includes eFinancialCareers' global service), and Energy (which includes WorldwideWorker and Rigzone, which were combined into one service under the Rigzone brand and website in January 2012). Targeted Job Fairs, Health Callings (acquired as AllHealthcareJobs in June 2009), and WorkDigital (acquired in October 2012) do not meet certain quantitative thresholds, and therefore are reported in the aggregate in Other.

Our Revenues and Expenses

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customer based on the number of individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. Our Tech & Clearance segment sells recruitment packages that include both access to our databases of resumes and Open Web profiles, as well as job posting capabilities. Our Finance and Energy segments sell job postings and access to our resume databases either as part of a package or individually. We believe the key metrics that are material to an analysis of our businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. At December 31, 2012, Dice.com had approximately 8,400 total recruitment package customers, and our other websites collectively served approximately 3,500 customers, including some customers who are also customers of Dice.com, as of the same date. Customers who buy multiple products or services are counted individually. Deferred revenue is a key metric of our business as it indicates a level of sales already made that will be recognized as revenue in the future. Deferred revenue reflects the impact of our ability to sign customers to long-term contracts. We recorded deferred revenue of $69.4 million and $60.9 million at December 31, 2012 and December 31, 2011, respectively.

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

Our ability to continue to grow our revenues will largely depend on our ability to grow our customer bases in the markets in which we operate by acquiring new recruitment package customers and advertisers while retaining a high proportion of the customers we currently serve, and to expand the breadth of services our customers purchase from us. We continue to make investments in our business and infrastructure to help us achieve our long-term growth objectives.

Other material factors that may affect our results of operations include our ability to attract qualified professionals that become engaged with our websites and our ability to attract customers with relevant job opportunities. The more qualified professionals that use our websites, the more attractive our websites become to employers and advertisers, which in turn makes them more likely to become our customers, resulting positively on our results of operations. If we are unable to continue to attract qualified professionals to engage with our websites, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, we need to ensure that our websites remain relevant in order to attract qualified professionals to our websites and to engage them in high-valued tasks such as posting resumes and/or applying to jobs.

The largest components of our expenses are personnel costs and marketing and sales expenditures. Personnel costs consist of salaries, benefits, and incentive compensation for our employees, including commissions for salespeople. Personnel costs are categorized in our statement of operations based on each employee's principal function. Marketing expenditures primarily consist of online advertising and direct mailing programs.

Critical Accounting Policies

This discussion of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue, goodwill and intangible assets, stock-based compensation and income taxes. We based our estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that we believe are reasonable. In many cases, we could reasonably have used different accounting policies and estimates. In some cases, changes in the

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accounting estimates are reasonably likely to occur from period to period. Our actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments used in the preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenues when persuasive evidence of an agreement exists, delivery of service has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Payments received in advance of services being rendered are recorded as deferred revenue and recognized generally on a straight-line basis over the service period. We generate a majority of our revenue from the sale of recruitment packages.

Recruitment package revenues are derived from the sale to recruiters and employers a combination of job postings and access to a searchable database of candidates on our Dice, Rigzone, eFinancialCareers, ClearanceJobs, and Health Callings websites. Certain of our arrangements include multiple deliverables, which consist of the ability to post jobs and access to a searchable database of candidates. We determine the units of accounting for multiple element arrangements in accordance with the Multiple-Deliverable Revenue Arrangements subtopic of the FASB ASC. Specifically, we consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis. Our arrangements do not include a general right of return. Services to customers buying a package of available job postings and access to the database are delivered over the same period and revenue is recognized ratably over the length of the underlying contract, typically from one to 12 months. The separation of the package into two deliverables results in no change in revenue recognition since delivery of the two services occurs over the same time period. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage. Revenue from recruitment events is recognized when the event is held. Advertising revenue is recognized over the period in which the advertisements are displayed on the websites or at the time leads are delivered to our customers.

Fair Value of Acquired Businesses

We completed the acquisition of Dice Inc. in 2005, eFinancialGroup in 2006, Health Callings in 2009, WorldwideWorker and Rigzone in 2010, and FINS.com, Slashdot Media, and WorkDigital in 2012. FASB ASC topic on Business Combinations requires acquired businesses to be recorded at fair value by the acquiring entity. The Business Combinations topic also requires that intangible assets that meet the legal or separable criterion be separately recognized on the financial statements at their fair value, and provides guidance on the types of intangible assets subject to recognition. A significant component of the value of these acquired businesses has been allocated to intangible assets.

The significant assets acquired and liabilities assumed from our acquisitions consist of intangible assets, goodwill, deferred revenue and contingent consideration. Fair values of the technology and trademarks were determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. Fair values of the customer lists and relationships were estimated using the discounted cash flow method based on projections of the amounts and timing of future revenues and cash flows, discount rates and other assumptions as deemed appropriate. Fair values of the candidate database were determined based on the estimated cost to acquire a seeker applied to the number of active seekers as of the acquisition date. Fair values of the content databases were determined based on the estimated cost required to recreate the content. The acquired deferred revenue is recorded at fair value as it represents an assumed legal obligation. We estimated our obligation related to deferred revenue using the cost build-up approach which determines fair value by estimating the costs related to fulfilling the obligation plus a reasonable profit margin. The estimated costs to fulfill our deferred revenue obligation were based on our expected future costs to fulfill our obligation to our customers. Contingent consideration is an obligation to transfer assets or equity interests to the former owners if certain future operating and financial goals are met. The fair value of the contingent consideration is determined based on management’s estimation that certain events will occur and certain financial metrics will be reached. Goodwill is the amount of purchase price paid for an acquisition that exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The remaining useful life of the technology was determined through review of the technology roadmaps, the pattern of projected economic benefit of each existing technology asset, and the time period over which the majority of the undiscounted cash flows are projected to be achieved. The remaining useful life of the trademarks and brand names was determined based on the estimated time period over which each asset is projected to be used, the pattern of projected economic benefit, and the time period over which the majority of the undiscounted cash flows are projected to be achieved. The remaining useful life of the customer list was determined based on the projected customer attrition rates, the pattern of projected economic benefit of each list and the time period over which the majority of the undiscounted cash flows are projected to be achieved.

Determining the fair value for these specifically identified intangible assets involves significant professional judgment, estimates and projections related to the valuation to be applied to intangible assets such as customer lists, technology and trade names. The subjective nature of management’s assumptions increases the risk associated with estimates surrounding the

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projected performance of the acquired entity. Additionally, as we amortize the finite-lived intangible assets over time, the purchase accounting allocation directly impacts the amortization expense we record on our financial statements.

Goodwill

As a result of our various acquisitions, we have recorded goodwill. We record goodwill when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

We determine whether the carrying value of recorded goodwill is impaired on an annual basis or more frequently if indicators of potential impairment exist. In testing goodwill for impairment, a qualitative assessment can be performed and if it is determined that the fair value of the reporting unit is more likely than not less than the carrying amount, the two step impairment test is required. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. Our annual impairment test for the goodwill from the 2005 Dice Inc. acquisition is performed as of August 31 by comparing the goodwill recorded from the 2005 acquisition to the fair value of the DCS Online and Targeted Job Fairs reporting units. The annual impairment test performed as of August 31, 2012 resulted in no impairment. The goodwill at the eFinancialCareers' international business and eFinancialCareers' North American business was primarily the result of the eFinancialGroup acquisition in October 2006. Goodwill at the Health Callings reporting unit is the result of the acquisition of Health Callings assets in June 2009. The goodwill at the Energy segment is the result of the WorldwideWorker and Rigzone acquisitions during 2010. The annual test of impairment of goodwill from the eFinancialGroup, Health Callings, WorldwideWorker, and Rigzone acquisitions is performed as of October 31 by comparing the goodwill recorded from these acquisitions to the fair value of the respective reporting units. The annual impairment test performed as of October 31, 2012 resulted in no impairment. The fair value of each reporting unit was in excess of the carrying value. Goodwill resulting from the 2012 acquisitions of FINS, Slashdot Media, and WorkDigital will be tested annually for impairment beginning on October 31, 2013.

The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of our reporting units. Fair values are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to our websites and investments to improve our candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of goodwill.

Indefinite-Lived Acquired Intangible Assets

The indefinite-lived acquired intangible assets include the Dice trademarks and brand name. The Dice.com trademark, trade name and domain name is one of the most recognized names of online job boards. Since Dice's inception in 1991, the brand has been recognized as a leader in recruiting and career development services for technology and engineering professionals. Currently, the brand is synonymous with the most specialized online marketplace for industry-specific talent. The brand has a significant online and offline presence in online recruiting and career development services. Considering the recognition and the awareness of the Dice brand in the talent acquisition and staffing services market, Dice's long operating history and the intended use of the Dice brand, the remaining useful life of the Dice.com trademark, trade name and domain name was determined to be indefinite.

We determine whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The impairment test is performed annually as of August 31. No impairment was indicated as of August 31, 2012.

The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

Income Taxes

We utilize the liability method of accounting for income taxes as set forth in FASB ASC topic, Income Taxes. Under this method, deferred income taxes are recognized for differences between the financial statement and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. We have concluded that based on expected future results and the future reversals of existing taxable temporary differences, it is more likely than not that the deferred tax assets will be used in the future, net of valuation allowances. Uncertain tax positions are evaluated and amounts are recorded when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Judgment is required in evaluating each uncertain tax position to determine whether the more likely than not recognition threshold has been met.

Stock and Stock Based Compensation

On April 20, 2012, at the Company's Annual Meeting of Stockholders, the stockholders approved the Company's 2012 Omnibus Equity Award Plan. We have granted stock options and restricted stock to certain of our employees, consultants and directors. We follow the Compensation-Stock Compensation subtopic of the FASB ASC. Compensation expense is recorded for stock awards made to employees and directors in return for service to the Company. The expense is measured at the fair value of the award on the date of grant and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. The fair value of options granted during the years ended December 31, 2012, 2011, and 2010 was estimated on the grant date using Black-Scholes option-pricing model with the weighted average assumption in the table below. The use of an option valuation model includes highly subjective assumptions based on long-term predictions, including the expected stock price volatility and average life of each grant. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant.

	Year Ended December 31,		
	2012	2011	2010
The weighted average fair value of options granted	$3.68	$6.33	$2.74
Dividend yield	— %	— %	— %
Weighted average risk free interest rate	0.80 %	2.14 %	1.46 %
Weighted average expected volatility	49.92 %	50.16 %	48.74