Seritage Growth Properties
Form 10-Q
August 05, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 001-37420

SERITAGE GROWTH PROPERTIES

(Exact name of registrant as specified in its charter)

Maryland	**38-3976287**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

489 Fifth Avenue, 18th Floor, New York, New York	**10017**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (212) 355-7800

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 x 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 x No ¨

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 definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	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 x

As of August 1, 2016, the registrant had the following common shares outstanding:

Class	**Shares Outstanding**
Class A common shares of beneficial interest, par value $0.01 per share	25,855,574
Class B common shares of beneficial interest, par value $0.01 per share	1,589,020
Class C common shares of beneficial interest, par value $0.01 per share	5,742,637

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SERITAGE GROWTH PROPERTIES

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED JUNE 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

SERITAGE GROWTH PROPERTIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, amounts in thousands, except share and per share amounts)

	June 30, 2016	December 31, 2015
ASSETS		
Investment in real estate		
Land	$ 840,563	$ 840,563
Buildings and improvements	829,227	814,652
Accumulated depreciation	(61,124)	(29,076)
	1,608,666	1,626,139
Construction in progress	34,605	13,136
Net investment in real estate	1,643,271	1,639,275
Investments in unconsolidated joint ventures	421,857	427,052
Cash and cash equivalents	63,650	62,867
Restricted cash	87,040	92,475
Tenant and other receivables, net	17,148	9,772
Lease intangible assets, net	533,537	578,795
Prepaid expenses, deferred expenses and other assets, net	8,512	23,123
Total assets	$ 2,775,015	$ 2,833,359
LIABILITIES AND EQUITY		
Liabilities		
Mortgage loans payable, net	$ 1,145,096	$ 1,142,422
Accounts payable, accrued expenses and other liabilities	114,492	120,860
Total liabilities	1,259,588	1,263,282
Commitments and contingencies (Note 9)		
Shareholders Equity		
Class A shares $0.01 par value; 100,000,000 shares authorized; 25,827,692 and 24,817,842 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	258	248
Class B shares $0.01 par value; 5,000,000 shares authorized; 1,589,020 shares issued and outstanding as of June 30, 2016 and December 31, 2015	16	16

Class C shares $0.01 par value; 50,000,000 shares authorized; 5,763,335 and 6,773,185 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	58	68
Additional paid-in capital	925,042	924,508
Accumulated deficit	(69,414)	(38,145)
Total shareholders equity	855,960	886,695
Non-controlling interests	659,467	683,382
Total equity	1,515,427	1,570,077
Total liabilities and equity	$ 2,775,015	$ 2,833,359

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SERITAGE GROWTH PROPERTIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, amounts in thousands, except per share amounts)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
REVENUE		
Rental income	$ 45,927	$ 91,153
Tenant reimbursements	15,940	33,718
Total revenue	61,867	124,871
EXPENSES		
Property operating	5,553	12,671
Real estate taxes	11,667	23,136
Depreciation and amortization	37,324	76,833
General and administrative	4,413	8,852
Allowance for doubtful accounts	145	145
Acquisition-related expenses		73
Total expenses	59,102	121,710
Operating income	2,765	3,161
Equity in income of unconsolidated joint ventures	912	2,998
Interest and other income	59	119
Interest expense	(15,636)	(31,366)
Unrealized loss on interest rate cap	(480)	(1,851)
Loss before income taxes	(12,380)	(26,939)
Provision for income taxes	(185)	(340)
Net loss	(12,565)	(27,279)
Net loss attributable to non-controlling interests	5,448	11,827
Net loss attributable to common shareholders	$ (7,117)	$ (15,452)
Net loss per share attributable to Class A and Class C common shareholders Basic and diluted	$ (0.23)	$ (0.49)
Weighted average Class A and Class C common shares outstanding Basic and diluted	31,391	31,391

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SERITAGE GROWTH PROPERTIES

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(Unaudited, amounts in thousands)

	Class A Shares	Class A Amount	Class B Shares	Class B Amount	Class C Shares	Class C Amount	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interests	Total Equity
Balance at December 31, 2015	24,818	$ 248	1,589	$ 16	6,773	$ 68	$ 924,508	$ (38,145)	$ 683,382	$ 1,570,077
Net loss								(15,452)	(11,827)	(27,279)
Dividends and distributions declared ($0.50 per share and unit)								(15,817)	(12,088)	(27,905)
Stock-based compensation							534			534
Share class exchanges, net (1,009,850 common shares)	1,010	10			(1,010)	(10)				
Balance at June 30, 2016	25,828	$ 258	1,589	$ 16	5,763	$ 58	$ 925,042	$ (69,414)	$ 659,467	$ 1,515,427

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SERITAGE GROWTH PROPERTIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, amounts in thousands)

		Six Months Ended June 30, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$	(27,279)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in income of unconsolidated joint ventures		(2,998)
Distributions from unconsolidated joint ventures		8,193
Unrealized loss on interest rate cap		1,851
Stock-based compensation		534
Depreciation and amortization		76,833
Amortization of deferred financing costs		2,680
Amortization of above and below market leases, net		(330)
Straight-line rent adjustment		(8,227)
Change in operating assets and liabilities		
Tenants and other receivables		851
Prepaid expenses, deferred expenses and other assets		12,758
Restricted cash		(5,289)
Accounts payable, accrued expenses and other liabilities		5,453
Net cash provided by operating activities		65,030
CASH FLOW FROM INVESTING ACTIVITIES		
Development of real estate		(33,223)
Decrease in restricted cash		10,724
Net cash used in investing activities		(22,499)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of financing costs		(6)
Common dividends paid		(23,610)
Non-controlling interests distributions paid		(18,132)
Net cash used in financing activities		(41,748)
Net increase in cash and cash equivalents		783
Cash and cash equivalents, beginning of period		62,867
Cash and cash equivalents, end of period	$	63,650

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash payments for interest	$	30,073
Capitalized interest		1,283
Income taxes paid		313
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Development of real estate financed with accounts payable	$	5,676
Dividends and distribution declared and unpaid		13,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SERITAGE GROWTH PROPERTIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Organization

Seritage Growth Properties (Seritage) was organized in Maryland on June 3, 2015 and was initially capitalized with 100 shares of Class A common shares. The Company conducts its operations through Seritage Growth Properties, L.P. (the Operating Partnership), a Delaware limited partnership that was formed on April 22, 2015. Unless the context otherwise requires, Seritage and the Company refer to Seritage, the Operating Partnership, and its subsidiaries.

On June 11, 2015, Sears Holdings Corporation (Sears Holdings) effected a rights offering (the Rights Offering) to Sears Holdings stockholders to purchase common shares of Seritage in order to fund, in part, the $2.7 billion acquisition of 234 of Sears Holdings owned properties and one of its ground leased properties (the Wholly Owned Properties), and its 50% interests in three joint ventures (such joint ventures, the JVs, and such 50% joint venture interests the JV Interests) that collectively own 28 properties, ground lease one property and lease two properties (collectively, the JV Properties) (collectively, the Transaction). The Rights Offering ended on July 2, 2015, and the Company s Class A common shares were listed on the New York Stock Exchange (NYSE) on July 6, 2015.

On July 7, 2015, the Company completed the Transaction with Sears Holdings and commenced operations. The Company did not have any operations prior to the completion of the Rights Offering and the Transaction.

Seritage is a fully-integrated, self-administered, self-managed real estate investment trust (REIT) primarily engaged in the real property business through the Company s investment in the Operating Partnership. As of June 30, 2016, subsidiaries of the Operating Partnership lease a substantial majority of the space at all but 14 of the Wholly Owned Properties back to Sears Holdings under a master lease agreement (the Master Lease), with the remainder of such space leased to third-party tenants. A substantial majority of the space at the JV Properties is also leased (or subleased) by the JVs to Sears Holdings under master lease agreements (collectively, the JV Master Leases). The Master Lease and the JV Master Leases provide the Company and the JVs with the right to recapture certain space from Sears Holdings at each property for retenanting or redevelopment purposes.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (SEC) and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K, as amended, (the Annual Report), for the period from July 7, 2015 (Date Operations Commenced) to December 31, 2015. Certain footnote disclosures which would substantially duplicate those contained in our Annual Report have been condensed or omitted from this quarterly report. In the opinion of management, all adjustments necessary for a fair presentation (which include only normal recurring adjustments) have been included in this quarterly report. Capitalized terms used, but not defined in this quarterly report, have the same meanings as set forth in our Annual Report.

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The consolidated financial statements include the accounts of the Company, the Operating Partnership, each of their wholly-owned subsidiaries, and all other entities in which they have a controlling financial interest or entities that meet the definition of a variable interest entity (VIE) in which the Company has, as a result of ownership, contractual interests or other financial interests, both the power to direct activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. All intercompany accounts and transactions have been eliminated.

If the Company has an interest in a VIE but it is not determined to be the primary beneficiary, the Company accounts for its interest under the equity method of accounting. Similarly, for those entities which are not VIEs and over which the Company has the ability to exercise significant influence, but does not have a controlling financial interest, the Company accounts for its interests under the equity method of accounting. The Company continually reconsiders its determination of whether an entity is a VIE and whether the Company qualifies as its primary beneficiary.

To the extent such variable interests are in entities that cannot be evaluated under the VIE model, the Company evaluates its interests using the voting interest entity model. Seritage holds a 56.6% interest in the Operating Partnership and is the sole general partner which gives Seritage exclusive and complete responsibility for the day-to-day management, authority to make decisions, and control of the Operating Partnership. Through consideration of new consolidation guidance effective for the Company as of January 1, 2016, it has been concluded that the Operating Partnership is a VIE as the limited partners in the Operating Partnership, although entitled to vote on certain matters, do not possess kick-out rights or substantive participating rights. Accordingly, the Company consolidates its interest in the Operating Partnership. However, as the Company holds what is deemed a majority voting interest in the Operating Partnership, it qualifies for the exemption from providing certain of the disclosure requirements associated with investments in VIEs.

The portions of consolidated entities not owned by the Company and the Operating Partnership are presented as non-controlling interests as of and during the periods presented.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant assumptions and estimates relate to fair values of acquired assets and liabilities assumed for purposes of applying the acquisition method of accounting, the useful lives of tangible and intangible assets, real estate impairment assessments, and assessing the recoverability of accounts receivables. These estimates are based on historical experience and other assumptions which management believes are reasonable under the circumstances. Management evaluates its estimates on an ongoing basis and makes revisions to these estimates and related disclosures as experience develops or new information becomes known. Actual results could differ from these estimates.

Segment Reporting

The Company currently operates in a single reportable segment which includes the acquisition, ownership, development, redevelopment, management, and leasing of retail properties. The Company reviews operating and financial information for each property on an individual basis, and therefore, each property represents an individual operating segment. The Company does not distinguish or group consolidated operations based on geography, size, or type. The Company aggregates all properties into one reportable segment due to their similarities with regard to the nature and economics of the properties, tenants, and operations.

Accounting for Real Estate Acquisitions

Upon the acquisition of real estate, the Company assesses the fair value of acquired assets and liabilities assumed, including land, buildings, improvements and identified intangibles such as above-market and below-market leases, in-place leases and other items, as applicable, and allocates the purchase price based on these assessments. In making estimates of fair values, the Company may use a number of sources, including data provided by third parties, as well as information obtained by the Company as a result of its due diligence, including expected future cash flows of the property and various characteristics of the markets where the property is located.

The fair values of tangible assets are determined on an if vacant basis. The if vacant fair value allocated to land is generally estimated via a market or sales comparison approach with the subject site being compared to similar properties that have sold or are currently listed for sale. The comparable properties are adjusted for dissimilar characteristics such as market conditions, location, access/frontage, size, shape/topography, or intended use, including the impact of any encumbrances on such use. The if vacant value allocated to buildings and site improvements is generally estimated using an income approach and a cost approach that utilizes published guidelines for current replacement cost or actual construction costs for similar, recently developed properties. Assumptions used in the income approach include capitalization and discount rates, lease-up time, market rents, make-ready costs, land value, and site improvement value.

The estimated fair value of in-place tenant leases includes lease origination costs (the costs the Company would have incurred to lease the property to the current occupancy level) and the lost revenues during the period necessary to lease-up from vacant to the current occupancy level. Such estimates include the fair value of leasing commissions, legal costs and tenant coordination costs that would be incurred to lease the property to this occupancy level. Additionally, the Company evaluates the time period over which such occupancy level would be achieved and includes an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which generally ranges up to one year. The fair value of acquired in-place tenant leases is included in lease intangible assets on the condensed consolidated balance sheets and amortized over the remaining lease term for each tenant.

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Identifiable intangible assets and liabilities are calculated for above-market and below-market tenant and ground leases where the Company is either the lessor or the lessee. The difference between the contractual rental rates and the Company s estimate of market rental rates is measured over a period equal to the remaining non-cancelable term of the leases, including significantly below-market renewal options for which exercise of the renewal option appears to be reasonably assured. Above-market tenant leases and below-market ground leases are included in lease intangible assets on the condensed consolidated balance sheets; below-market tenant leases and above-market ground leases are included in accounts payable, accrued expenses and other liabilities on the condensed consolidated balance sheets. The values assigned to above-market and below-market tenant leases are amortized as reductions and increases, respectively, to base rental revenue over the remaining term of the resp 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.

If we fail to maintain and develop 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 and eFinancialCareers, 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. 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 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.

We may be adversely affected by cyclicality 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. Demand for these professionals, and professionals in the other vertical industries we serve, tends to be tied to economic cycles. For example, during the recession in 2001, employers reduced or postponed their recruiting efforts, including their recruiting of professionals in certain of the vertical industries we serve, such as technology. The 2001 economic recession, coupled with the substantial indebtedness incurred

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by our predecessor, Dice Inc., resulted in Dice Inc. filing for Chapter 11 protection in 2003. As of December 2007, the seasonally unadjusted U.S. unemployment rate was 2.5% for computer related occupations, 3.2% in the finance sector and 5.0% overall, seasonally adjusted. Additionally, the labor market and certain of the industries we serve have historically experienced short term cyclicality. 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. It is difficult to estimate the total number of passive or active job seekers or available jobs 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 jobs, 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.

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, with, as of January 2008, approximately 70% having a bachelor s degree or higher. Our online surveys indicate that 72% of professionals who use Dice.com have more than five years of experience, almost half have more than 10 years of experience and most 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.

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 Urbandale, 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;
- physical and electronic break-ins;
- hacker attacks;

computer viruses or worms; and

similar events.

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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 information, including credit card numbers and other personal information. 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. 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. Although we will continue to enhance and review our computer systems to try to prevent unauthorized and unlawful intrusions, such intrusions could result in our network security or computer systems being compromised and possibly result in the misappropriation of proprietary or personal information or cause disruptions in our services. We might be required to expend significant capital and resources to protect against, 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. Any of these 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 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 professionals personal information 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 and sale 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 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 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. Additionally, the European Union (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 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 over at least the past three years. However, online recruiting may not continue to gain market acceptance at its current rate. If we are unable to adapt our business model to keep pace with changes in the recruiting business, or if we are unable to convince those who use traditional recruiting methods to use our online recruiting services, 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 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. Many 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 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.

We have a substantial amount of indebtedness which could affect our financial condition.

As of December 31, 2007, we had $124.4 million of outstanding indebtedness under our Amended and Restated Credit Facility and we had the ability to borrow an additional $75.0 million. We used a portion of the proceeds from the Amended and Restated Credit Facility to pay a dividend of approximately $107.9 million in the aggregate, or $1.95 per share, to holders of our common stock and Series A convertible preferred stock and to make a payment of $4.6 million in the aggregate, or $1.95 per vested option, to holders of vested stock options in lieu of a dividend on March 23, 2007. 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 do any of this on a timely basis or on terms satisfactory to us or at all.

Our substantial amount of indebtedness could limit our ability to:

obtain necessary additional financing for working capital, capital expenditures or other purposes in the future;

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- 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
- react in an extended economic downturn.

The terms of our Amended and Restated Credit Facility 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 Amended and Restated Credit Facility 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;
- 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;
- hedge currency and interest rate risk; and
- make capital expenditures.

Our Amended and Restated Credit Facility also requires us to maintain certain financial ratios. A failure by us to comply with the covenants or financial ratios contained in our Amended and Restated Credit Facility 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 Amended and Restated Credit Facility, the lenders under our Amended and Restated Credit Facility 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 Amended and Restated Credit Facility were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full.

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

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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 future acquisitions, including fully integrating the operations of eFinancialGroup, 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 October 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;

- 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; and responsibility for the potential 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 128 employees at December 31, 2004 to 308 employees at December 31, 2007 (excluding employees of CyberMedia

Dice). We expect to continue to increase our headcount in the future. 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 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 and JOBSINTHEMONEY. 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, including the EFINANCIALCAREERS mark. We generally enter into confidentiality 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. 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

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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 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 whose interest in our business may be different than yours.

Together, the General Atlantic Stockholders and the Quadrangle Stockholders beneficially own approximately 70% of our outstanding common stock as of February 29, 2008. Accordingly, together the General Atlantic Stockholders and the Quadrangle Stockholders (collectively the Principal 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 General Atlantic Stockholders and the Quadrangle 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 General Atlantic Stockholders and the Quadrangle Stockholders, even if such events are in the best interests of minority stockholders. In addition, in connection with our IPO, we entered into the Institutional and Management Shareholders Agreement, or the Institutional Shareholder Agreement, with the Principal Stockholders and certain of our officers and employees, which we refer to as the 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. See Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for more information. 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. For additional information regarding the share ownership of, and our relationship with, the General Atlantic Stockholders and the Quadrangle Stockholders, you should read the information under the headings Item 13. Certain Relationships and Related Transactions and Director Independence.

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We are exempt from certain corporate governance requirements since we are a controlled company within the meaning of the NYSE rules and, as a result, our stockholders will not have the protections afforded by these corporate governance requirements.

Together, the General Atlantic Stockholders and the Quadrangle Stockholders continue to control more than 50% of the voting power of our common stock. As a result, we are considered a controlled company for the purposes of the NYSE listing requirements and therefore we are permitted to opt out of the NYSE listing requirements that would otherwise require our board of directors to have a majority of independent directors and our Compensation and Nominating and Corporate Governance Committees to be comprised entirely of independent directors. For instance, our Chief Executive Officer is a member of our Nominating and Corporate Governance Committee. Additionally, the Institutional Shareholder Agreement requires us to take advantage of the controlled company exemption to the extent it remains available. Accordingly, our stockholders do not have the same protection afforded to stockholders of companies that are subject to all of the NYSE governance requirements and the ability of our independent directors to influence our business policies and affairs may be reduced. See Item 10. Directors, Executive Officers and Corporate Governance.

We have incurred and will continue to incur increased 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 that we did not incur as a privately owned corporation. The Sarbanes Oxley Act of 2002 (Sarbanes Oxley) 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. We expect that compliance with these public company requirements will increase our costs, require additional resources and make some activities more time consuming than they have been in the past when we were privately owned. We will be required to expend considerable time and resources complying with public company regulations.

Failure to establish and 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 launched a project 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 assessment beginning with our Annual Report on Form 10-K for the year ending December 31, 2008. During the course of documentation and testing, we may identify deficiencies that we may be unable to remedy before the requisite deadline for those reports. Our auditors have not conducted an audit of our internal control over financial reporting. 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 intensely 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 European Union, 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 face risks relating to our foreign operations.

As a result of the eFinancialGroup Acquisition, we operate an additional 14 websites around the world. For the year ended December 31, 2007, approximately 21% 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 and our Amended and Restated Credit Facility contains a restrictive covenant which limits our ability to hedge currency risk. 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

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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;
- language and cultural differences;
- taxation issues;
- foreign exchange controls that might prevent us from repatriating income earned in countries outside the United States;
- 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.

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, 2007, we had $159 million of goodwill on our balance sheet, which represented approximately 47% of our total assets. We are not permitted to amortize goodwill under U.S. accounting standards and instead are required to review goodwill at least annually for impairment. In the event impairment is identified, a charge to earnings would be recorded. Although it does not affect our cash flow, a write-off in future periods of all or a part of our goodwill would hurt our operating results and net worth. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Goodwill.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any properties. Our corporate headquarters are located at 3 Park Avenue, New York, New York. We currently lease approximately 5,000 square feet at our corporate headquarters, under a lease expiring in March 2009. We lease approximately 37,000 square feet of office space in two facilities in Urbandale, Iowa under two separate lease arrangements. We lease approximately 10,000 square feet of space to house our eFinancialCareers operation in London, England. We also have small sales offices in Cincinnati, Ohio; Singapore; and Sydney, Australia.

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 material legal proceedings.

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Item 4. Submission of Matters to a Vote of Security Holders
None.

Executive Officers of the Company

Set forth below is information relating to the Company s executive officers as of February 29, 2008.

Name	Age	Position
Scot W. Melland	45	Chairman, President and Chief Executive Officer
Michael P. Durney	45	Senior Vice President, Finance, Chief Financial Officer and Treasurer
Thomas Silver	48	Senior Vice President, Marketing and Customer Service
Brian P. Campbell	43	Vice President, Business and Legal Affairs, General Counsel and Secretary
Constance Melrose	54	Vice President, Treasury and Strategic Planning
Paul Melde	47	Vice President of Technology
John Benson	47	Chief Executive Officer eFinancialCareers; Managing Director Dice International

Scot W. Melland has been our President and Chief Executive Officer and a Director since joining our predecessor, Dice Inc., in April 2001. Prior to joining the Company, he served as President and Chief Executive Officer of Vcommerce Corporation since 1999. From 1996 to 1999, he served as Vice President and later Senior Vice-President Interactive Services for Cendant Corporation. Previously, Mr. Melland served as Vice President, Investments and Alliances for Ameritech (now AT&T). Mr. Melland began his career as a consultant, joining McKinsey & Company in 1985. He is a member of the boards of directors of Globalspec, Inc. and Career Resources Inc., a nonprofit workforce development agency in Connecticut. He holds a B.S. in economics from the University of Pennsylvania and a M.B.A. from Harvard University s Graduate School of Business Administration. Mr. Melland served as Dice Inc. s President and Chief Executive Officer at the time it filed its voluntary petition under Chapter 11 of the Bankruptcy Code and served in that position upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

Michael P. Durney has been our Senior Vice President, Finance and Chief Financial Officer since joining our predecessor, Dice Inc., in June 2000 and Treasurer since July 2002. Prior to joining the Company, he held the position of Vice President and Controller of USA Networks, Inc. (now known as IAC/InterActiveCorp.) from 1998 to 2000. Mr. Durney s previous experience includes being the Chief Financial Officer of Newport Media, Inc. from 1996 to 1998, Executive Vice President, Finance of Hallmark Entertainment, Inc. from 1994 to 1996 and Vice President, Controller of Univision Television Group, Inc. from 1989 to 1994. Mr. Durney started his finance career at the accounting firm of Arthur Young & Company in 1983. He is a member of the board of directors of the Technology Association of Iowa. In addition, he is a member of the Advisory Council of the School of Business and a member of the board of directors of the College Foundation at the State University of New York at Oswego. Mr. Durney holds a B.S. degree in accounting from the State University of New York in Oswego. Mr. Durney served as Dice Inc. s Senior Vice President, Finance, Chief Financial Officer and Treasurer at the time it filed its voluntary petition under Chapter 11 of the Bankruptcy Code and served in that position upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

Thomas M. Silver has been our Senior Vice President of Marketing and Customer Support since joining our predecessor, Dice Inc., in July 2001. Bringing more than 20 years of executive marketing and management experience, Mr. Silver is responsible for overseeing our marketing and advertising, telesales, product management, corporate communications and public relations efforts. Additionally, Mr. Silver manages all aspects of customer service to ensure optimal performance for our client base. He is a graduate of Cornell University and holds a M.B.A. from New York University School of Business. Mr. Silver served as Dice Inc. s Senior Vice President of Marketing and Customer Support at the time it filed its voluntary petition under Chapter

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11 of the Bankruptcy Code and served in that position upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

Brian P. Campbell has been our Vice President, General Counsel and Corporate Secretary since joining our predecessor, Dice Inc., in January 2000 and has been Vice President, Business and Legal Affairs since June 2003. Mr. Campbell is responsible for managing our legal affairs, including intellectual property, mergers and acquisitions, strategic alliances, corporate securities, real estate, litigation and employment law, as well as supervising outside counsel. Mr. Campbell also oversees our privacy initiatives. Prior to joining the Company, Mr. Campbell served as Vice President, General Counsel and Corporate Secretary at CMP Media, where he worked since 1995. From 1988 to 1995, Mr. Campbell worked as a Corporate Associate at the law firm of Mudge, Rose, Guthrie, Alexander and Ferdon. He earned a J.D. from St. John s University School of Law and a B.A. from the University of Virginia. Mr. Campbell served as Dice Inc. s Vice President, General Counsel and Secretary at the time it filed its voluntary petition under Chapter 11 of the Bankruptcy Code and served in that position upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

Constance Melrose has been our Vice President, Treasury and Strategic Planning since July 2003. She is responsible for strategic planning and corporate development, as well as for investment management, bank relations and related corporate finance activities. Ms. Melrose previously served as our Vice President, Treasury and Investor Relations, having joined our predecessor, Dice Inc., in March 1999. Ms. Melrose has over 20 years experience in corporate finance, investor relations and corporate development. She earned a Bachelor of Arts degree in English literature from Princeton University and a M.B.A. in finance and accounting from The Wharton School. Ms. Melrose served as an executive officer of Dice Inc. at the time it filed its voluntary petition under Chapter 11 of the Bankruptcy Code and continued to serve as an executive officer upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

Paul Melde has been our Vice President of Technology since joining our predecessor, Dice Inc., in June 2000. Mr. Melde is responsible for information technology operations and oversees software development, business systems, site operations, systems management and telecommunications. He has more than 15 years of information technology management experience. Mr. Melde received both his B.S. and M.A. from Iowa State University. Mr. Melde served as Dice Inc. s Vice President of Technology at the time it filed its voluntary petition under Chapter 11 of the Bankruptcy Code and served in that position upon Dice Inc. s emergence from bankruptcy. For additional information on Dice Inc. s bankruptcy see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company.

John Benson joined our company when we acquired eFinancialGroup in October 2006. Mr. Benson founded eFinancialCareers in 2000 and has been its Chief Executive Officer since 2001. He is also the Managing Director of our international operations. He has over 20 years experience in the publishing and finance industries. Mr. Benson holds a M.A. from Edinburgh University in Scotland.

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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 and commenced trading on July 18, 2007 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 2007 were as follows:

	2007	
	Third Quarter	**Fourth Quarter**
Low	7.81	7.95
High	13.90	13.09

Holders

As of February 29, 2008, there were 56 stockholders of record of our common stock and the last reported sale price of our stock as reported by the NYSE was $7.27. 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 growth strategy. Accordingly, we do not anticipate paying periodic cash dividends on our stock for the foreseeable future.

Furthermore, we are restricted by our current financing agreement from paying cash dividends.

The payment of any future dividends will be at the discretion of our Board of Directors 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

We did not repurchase any equity securities during the fourth quarter of the fiscal year covered by this Annual Report on Form 10-K.

Use of Proceeds

We completed an IPO of our common stock under a Registration Statement on Form S-1, as amended (File No. 333-141876), which became effective on July 17, 2007. The aggregate offering price of the common stock sold by us resulted in net proceeds of approximately $81.0 million to us. We used $51.0 million of the net proceeds from our IPO to repay outstanding indebtedness under our Amended and Restated Credit Facility and $30 million will be used for working capital and general corporate purposes.

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Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information required by this item as of December 31, 2007 regarding compensation plans under which the Company s equity securities are authorized for issuance:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options ($)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	8,038,280	$ 1.95	2,031,012
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	8,038,280	$ 1.95	2,031,012

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

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 New York Stock Exchange) 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.

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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.

The following consolidated statements of operations data for the six months ended December 31, 2003 and the consolidated balance sheet data as of December 31, 2003 have been derived from the audited consolidated financial statements and related notes of Dice Inc. (Predecessor) that do not appear in this annual report. The consolidated statements of operations data for the year ended December 31, 2004, and the eight months ended August 31, 2005, and the consolidated balance sheet data as of December 31, 2004 have been derived from the audited consolidated financial statements and related notes of Dice Inc. (Predecessor), that do not appear in this annual report. The consolidated statement of operations for the eight months ended August 31, 2005 and the consolidated balance sheet data as of August 31, 2005 have been derived from the audited consolidated financial statements and related notes of Dice Inc. (Predecessor), which are included elsewhere in this annual report. The consolidated statements of operations data for the four months ended December 31, 2005 and the years ended December 31, 2006 and 2007 and the consolidated balance sheet data as of December 31, 2006 and 2007 have been derived from the audited consolidated financial statements and related notes of Dice Holdings, Inc. (Successor), which are included elsewhere in this annual report. The consolidated balance sheet data as of December 31, 2005 has been derived from the audited consolidated financial statements and related notes of Dice Holdings, Inc. (Successor), which is not included in this annual report.

The consolidated statement of operations data for the six months ended June 30, 2003 and the consolidated balance sheet data as of June 30, 2003 have been derived from the unaudited consolidated financial statements of our predecessor company, Dice Inc. (Pre-reorganization) that do not appear in this annual report. We have prepared these unaudited consolidated financial statements on the same basis as our audited financial statements. In the opinion of management, our unaudited consolidated financial statement includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information.

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	Dice Holdings, Inc. (Successor)			Dice Inc. Reorganized (Predecessor)			Dice Inc. (Pre-reorganization)(1)
	For the year ended December 31,		For the four months ended December 31,	For the eight months ended August 31,	For the year ended December 31,	For the six months ended December 31,	For the six months ended June 30,
	2007	2006(4)	2005	2005(3)	2004(2)	2003	2003
Revenues	$ 142,350	$ 83,400	$ 16,975	$ 33,864	$ 32,232	$ 10,276	$ 11,323
Operating expenses:							
Cost of revenues	8,647	4,628	1,181	2,358	2,392	1,060	1,059
Product development	4,188	2,359	597	1,048	1,557	379	392
Sales and marketing	53,427	33,456	8,106	13,708	15,002	5,467	4,951
General and administrative	19,194	10,263	2,880	4,612	6,246	2,478	3,695
Depreciation	2,971	1,699	350	956	2,030	1,749	2,131
Amortization of intangible assets	19,051	13,092	4,168	1,112	1,378	671	1,230
Impairment of intangible assets	2,879						9.5 (170)
Total operating expenses	110,357	65,497	17,282	23,794	28,605	11,804	13,288
Operating income (loss)	31,993	17,903	(307)	10,070	3,627	(1,528)	(1,965)
Interest expense	(13,104)	(4,788)	(1,914)	(15)	(44)		(723)
Interest income	1,047	234	42	479	237	12	103
Other income (expense)			(105)	(160)	(17)	170	3,950
Income (loss) from continuing operations before income taxes	19,936	13,349	(2,284)	10,374	3,803	(1,346)	1,365
Income tax expense (benefit)	6,692	5,110	(839)	4,325	2,162		
Income (loss) from continuing operations	$ 13,244	$ 8,239	$(1,445)	$6,049	$1,641	$(1,346)	$1,365
Discontinued operations:							
Income (loss) from discontinued operations	(1,584)	(2,767)	(577)	(666)	267	16	26
Income tax benefit (expense) from discontinued operations	3,981	1,010	211	258	(106)		
Minority interest in net loss (income) of subsidiary	(134)	296	89	224			
Income (loss) from discontinued operations, net of tax	2,263	(1,461)	(277)	(184)	161	16	26
Net income (loss)	15,507	6,778	(1,722)	5,865	1,802	(1,330)	1,391
Convertible preferred stock dividends	(107,718)	(11,180)					
Income (loss) attributable to common stockholders	$ (92,211)	$ (4,402)	$(1,722)	$5,865	$1,802	$(1,330)	$1,391
Basic earnings (loss) per share (5):							
From continuing operations	$(3.34)	$(31.89)	$(15.67)	$302.56	$82.08	$(67.31)	$0.12
From discontinued operations	0.08	(15.86)	(3.00)	(9.20)	8.05	0.80	
	$(3.26)	$(47.75)	$(18.67)	$293.36	$90.13	$(66.51)	$0.12

Diluted earnings (loss) per share (5):							
From continuing operations	$(3.34)	$(31.89)	$(15.67)	$270.51	$77.27	$(67.31)	$0.12
From discontinued operations	0.08	(15.86)	(3.00)	(8.23)	7.58	0.80	
	$(3.26)	$(47.75)	$(18.67)	$262.28	$84.85	$(66.51)	$0.12
Weighted average shares outstanding:							
Basic	28,256,084	92,200	92,200	19,993	19,997	19,997	11,136,122
Diluted	61,416,240	59,873,047	51,632,000	22,362	21,238	19,997	11,136,122

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	Dice Holdings, Inc. (Successor) For the year ended December 31, 2007	Dice Holdings, Inc. (Successor) For the year ended December 31, 2006(4)	Dice Holdings, Inc. (Successor) For the four months ended December 31, 2005	Dice Inc. Reorganized (Predecessor) For the eight months ended August 31, 2005(3)	Dice Inc. Reorganized (Predecessor) For the year ended December 31, 2004(2)	Dice Inc. Reorganized (Predecessor) For the six months ended December 31, 2003	Dice Inc. (Pre-reorganization)(1) For the six months ended June 30, 2003
Other Financial Data:							
Net cash provided by operating activities from continuing operations	59,497	38,850	7,922	16,262	14,017	3,245	1,253
Depreciation and amortization	22,022	14,791	4,518	2,068	3,408	2,420	3,361
Capital expenditures	(3,521)	(2,649)	(556)	(1,756)	(1,046)	(144)	(277)
Net cash provided by (used for) investing activities from continuing operations	(2,754)	(66,396)	(164,738)	5,452	(9,597)	(1,901)	(278)
Net cash provided by (used for) financing activities from continuing operations	(1,167)	27,964	160,381	(61)	(411)	(300)	(345)
Deferred revenue (6)	46,230	34,383	16,947	15,576	10,358	5,434	4,487

	Dice Holdings, Inc. (Successor) At December 31, 2007	Dice Holdings, Inc. (Successor) At December 31, 2006	Dice Holdings, Inc. (Successor) At December 31, 2005	Dice Inc. Reorganized (Predecessor) At August 31, 2005	Dice Inc. Reorganized (Predecessor) At December 31, 2004	Dice Inc. Reorganized (Predecessor) At December 31, 2003	Dice Inc. (Pre-reorganization)(1) At June 30, 2003
Balance Sheet Data:							
Cash and cash equivalents	$ 57,525	$ 5,684	$ 3,324	$ 33,940	$ 11,945	$ 8,202	$ 7,143
Goodwill and intangible assets, net	238,345	256,626	186,346	16,098	17,567	17,661	
Total assets	341,587	302,327	207,818	64,562	52,090	39,923	40,327
Long-term debt, including current portion	124,400	89,000	49,000				
Total stockholders equity	120,627	134,335	110,261	41,432	35,460	33,171	34,482

(1) On February 14, 2003, our Predecessor, Dice Inc., filed a voluntary petition for bankruptcy under Chapter 11 of Title 11 of the United States Bankruptcy Code. Its Joint Plan of Reorganization became effective on June 30, 2003. The periods presented prior to June 303, 2003 have been designated pre-reorganized, and reflect our Predecessor s accounts prior to the effectiveness of its Joint Plan of Reorganization under Chapter 11 of Title 11 of the United States Bankruptcy Code. The periods on or after June 303, 2003 reflect our accounts after the 32003 Reorganization and have been designated Reorganized . See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Our Company for additional information.

(2) Reflects the acquisition of ClearanceJobs in September 2004.

(3) Reflects the acquisition of Targeted Job Fairs in January 2005.

(4) Reflects the eFinancialGroup Acquisition on October 31, 2006.

(5) Basic and diluted net income (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted-average number of shares outstanding for the period.

(6) 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 our increased ability to sign customers to long-term contracts. We recorded deferred revenue of $16.1 million on our consolidated balance sheet, as of August 31, 2005, prior to purchase accounting adjustments related to the 2005 Acquisition. As required by generally accepted accounting principles in the United States, or U.S. GAAP, in determining the fair value of the liabilities assumed under purchase accounting, the acquired deferred revenue is to be recorded at fair value to the extent it represents an assumed legal obligation. We estimated our obligation related to deferred revenue as a result of the 2005 Acquisition using the cost build-up approach which determines fair value by estimating the costs related to fulfilling the obligation plus a normal profit margin. The estimated costs to fulfill our deferred revenue obligation in connection with the 2005 Acquisition were based on our expected future costs to fulfill our obligation to our customers. As a result, we recorded an adjustment to reduce the carrying value of deferred revenue by $6.0 million, to $10.1 million. The reduction negatively impacted revenues by $3.6 million and $2.1 million for the periods ended December 31, 2005 and 2006, respectively. Similarly, we recorded deferred revenue for eFinancialGroup at the date of the acquisition of $3.6 million, prior to purchase accounting adjustments. We estimated our obligation related to deferred revenue based on future costs to fulfill our obligation to our customers. As a result, we recorded an adjustment to reduce the carrying value of deferred revenue for eFinancialGroup by $2.4 million, to $1.2 million. The reduction negatively impacted revenues by $1.5 million and $918,000 during the year ended December 31, 2007 and 2006, respectively.

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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.

Information contained herein contains forward-looking statements. Forward-looking statements include 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 assumptions that we ha 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, 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, and the failure to attract qualified professionals or grow the number of qualified professionals who use our websites. These factors and others are discussed in more detail in this Annual Report on Form 10-K under the headings Risk Factors, and Forward-Looking Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a leading provider of specialized career websites for select professional communities. We target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our career 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. Each of our career websites offers job postings, content, career development and recruiting services tailored to the specific needs of the professional community that it serves. Our largest websites by revenue are Dice.com, the leading career website in the United States for technology and engineering professionals, and eFinancialCareers.com, the leading global career website for capital markets and financial services professionals, headquartered in the United Kingdom and serving the financial services industry in various markets around the world.

Our Company

Through our predecessors, we have been in the technology recruiting and career development business for 17 years. In 1999, the Dice.com service was acquired by Earthweb Inc., an Internet technology content provider, which at the time of the acquisition was a publicly held company with its common stock traded on the NASDAQ National Market. During 2000, Earthweb Inc. (which subsequently changed its name to Dice Inc.) made a strategic decision to focus on technology recruiting and career development and exited the technology content-based business.

From its inception through 2003, Dice Inc. sustained net operating losses and negative cash flows and during that period was primarily dependent upon its ability to raise debt and equity financing through public or private offerings in order to fund its operations. In addition, beginning in 2001, Dice Inc. s liquidity issues worsened as a result of a decline in the demand for its products and services stemming from the downturn in the general labor market and more specifically in the technology labor market and due to the significant amount of indebtedness Dice Inc. s predecessor had incurred. As a result, in 2002 Dice Inc. began pursuing discussions with the largest holder of its then outstanding debt securities regarding a pre-packaged Chapter 11 plan of reorganization under the United States Bankruptcy Code.

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On February 14, 2003, Dice Inc. filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code with respect to its pre-packaged plan of reorganization. The Joint Plan of Reorganization was confirmed by the Bankruptcy Court on June 24, 2003, and became effective on June 30, 2003. In accordance with the Joint Plan of Reorganization, Dice Inc. s pre-bankruptcy debt securities were eliminated in exchange for 95% of the common stock of the reorganized Dice Inc., with the remaining 5% of this common stock issued to the 130 largest holders of Dice Inc. s pre-bankruptcy capital stock. The Dice Inc. stockholders who were not among the 130 largest holders received a pro rata allocation of $50,000. Under the Joint Plan of Reorganization all of Dice Inc. s pre-bankruptcy capital stock, options and debt securities were cancelled upon its emergence from bankruptcy and Dice Inc. emerged from bankruptcy as a privately-held company.

In September 2004, Dice Inc. acquired substantially all of the assets of ClearanceJobs.com, the leading recruiting and career development website for professionals with active U.S. Government security clearances, and in January 2005, acquired substantially all of the assets of 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.

Dice Holdings, Inc. was incorporated on June 28, 2005 by investment funds organized by the General Atlantic Stockholders and the Quadrangle Stockholders. On August 31, 2005, Dice Holdings, Inc. purchased all of the outstanding common stock of Dice Inc. from its stockholders, and Dice Inc. became its wholly-owned subsidiary. Dice Holdings, Inc. is a holding company and its assets consist substantially of the capital stock of its three operating subsidiaries, Dice Inc., eFinancialGroup Limited and JobsintheMoney.com, Inc.

On October 31, 2006, Dice Holdings, Inc. acquired all of the outstanding capital stock of eFinancialGroup. eFinancialGroup operated the career websites eFinancialCareers.com, which targets capital markets and financial services professionals and employers worldwide, and JobsintheMoney.com, which targets the financial and accounting job market in the United States, and a financial publishing business, eFinancialNews. As consideration for the acquisition, Dice Holdings, Inc. paid the stockholders of eFinancialGroup £56.5 million (or approximately $106.3 million at the exchange rate in effect on October 31, 2006) in cash and issued 3,628,992 shares of its Series A convertible preferred stock valued at $25.2 million. Immediately after the acquisition, Dice Holdings, Inc. sold eFinancialNews back to certain of eFinancialGroup s former stockholders for approximately $41.6 million in cash. Operating results of eFinancialGroup and JobsintheMoney occurring subsequent to the eFinancialGroup Acquisition are included in the consolidated operating results of Dice Holdings, Inc. Total consideration for eFinancialGroup, excluding eFinancialNews, was $89.9 million (which amount includes 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).

We have provided certification test preparation and assessment products for technology professionals through our subsidiary, MeasureUp. In February 2007, we decided to abandon the MeasureUp business after assessing the long-term economic viability of MeasureUp in light of its projected operating losses and the lack of an operational or strategic fit with our core business, and after unsuccessfully attempting to sell the business. We ceased all significant business activities of MeasureUp on March 30, 2007. We reclassified our historical financial statements to present MeasureUp as a discontinued operation. Revenue for MeasureUp for the year ended December 31, 2007 and 2006 totaled $835,000 and $3.5 million, respectively, and $822,000 for the period ended December 31, 2005.

CyberMediaDice Careers Limited was a joint venture between Dice India and CyberMedia (India) Limited (CyberMedia), and the largest targeted vertical career website for technology professionals in India. During the fourth quarter 2007, we decided to exit the joint venture. As of December 31, 2007, agreements to sell Dice India s interest in CMD to an affiliate of CyberMedia were signed, with several conditions precedent that needed to be fulfilled prior to completion of the transaction. We executed the sale on January 28, 2008, following the completion of all legal documents and conditions of the sale. The CMD transaction meets the definition of held for sale , pursuant to FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived*

Assets. Accordingly, CMD is classified as discontinued operations for all periods presented. Revenue for Dice India for the years ended December 31, 2007 and 2006 and period ended December 31, 2005 were $501,000, $260,000 and $27,000, respectively. Dice India experienced operating losses of $1.3 million, $1.3 million and $274,000, respectively over the same periods.

We have identified two reportable segments under Statement of Financial Accounting Standards, or SFAS, No. 131, *Disclosures about Segments of an Enterprise and Related Information,* based on our operating structure. Our reportable segments include DCS Online (which includes Dice.com and ClearanceJobs.com) and eFinancialCareers international business. Targeted Job Fairs, JobsintheMoney, and eFinancialCareers U.S. operations do not meet certain quantitative and qualitative thresholds, and therefore are reported in the aggregate in the Other segment.

Our Revenues and Expenses

We derive the substantial 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. In the United States, we sell recruitment packages that include both access to our databases of resumes and job posting capabilities. Internationally, our job postings and access to our resume databases are often sold separately and not as a single package. We believe the key metrics that are material to an analysis of our U.S. businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. Similar metrics are important to our international businesses. At December 31, 2007, Dice.com had approximately 8,700 total recruitment package customers and our other websites collectively served approximately 2,600 customers, including some customers who are also customers of Dice.com, as of the same date. Our revenues from continuing operations have grown significantly from $32.2 million in 2004 to $142.4 million in 2007, greater than 64% CAGR.

The key factors influencing our revenue growth over this period are:

- the increased adoption of our services by direct employers, staffing companies and recruiting firms that seek to recruit, place, or hire professionals in the communities we serve, which contributed to an increase in revenues of approximately $70 million; and

- the eFinancialGroup Acquisition, which contributed to an increase in revenues of $36.4 million.

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 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.

Our revenues are generated primarily from servicing customers seeking to hire qualified professionals in the technology and finance sectors. Accordingly, significant increases or decreases in the unemployment rate, labor shortages or a decrease in available jobs, specifically in the technology, finance and other vertical industries we serve, can have a material affect on our revenues and results of operations. A significant increase in the unemployment rate or a shortage of available jobs could cause a decrease in the number of job postings on our websites, which in turn would negatively impact our revenues and income. Alternatively, a decrease in the unemployment rate or a labor shortage generally means that employers (including our customers) are seeking to hire more individuals, which would generally lead to more job postings and have a positive impact on our revenues and results of operations.

Other material factors that may affect our results of operations include our ability to attract qualified professionals to 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, which in turn makes them more likely to become our customers, resulting in positive impacts on our results of operations. If we are unable to continue to attract qualified professionals to our websites, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, in order to attract qualified professionals to our websites we need to ensure that our websites remain relevant.

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 statements of operations based on each employee s principal function. Marketing and sales 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 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, under the provisions of the Securities and Exchange Commission s Staff Accounting Bulletin, or SAB, No. 104, *Revenue Recognition*, when persuasive evidence of an agreement exists, delivery has occurred, the sales price is fixed or determinable and collectibility 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 of a combination of job postings and access to a searchable database of candidates on the *dice.com, clearancejobs.com, efinancialcareers.com, and jobsinthemoney.com*. Certain of our arrangements include multiple deliverables, which consist of access to job postings and access to a searchable database of resumes. In the absence of higher-level specific authoritative guidance, we determine the units of accounting for multiple element arrangements in accordance with Emerging Issues Task Force (EITF) Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Specifically, we consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis, if there is objective and reliable evidence of the fair value of the undelivered elements, and, if the arrangement includes a general right of return relative to the delivered element, delivery or performance of the undelivered element is considered probable and is substantially within our control. 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 twelve months. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage, if shorter.

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 our increased ability to sign customers to long-term contracts. We recorded deferred revenue of $16.1 million on our consolidated balance sheet, as of August 31, 2005, prior to purchase accounting adjustments related to the 2005 Acquisition. As required by U.S. GAAP, in determining the fair value of the liabilities assumed under purchase accounting, the acquired deferred revenue is to be recorded at fair value to the extent it represents an assumed legal obligation. We estimated our obligation related to deferred revenue as a result of the 2005 Acquisition using the cost build-up approach which determines fair value by estimating the costs related to fulfilling the obligation plus a normal profit margin. The estimated costs to fulfill our deferred revenue obligation in connection with the 2005 Acquisition were based on our expected future costs to fulfill our obligation to our customers. As a result, we recorded an adjustment to reduce the carrying value of deferred revenue by $6.0 million, to $10.1 million. The reduction negatively impacted revenues by $3.6 million and $2.1 million for the periods ended December 31, 2005 and 2006, respectively. Similarly, we recorded deferred revenue for eFinancialGroup at the date of the acquisition of $3.6 million, prior to purchase accounting adjustments. We estimated our obligation related to deferred revenue based on future costs to fulfill our obligation to our customers. As a result, we recorded an adjustment to reduce the carrying value of deferred revenue for eFinancialGroup by $2.4 million, to $1.2 million. The reduction negatively impacted revenues by $1.5 million and $918,000 during the years ended December 31, 2007 and 2006, respectively.

Fair Value of Acquired Businesses

We completed the acquisition of Dice Inc. in 2005 and eFinancialGroup in 2006. Statement of Financial Accounting Standards No. 141, *Business Combinations* (SFAS No. 141) requires acquired businesses to be recorded at fair value by the acquiring entity. SFAS No. 141 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 and deferred revenue. Fair values of the technology and trademarks were determined using a royalty savings methodology which estimates the value of the trademark and brand name by calculating the present value of the royalties saved because the company owns the asset. Fair values of the customer lists 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. 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. 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 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 charges for 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. 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 Acquisition was completed by comparing the goodwill recorded from the 2005 Acquisition to the fair value of the DCS Online reporting unit. The goodwill at the other reporting units, eFinancialCareers international business and eFinancialCareers U.S. operations was the result of the eFinancialGroup Acquisition which occurred in October 2006. The first annual test of impairment of goodwill from the eFinancialGroup Acquisition was completed as of October 2007.

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 using a discounted cash flow methodology 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. 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 annual impairment test as of August 2007, validated the asset s carrying value.

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 royalty savings methodology which estimates the value of the trademark and brand name by calculating the present value of the royalties 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 recognize deferred taxes by the asset and liability method. 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.

At December 31, 2007, our unused net operating loss carry forward for federal income tax purposes was approximately $31.8 million, and will begin to expire in 2011. The amount and availability of net operating loss allowable to offset income after a change in ownership is limited under Internal Revenue Code (IRC) Section 382. We have determined that the Section 382 limitation created by various ownership changes limits certain of the net operating losses that are available to be used on a prospective basis to $20.6 million per year. However, due to the carry forward of losses subsequent to the acquisition of Dice Inc. on August 31, 2005, we have further determined there is no limitation on the $31.8 million net operating losses.

Stock and Stock-Based Compensation

We have granted stock options to certain of our employees and directors under our 2005 Omnibus Stock Plan and our 2007 Equity Award Plan. We adopted SFAS No. 123 (Revised 2004), *Share-Based Payment*, or SFAS 123(R), upon inception of Dice Holdings, Inc. Prior to September 1, 2005, we accounted for our stock-based awards using the intrinsic value method prescribed in Accounting Principles Board, or APB, Opinion No. 25 and related interpretations. Under the intrinsic value method, compensation expense was measured on the date of the grant as the difference between the deemed fair value of our common stock and the exercise or purchase price multiplied by the number of stock options or restricted stock awards granted. Compensation expense was recorded for stock options awarded to employees in return for employee service. The expense was 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 employee service period, which is the vesting period. The fair value of options granted was estimated on the grant date using Black-Scholes option-pricing model. 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 fair value of options granted during the years ended December 31, 2007 and 2006 and the four months ended December 31, 2005, was estimated on the grant date using Black-Scholes option-pricing model with the weighted average assumptions in the table below. Because our stock was not publicly traded during all of the periods during which options were granted, the average historical volatility rate for a similar entity was used. The expected life of the options granted was 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 yield curve in effect at the time of grant.

	Period Ended December 31,		
	2007	2006	2005
The weighted average fair value of options granted	$ 1.41	$ 1.52	$ 0.60
Dividend yield	0.00%	0.00%	0.00%
Weighted average risk-free interest rate	4.62%	4.64%	4.52%
Weighted average expected volatility	35.54%	36.84%	38.80%
Expected life (in years)	4	4	4

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Valuation of Capital Stock

Significant Factors, Assumptions, and Methodologies Used in Determining the Fair Value of our Capital Stock.

Subsequent to our IPO, the fair value of our common stock on the date options were granted was determined based on the closing price of our stock on the grant date or based on the average of the high and low price for the day prior to the grant date, depending on which plan the options were issued under. Prior to our IPO, members of our management possessing the requisite valuation experience estimated the fair value of our capital stock. We did not obtain contemporaneous valuations prepared by an unrelated valuation specialist at the time of each stock option issuance because we believed our management possessed the requisite valuation expertise to prepare a reasonable estimate of the fair value of the interests at the time of each issuance since inception. When determining the fair value of our common stock, we follow the guidance prescribed by the American Institute of Certified Public Accountants in its practice aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, (the Practice Aid).

According to paragraph 11 of the Practice Aid, quoted market prices in active markets are the best evidence of fair value of a security and should be used as the basis for the measurement of fair value, if available. Since quoted market prices for our securities were not available prior to our July 2007 public offering, the estimate of fair value was based on the best information available at the time of the valuation, including prices for similar securities and the results of using other valuation techniques. Privately held enterprises or shareholders sometimes engage in arm s-length cash transactions with unrelated parties for the issuance or sale of their equity securities, and the cash exchanged in such a transaction is, under certain conditions, an observable price that serves the same purpose as a quoted market price. Those conditions are (a) the equity securities in the transaction are the same securities as those with which the fair value determination is being made, and (b) the transaction is a current transaction between willing parties. To the extent that arm s-length cash transactions had occurred, we utilized those transactions to determine the fair value of our common stock. When arm s-length transactions as described above were not available, then we utilized other valuation techniques based on the guideline company s method and discounted cash flows analysis. The methodologies and assumptions were applied consistently over the various grant dates prior to our July 2007 public offering, at a time when the determination of the fair value of our common stock required us to make judgments that were complex and inherently subjective.

The derived fair value of our common stock underlying the options was determined based on an internal valuation prepared by management with the appropriate level of competency, contemporaneously with the issuance of the options. We used generally accepted valuation methodologies, including the guideline company method, a variation of the market approach based on comparable company multiples. The guideline public company method incorporates certain assumptions including the market performance of comparable listed companies as well as the financial results and growth trends of the group, to derive the total equity value of the group. The comparable companies were comprised of a combination of companies in the online recruitment and workforce management businesses, the technology focused advertising businesses and subscription-based, vertically focused online businesses. We believe using companies in these lines of businesses provides a reasonable basis for estimating the fair value of our common stock because they are most comparable to our operations. We believe that using the guideline company method provides the nearest relative value that can be found in the market and is therefore the best indicator of the value of our company.

Additionally, a discounted cash flow method was prepared as corroborating evidence. The discounted cash flow method is a method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate to validate the valuation that resulted from the guideline companies method.

Options granted at the time of a confirming transaction had a strike price determined as if the value of common stock equaled the value of the Series A convertible preferred stock less certain discounts related to leverage and dilution.

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The following table details the values determined at each option grant in 2006 and 2007. At such dates our stock and our company were valued as follows (dollars in millions except per share amounts):

	Net Debt(3)	Discount for Lack of Marketability	Dice Equity Value on a Minority Non-Marketable Basis	Exercise Price per Share	Number of Options Granted
Option Grants					
May 2, 2006	$35.0	40%	$ 190.0(1)	$ 3.52	137,839
November 1, 2006	$89.7	(2)	$ 367.9(2)	$ 5.97	1,011,895
December 5, 2006	$85.0	(2)	$ 367.9(2)	$ 5.97	135,534
January 31, 2007	$83.1	40%	$ 392.0(1)	$ 6.55	18,440
January 31, 2007	$83.1	40%	$ 392.0(1)	$ 8.27(4)	628,804
March 27, 2007	$ 187.5	10%	$ 413.0(1)	$ 6.89	192,698
May 9, 2007	$ 183.7	10%	$ 436.0(1)	$ 7.11	117,094
December 6, 2007	n/a	n/a	n/a	$ 10.06(5)	39,800

(1) The fair value was determined based on a contemporaneous internal valuation prepared by management with the appropriate levels of competency.
(2) The fair value was determined based on a third party transaction involving our preferred stock issued in connection with the eFinancialGroup Acquisition. The equity value of $6.93 per share determined in the eFinancialGroup Acquisition was further reduced by the incurrence of indebtedness and the dilutive effect of previously issued stock options. Our board of directors determined that the strike price for options issued at the time of the eFinancialGroup Acquisition should be at the value of the preferred shares less certain reductions related to leverage and dilution.
(3) Net debt consists of debt less cash held by us.
(4) These options were granted at an exercise price above fair value of the common stock.
(5) Public stock price used to value the options. Net debt, discount for lack of marketability, and Dice equity value on a minority non-marketable basis do not apply since stock is publicly traded.

The valuations were impacted by a $0.19 reduction in the strike price of options outstanding on October 20, 2006 in connection with a dividend paid to holders of our preferred stock, the eFinancialGroup Acquisition on October 31, 2006, and a $1.78 reduction in the strike price of unvested options outstanding on March 23, 2007 in connection with a dividend paid to holders of our preferred and common stock.

A discount of 40% for lack of marketability was applied to the valuation of our stock for the May 2, 2006 and January 31, 2007 option grants. The size of the discount was based on a quantitative and qualitative assessment of the facts and circumstances at the time of the grants. The value of the company to which the discount was applied was established using market multiples of a group of our large, publicly traded peers. The impact of being privately held was not included when developing the market multiples. The qualitative factors we examined when estimating the discount that would be demanded by a hypothetical investor included (i) general private company discounts, (ii) the impact of the greater risk and uncertainty inherent in our relatively small size and (iii) the difference in value between the outstanding preferred stock and the common stock to be issued upon exercise of the stock options. Consistent with the Practice Aid, the higher the perceived risk of the enterprise, or the higher the volatility of the price or value of its equity securities, the higher the discount would tend to be. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. We estimated the volatility of our stock based on available information on volatility of stocks of publicly traded companies in the industry. The volatility of the market indices for technology companies is approximately 40% more volatile than the broad market. Additionally, the volatility of the comparable companies utilized for the valuation of our stock was approximately three times more volatile than the broad market and two times more volatile than the market indices for technology companies. The quantitative factors we examined when estimating the discount that would be demanded by a hypothetical investor included (i) the time we believed it would take for us to issue stock in a public offering, (ii) the volatility of our stock and (iii) the risk of completing an IPO. The aggregate discount we selected is well within the range of discounts observed in published studies and research which have indicated as much as a 50-60% discount is appropriate for restricted stock. We considered the risk factors identified in the studies and compared them to our risk factors and determined the use of a 40% discount to be appropriate based on the evidence available.

In February 2007, we interviewed a group of investment banking firms to help assess our alternatives in regard to potentially issuing stock in an IPO. Prior to the commencement of this process, we believed that we did not have sufficient business scale to be a public company. In addition, during this period we believed that we required more time to focus on integrating the eFinancialCareers business into our existing business. The process that began in February also focused on an evaluation of the most opportune timing for a potential IPO given the eFinancialCareers integration effort.

As a result of the commencement of this process, beginning with the March 27, 2007 grant, a total discount of 10% was applied. The discount was reduced from 40% used on January 31, 2007 due to the increasing likelihood of an IPO. Reducing the discount from 40% to 20% for the January 31, 2007 stock option grant would have resulted in additional stock compensation expense of approximately $260,000 on an annual basis over a four year period beginning January 31, 2007. The impact of this change would be insignificant to our results of operations when compared to 2006 revenues of $83.7 million, 2006 Adjusted EBITDA of $36.0 million, and 2006 income from continuing operations of $7.7 million. Additionally, there would be no impact on our debt covenants for any additional stock compensation expense.

In our calculation using the guideline company method, we used multiples of revenue, net income and EBITDA of comparable companies. As a private company, we believed it was appropriate to weight these three multiples in determining our stock price because we deemed all three measures to be appropriate for measurement. The multiples of revenue, net income and EBITDA used at each of the stock option grant dates during 2006 and 2007 were as follows:

	May 2, 2006		**January 31, 2007**		**March 27, 2007**		**May 9, 2007**	
	Multiple	**Weight**	**Multiple**	**Weight**	**Multiple**	**Weight**	**Multiple**	**Weight**
Revenue	2.6	50%	3.6	50%	3.5	50%	3.1	50%
Net income	36	20%	37	20%	35	20%	27	20%
EBITDA	15.1	30%	24.4	30%	17.0	30%	12.1	30%

We used the best information available to corroborate our determination of our stock price, including events affecting the fair value of our common stock during the year, such as the implementation of our business strategy, including the achievement of significant qualitative and quantitative milestones relating to, among others, recruitment package customer growth, revenue growth, employee growth and the execution of strategic transactions. The multiples were applied to 2006 estimated results for the May 2, 2006 grant, to 2007 estimated results for the January 31, 2007 and March 27, 2007 grants and to 2008 estimated results for the May 9, 2007 grant.

In anticipation of our IPO, we considered whether the estimates of the fair value of the common stock used in the accounting for share-based compensation for stock options granted during 2006 was reasonable based on conducting a retrospective analysis. We considered the valuation methodologies that investment banking firms discussed with us in preparation for this offering in the context of the guidance provided in the Practice Aid. We further considered the likelihood of proceeding with this offering and the changes in the business and capital structure during the course of 2006 and during the period thereafter leading up to the filing of a registration statement with the SEC. Based on such considerations, we determined that the contemporaneous valuation estimates completed by management at the time of each equity offering accurately reflected the fair value of our common stock at each grant date.

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We expected there to be a difference between the estimated fair value of our common stock used to account for stock options issued during and subsequent to the year ended December 31, 2006 and the price of our common stock sold in our IPO at $13.00 per share of our common stock. We believe this increase was primarily attributable to items such as our significant revenue and net income growth, our acquisition of eFinancialCareers and JobsintheMoney, our increase in recruitment package customers, the abandonment of MeasureUp, and decreases in our marketability discount.

Recent Developments

Initial Public Offering

On July 23, 2007, we completed our IPO. We sold 6,700,000 shares of our common stock and selling stockholders sold an additional 10,000,000 shares of common stock at a price of $13.00 less underwriting discounts. The selling stockholders granted the underwriters a 30 day option to purchase up to an additional 2,505,000 shares of the Company s common stock at a price of $13.00, less underwriting commissions. On August 16, 2007, the underwriters exercised the option to acquire 292,000 of those shares. The proceeds, net of underwriting commissions received by us, were $81.0 million. We did not receive any proceeds from the sale of shares by the selling stockholders. We used a portion of the net proceeds that we received from the offering to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility. The remaining proceeds will be used for working capital and general corporate purposes.

Impairment of Intangible Assets

In September 2007, we launched a redesigned JobsintheMoney website with an expectation that, together with an increased investment in marketing, overall performance for employers, recruiters, and finance and accounting professionals would improve. While the functionality of the website improved, there was no measurable improvement in financial performance. During the fourth quarter of 2007, management and the Board of Directors reassessed the strategic plan of JobsintheMoney. As a result of these strategic changes, management performed an impairment test and the carrying value of the intangible assets for JobsintheMoney, acquired as part of the eFinancialCareers October 31, 2006 acquisition, was reduced to zero, from $2.9 million.

Long-term Debt Interest Rate Swaps

In December 2007, we entered into an interest rate swap covering $60 million of our term loan. As a result, our interest rate on $60 million of borrowings under our term loan has been fixed at 7.39% for the next two years, beginning January 2, 2008. Additionally, in February 2008, we entered into a second interest rate swap on a $20 million notional amount of the borrowings, with a resulting fixed rate of 6.37% for three years, starting February 11, 2008.

CyberMedia Dice

On January 28, 2008, we sold our equity stake in the CyberMedia Dice joint venture to an affiliate of CyberMedia. CyberMedia Dice results were previously reported in the other segment. Pursuant to FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* the results from operations, assets and liabilities from the joint venture have been classified as held for sale , and classified as discontinued operations as of December 31, 2007. All historical periods have been recast to reflect CyberMedia Dice s status.

Cyclicality

The labor market and certain of the industries that we serve have historically experienced short-term cyclicality. However, we believe that the economic and strategic value provided by online career websites has led to overall growth in the use of these services during the most recent labor market cycle, and has somewhat lessened the impact of cyclicality on our businesses as compared to traditional offline competitors.

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Results of Operations

Our historical financial information discussed in this Form 10-K has been derived from the financial statements and accounting records of Dice Holdings, Inc. for the years ended December 31, 2007 and 2006 and for the four month period ended December 31, 2005, and for Dice Inc. for the eight months ended August 31, 2005.

The following table presents the consolidated statement of operations in thousands of dollars:

	Dice Holdings, Inc. (Successor) For the year ended December 31, 2007	Dice Holdings, Inc. (Successor) For the year ended December 31, 2006	Dice Holdings, Inc. (Successor) For the four months ended December 31, 2005	Dice Inc. (Predecessor) For the eight months ended August 31, 2005
Revenues	$ 142,350	$ 83,400	$ 16,975	$ 33,864
Operating expenses:				
Cost of revenues	8,647	4,628	1,181	2,358
Product development	4,188	2,359	597	1,048
Sales and marketing	53,427	33,456	8,106	13,708
General and administrative	19,194	10,263	2,880	4,612
Depreciation	2,971	1,699	350	956
Amortization of intangible assets	19,051	13,092	4,168	1,112
Impairment of intangible assets	2,879			
Total operating expenses	110,357	65,497	17,282	23,794
Operating income	31,993	17,903	(307)	10,070
Interest expense	(13,104)	(4,788)	(1,914)	(15)
Interest income	1,047	234	42	479
Other income (expense)			(105)	(160)
Income from continuing operations before income taxes	19,936	13,349	(2,284)	10,374
Income tax expense (benefit)	6,692	5,110	(839)	4,325
Income (loss) from continuing operations	13,244	8,239	(1,445)	6,049
Discontinued operations:				
Loss from discontinued operations	(1,584)	(2,767)	(577)	(666)
Income tax benefit from discontinued operations	3,981	1,010	211	258
Minority interest in net loss of subsidiary	(134)	296	89	224
Income (loss) from discontinued operations, net of tax	2,263	(1,461)	(277)	(184)
Net income (loss)	$ 15,507	$ 6,778	$ (1,722)	$ 5,865

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Comparison of Years Ended December 31, 2007 and 2006

Revenues

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Revenues				
DCS Online	$ 102,215	$ 77,285	$ 24,930	32%
eFinancialCareers	29,658	2,924	26,734	914%
Other	10,477	3,191	7,286	228%
Total revenues	$ 142,350	$ 83,400	$ 58,950	71%

Our revenues were $142.4 million for the year ended December 31, 2007 compared to $83.4 million for the same period in 2006, an increase of $59.0 million, or 71%. This increase can be attributed to a combination of the eFinancialGroup Acquisition and organic growth. The increase in revenues resulting from the eFinancialGroup Acquisition was $33.1 million, of which $26.7 million relates to the international business and $6.4 million relates to the U.S. businesses. Additionally, we experienced organic growth in the DCS Online segment of $24.9 million, or 32%, as a result of successful marketing efforts leading to new customers, as well as an increase in revenues from existing customers both in the number of job postings and individual users of our databases and an increase in the price of our products. Our recruitment package customers increased from approximately 7,600 at December 31, 2006 to approximately 8,700 at December 31, 2007. Average revenue per recruitment package customer increased by approximately 4.8% from the year ended December 31, 2006 to the year ended December 31, 2007.

Cost of Revenues

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Cost of revenues	$ 8,647	$ 4,628	$ 4,019	87%
Percentage of revenues	6.1%	5.5%		

Our cost of revenues for the year ended December 31, 2007 were $8.6 million compared to $4.6 million for the same period in 2006, an increase of $4.0 million, or 87%. The increase was primarily due to the inclusion of the results of operations of eFinancialGroup in 2007, which led to an increase of $2.5 million. An increase in cost of revenues was experienced at DCS Online of $1.0 million, due to an increase in salaries and benefits as a result of an increase in the number of network operations and customer support personnel we employed, which was needed in order to support an increase in the number of job postings and user activity. Additionally, cost of revenues at Targeted Job Fairs increased $421,000 due to an increase in the number and type of job fairs conducted.

Product Development Expenses

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Product Development	$ 4,188	$ 2,359	$ 1,829	78%
Percentage of revenues	2.9%	2.8%		

Product development expenses for the year ended December 31, 2007 were $4.2 million compared to $2.4 million for the same period of 2006, an increase of $1.8 million, or 78%. The inclusion of the results of operations of eFinancialGroup in 2007 led to $1.0 million of this increase. The remainder of the increase related primarily to enhancements to the Dice.com website that were not able to be capitalized.

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Sales and Marketing Expenses

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Sales and Marketing	$ 53,427	$ 33,456	$ 19,971	60%
Percentage of revenues	37.5%	40.1%		

Sales and marketing expenses for the year ended December 31, 2007 were $53.4 million compared to $33.5 million for the same period in 2006, an increase of approximately $20.0 million, or 60%. The inclusion of the results of operations of eFinancialGroup in 2007 led to $12.1 million of this increase. The remainder of the increase was primarily due to an increase in advertising and sales expenses for the DCS Online operating segment.

Advertising costs for the DCS Online segment were $23.2 million for the year ended December 31, 2007 compared to $18.3 million for the same period in 2006, an increase of approximately $5.0 million, or 28%. This increase was primarily due to an increase in our online advertising spending and the number of email and direct mail campaigns conducted during the year ended December 31, 2007. As our revenues have grown, we have increased our advertising spending.

In the case of Dice.com, a significant portion of our advertising and marketing spending is focused on increasing the number of professionals who visit Dice.com and the levels of activity on the website. We have significantly increased the amount we spend on online media, including banner advertisements and paid search programs in order to drive more traffic to the website. Much of this advertising spending is on technology-focused websites and search engines.

We have significantly increased the amount we spend to reach employers and recruiters who pay to use the website services. A majority of the spending increase is in direct mail and email campaigns focused on communicating the value proposition of our services to current and potential customers. This marketing effort has helped result in an increase in net recruitment package customers during the year ended December 31, 2007 of approximately 1,100 from approximately 7,600 at December 31, 2006.

The salaries, commissions, and benefits component of sales and marketing expense for the Company amounted to $14.1 million for the year ended December 31, 2007 compared to $11.5 million for the same period in 2006, an increase of approximately $2.7 million, or 24%. This increase was primarily due to an increased number of sales personnel and increased sales by those personnel resulting in higher incentive compensation. The DCS Online sales force headcount increased from 67 at December 31, 2006 to 78 at December 31, 2007.

General and Administrative Expenses

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
General and administrative	$ 19,194	$ 10,263	$ 8,930	87%
Percentage of revenues	13.5%	12.3%		

General and administrative expenses for the year ended December 31, 2007 were $19.2 million compared to $10.3 million for the same period in 2006, an increase of $8.9 million, or 87%. The inclusion of the results of operations of eFinancialGroup in 2007 led to $4.3 million of this increase. An increase in stock-based compensation of $2.6 million was experienced due to the additional expense for options issued in late 2006 and early 2007 and due to the reduction in the strike price of the options in March 2007. Additionally, Dice Holdings, Inc. experienced an increase in professional fees of $740,000 and additional other costs of being a public company of approximately $534,000.

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Depreciation

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Depreciation	$ 2,971	$ 1,699	$ 1,272	75%
Percentage of revenues	2.1%	2.0%		

Depreciation expense for the year period ended December 31, 2007 was $3.0 million compared to $1.7 million for the same period in 2006, an increase of $1.3 million, or 75%. The inclusion of the results of operations of eFinancialGroup in 2007 led to $377,000 of this increase. The remainder of the increase was due to a greater depreciable fixed asset balance during the year ended December 31, 2007 compared to the same period in 2006 as a result of continued upgrades to our business systems and facilities.

Amortization of Intangible Assets

	Year ended December 31, 2007	2006	Increase	Percent Change
	(in thousands, except percentages)			
Amortization	$ 19,051	$ 13,092	$ 5,959	46%
Percentage of revenues	13.4%	15.7%		

Amortization expense for the year period ended December 31, 2007 was $19.1 million compared to $13.1 million for the same period in 2006, an increase of $6.0 million, or 46%. Amortization expense in the year ended December 31, 2006 consists of amortization of finite-lived acquired intangible assets acquired as part of the 2005 Acquisition, and two months of amortization for finite-lived assets acquired as part of the eFinancialGroup Acquisition. Amortization expense in the year ended December 31, 2007 consists of a full year of amortization of finite-lived intangible assets acquired as part of both the 2005 Acquisition and the eFinancialGroup Acquisition.

Impairment of Intangible Assets

In September 2007, we launched a redesigned JobsintheMoney website with an expectation that, together with an increased investment in marketing, overall performance for employers, recruiters, and finance and accounting professionals would improve. While the functionality of the website improved, there was no measurable improvement in financial performance. During the fourth quarter of 2007, management and the Board of Directors reassessed the strategic plan of JobsintheMoney. As a result of these strategic changes, management performed an impairment test and the carrying value of the intangible assets for JobsintheMoney, acquired as part of the eFinancialCareers October 31, 2006 acquisition, was reduced to zero, from $2.9 million.

Operating Income

Operating income for the year ended December 31, 2007 was $32.0 million compared to $17.9 million for the same period in 2006, an increase of $14.1 million, or 79%. The increase is primarily the result of the increase in DCS Online revenues due to increase in recruitment package customers and revenue per recruitment package customer, partially offset by increases in operating costs. The inclusion of the results of operations of eFinancialGroup for the year ended December 31, 2007 contributed operating income of $722,000.

Interest Expense

Interest expense for the year ended December 31, 2007 was $13.1 million compared to $4.8 million for the same period in 2006, an increase of $8.3 million. The increase in interest expense was due to a larger amount of borrowings outstanding in the year ended December 31, 2007, on average, as compared to the same period in

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2006 due to borrowings made in October 2006 to finance the eFinancialGroup Acquisition and borrowings under our Amended and Restated Credit Facility in March 2007 used to pay the March 2007 dividend and to refinance the indebtedness outstanding under our prior credit facility. The borrowings were reduced during the year, including $51.0 million from proceeds of the IPO in July 2007. See Liquidity and Capital Resources and Amended and Restated Credit Facility.

Income Taxes

	Year ended December 31, 2007	2006
	(in thousands, except percentages)	
Income from continuing operations before income taxes and minority interest	$ 19,936	$ 13,349
Income tax expense	6,692	5,110
Effective tax rate	33.6%	38.3%

Income tax expense for the year ended December 31, 2007 was $6.7 million compared to $5.1 million for the same period in 2006. As of December 31, 2007 and December 31, 2006, we had net operating loss carry forwards for federal income tax purposes of approximately $31.8 million and $49.6 million, respectively. The carry forwards will begin to expire in 2011 if not used. We expect that all carry forwards will be utilized. A reconciliation of the federal statutory tax rate to the effective tax rate on continuing operations applicable to income before income tax expense follows:

	December 31, 2007	December 31, 2006
Federal statutory rate	35.0%	35.0%
Tax effect of permanent items	(7.6%)	
State taxes, net of federal effect	2.0%	4.0%
Tax effect of foreign income	2.0%	(0.7%)
Tax effect of other items	2.2%	
Effective tax rate	33.6%	38.3%

During the year ended December 31, 2007, the permanent item impacting the effective tax rate is payments to the holders of vested stock options in lieu of dividends of $4.6 million.

Discontinued Operations

Discontinued operations represent the operations of MeasureUp, our subsidiary that provided certification test preparation and assessment products for technology professionals, and our interest in CyberMedia Dice, representing Dice India Holdings 51% interest in the joint venture with CyberMedia. All significant business activities of MeasureUp ceased on March 30, 2007, while CyberMedia Dice was classified as held for sale as of December 31, 2007, pursuant to a signed agreement to sell Dice India Holdings interest to an affiliate of CyberMedia. Accordingly, the results of operations from these segments are reflected as discontinued operations for all periods presented. Income from discontinued operations, net of tax, for the year ended December 31, 2007 was $2.3 million compared to a loss from discontinued operations, net of tax, of $1.5 million for the same period in 2006.

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Year Ended December 31, 2006

Revenues

	2006 (thousands)
Revenues	
DCS Online	$ 77,285
eFinancialCareers	2,924
Other	3,191
Total revenues	$ 83,400

Our revenues were $83.4 million in 2006. DCS Online revenues totaled $77.3 million, or 92.7% of our total revenues. Revenues for DCS Online benefited from successful marketing efforts which lead to new customers, as well as an increase in sales to existing customers both in the number of job postings and individual users of our databases as well as an increase in the price of our products. Net recruitment package customers totaled approximately 7,600 on December 31, 2006, up from approximately 5,800 on December 31, 2005. Average revenue per recruitment package customer increased by approximately 11% from December 31, 2005 to December 31, 2006. Revenues resulting from the eFinancialGroup Acquisition were $3.3 million, of which $2.9 million relates to the international business and approximately $400,000 relates to the U.S. business.

Cost of Revenues

Cost of revenues consists primarily of employee salaries and related expenses for customer support personnel, system support costs and Internet connectivity and hosting costs. Our cost of revenues for the year ended December 31, 2006 was $4.6 million, or 5.5% of revenues. During 2006, we increased the number of network operations and customer support personnel we employed from 33 to 50, which was needed to support an increase in the number of job postings and user activity. The inclusion of the results of operations of eFinancialGroup in 2006 led to $271,000 of our cost of revenues.

Product Development Expenses

Product development expenses consist primarily of employee salaries and related expenses, consulting fees and computer systems related expenses required to improve or enhance our existing service offerings, but do not include the capitalization of major site and other product development efforts. These capitalized costs totaled $434,000 in 2006 and are reflected in depreciation expense when amortized over future periods. Product development expenses for the year ended December 31, 2006 were $2.4 million, or 2.8% of revenues. The inclusion of the results of operations of eFinancialGroup in 2006 led to $315,000 of our product development expenses.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of advertising, employee salaries, sales commissions and other costs related to our sales force and marketing personnel and promotional materials. Sales and marketing expenses for the year ended December 31, 2006 were $33.5 million, or 40.1% of revenues. The inclusion of the results of operations of eFinancialGroup in 2006 led to $1.9 million of our sales and marketing expenses.

Advertising costs for the Company were $18.8 million for the year ended December 31, 2006, or 22.5% of revenues. We increased our online advertising spending and the number of email campaigns in 2006. We focus the majority of our marketing dollars on growing the number of professionals who visit our websites, which increases the attractiveness of our websites to our customers. We primarily use targeted marketing, rather than broad-based advertising, to increase our brand awareness, and to increase usage of our products and services among professionals.

In the case of Dice.com, a significant portion of our advertising and marketing spending is focused on increasing the number of professionals who visit Dice.com and the levels of activity on the website. We have significantly increased the amount we spend on online media, including banner advertisements and paid search programs in order to drive more traffic to the website. Much of this advertising spending is on technology-focused websites and search engines. The resulting increase in traffic has made the use of the website by customers more attractive as there are greater numbers of unique visitors who can view customers job postings and apply for their jobs. We have also increased the amount of spending on maintaining the loyalty of existing professionals who already use the website.

We have significantly increased the amount we spend to reach employers and recruiters who pay to use the website services. A majority of the spending increase is in direct mail and email campaigns focused on communicating the value proposition of our services to current and potential customers. This marketing effort has helped result in an increase in net recruitment package customers during the year ended December 31, 2006 of approximately 1,800 from approximately 5,800 at December 31, 2005 to approximately 7,600 at December 31, 2006.

The salaries and benefits component of sales and marketing expense for Dice amounted to $6.1 million for the year ended December 31, 2006, or 7.3% of revenues. We increased the number of sales personnel during the year ended December 31, 2006. The Dice sales force headcount increased from 53 at December 31, 2005 to 66 at December 31, 2006. Commissions and other incentive compensation paid to the Dice sales force was $6.2 million for the year ended December 31, 2006. Increased commissions were paid as a result of our revenue growth.

General and Administrative Expenses

General and administrative expenses consist primarily of employee salaries and related expenses for executive, administrative and accounting personnel, provision for uncollectible accounts, facilities costs, insurance costs and professional fees. General and administrative expenses for the year ended December 31, 2006 were $10.3 million, or 12.3% of revenues. The inclusion of the results of operations of eFinancialGroup in 2006 led to $828,000 of our general and administrative expenses. Stock-based compensation contributed to $1.5 million of the balance.

Depreciation Expenses

Depreciation expense for the year ended December 31, 2006 was $1.7 million, or 2.0% of revenues.

Amortization Expenses

Amortization expense for the year ended December 31, 2006 was $13.1 million, or 15.7% of revenues. Amortization expense in 2006 consists of amortization of finite-lived acquired intangible assets acquired as part of the 2005 Acquisition of $11.5 million and the inclusion in our results of operations of $1.6 million of amortization on the finite-lived acquired intangible assets realized as part of the eFinancialGroup Acquisition.

Operating income

As a result of the foregoing, operating income for the year ended December 31, 2006 was $17.9 million, or 21.5% of revenues.

Interest expense

Interest expense relates primarily to the interest on our prior revolving credit facility. Interest expense for the year ended December 31, 2006 was $4.8 million, or 5.7% of revenues. Higher interest expense as a percentage of revenues was due to a larger amount of borrowings outstanding in 2006, primarily to finance the 2005 Acquisition and the eFinancialGroup Acquisition.

Income taxes

Income tax expense for the year ended December 31, 2006 was $5.1 million. The effective tax rate was 38.3% for the year ended December 2006. As of December 31, 2006, we had net operating loss carry forwards for federal income tax purposes of $49.6 million. The carry forwards will begin to expire in 2011 if not used. As of December 31, 2006, we expect that all carry forwards will be utilized and therefore we released the valuation allowance on deferred tax assets related to these carry forwards that was recorded in 2005. The increase in taxable income and the determination of limits under IRC Section 382 contributed to the release of the valuation allowance in 2006.

Discontinued Operations

Discontinued operations represent the operations of MeasureUp, our subsidiary that provided certification test preparation and assessment products for technology professionals, and our interest in CyberMedia Dice, representing Dice India Holdings 51% interest in the joint venture with CyberMedia. All significant business activities of MeasureUp ceased on March 30, 2007, while CyberMedia Dice was classified as held for sale as of December 31, 2007, pursuant to a signed agreement to sell Dice India Holdings interest to an affiliate of CyberMedia. Accordingly, the results of operations from these segments are reflected as discontinued operations for all periods presented. Loss from discontinued operations, net of tax, for the year ended December 31, 2006 was $1.5 million.

Four Months Ended December 31, 2005 (Successor)

Revenues

Our revenues for the four months ended December 31, 2005 were $17.0 million. The Dice business generated $16.4 million of the revenues. Due to our successful marketing efforts, we had an increase in new customers as well as an increase in sales to existing customers. We saw an increase in both the number of job postings and individual users of our databases. Our recruitment package customers grew by 5% from August 31, 2005 to December 31, 2005. In addition, the average revenue per recruitment package customer increased by 4% from August 31, 2005 to December 31, 2005. Other revenues consist of revenues from Targeted Job Fairs, which we acquired in January 2005. The reduction in the carrying value of deferred revenue resulting from the 2005 Acquisition purchase accounting adjustments reduced revenue in the four months ended December 31, 2005 by $3.6 million.

Cost of Revenues

Our cost of revenues for the four months ended December 31, 2005 was $1.2 million, or 7.0% of revenues. Cost of revenues fluctuates due to changes in salaries and benefits costs resulting from changes in personnel required to support our customers. During the four month period, headcount related to customer support and network operations increased by 13%.

Product Development Expenses

Our product development expenses for the four months ended December 31, 2005 were $597,000, or 3.5% of revenues. Product development expenses were relatively consistent with past periods because our projects to improve or enhance existing service offerings were not significantly different than in past periods. Product development expenses do not include required capitalization of major website and other product development efforts. These capitalized costs totaled $153,000 during the four months ended December 31, 2005, and are reflected in depreciation expense when amortized in future periods.

Sales and Marketing Expenses

Our sales and marketing expenses for the four months ended December 31, 2005 were $8.1 million, or 47.8% of revenues. Advertising costs for Dice were $4.6 million for the four months ended December 31, 2005,

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or 27.0% of revenues. We increased our search engine marketing and other online advertising during 2005. Commissions and other incentive compensation paid to Dice sales personnel was $1.7 million for the four months ended December 31, 2005 or 10.1% of revenues. Salaries and related benefits for sales and marketing personnel for Dice were $1.4 million for the four months ended December 31, 2005, or 8.2% of revenues.

General and Administrative Expenses

Our general and administrative expenses for the four months ended December 31, 2005 were $2.9 million, or 17.0% of revenues. Salaries and benefits made up $1.7 million of the total general and administrative expenses. The remainder of general and administrative expenses was primarily attributable to insurance, facilities rental, provision for uncollectible accounts and professional fees.

Depreciation Expenses

Our depreciation expense for the four months ended December 31, 2005 was $350,000, or 2.1% of revenues.

Amortization Expenses

Our amortization expense for the four months ended December 31, 2005 was $4.2 million, or 24.6% of revenues. Finite-lived acquired intangible assets of $52.4 million were realized in the 2005 Acquisition, including intangibles for existing technology, trade name/trademark, customer contracts and job seeker relationships.

Operating loss

As a result of the foregoing, our operating loss for the four months ended December 31, 2005 was $307,000, or 1.8% of revenues. The reduction in deferred revenue resulting from the 2005 Acquisition purchase accounting adjustments reduced operating income in 2005 by $3.6 million.

Income taxes

Income tax benefit for the four months ended December 31, 2005 was $839,000. The effective tax rate for the period was 36.7%. As of December 31, 2005, we had net operating loss carry forwards for federal income tax purposes of $60.2 million. We recorded a valuation allowance on the deferred tax assets related to the carry forwards as of December 31, 2005 due to the uncertainty that these assets would be realized in the future.

Discontinued Operations

Discontinued operations represent the operations of MeasureUp, our subsidiary that provided certification test preparation and assessment products for technology professionals, and our interest in CyberMedia Dice, representing Dice India Holdings 51% interest in the joint venture with CyberMedia. All significant business activities of MeasureUp ceased on March 30, 2007, while CyberMedia Dice was classified as held for sale as of December 31, 2007, pursuant to a signed agreement to sell Dice India Holdings interest to an affiliate of CyberMedia. Accordingly, the results of operations from these segments are reflected as discontinued operations for all periods presented. Loss from discontinued operations, net of tax, for the four months ended December 31, 2005 was $277,000.

Eight Months Ended August 31, 2005 (Predecessor)

Revenues

Our revenues for the eight months ended August 31, 2005 were $33.9 million. The Dice business generated $32.6 million of the revenues. Due to our successful marketing efforts, we had an increase in new customers as well as an increase in sales to existing customers. We saw an increase in both the number of job postings and individual users of our databases. Our recruitment package customers grew by 32% from December 31, 2004 to August 31, 2005. In addition, the average revenue per recruitment package customer increased by 8% from December 31, 2004 to August 31, 2005. Other revenues consist of revenues from Targeted Job Fairs, which we acquired in January 2005.

Cost of Revenues

Our cost of revenues for the eight months ended August 31, 2005 was $2.4 million, or 6.9% of revenues. Cost of revenues fluctuates due to changes in salaries and benefits costs resulting from changes in personnel required to support our increase in customers.

Product Development Expenses

Our product development expenses for the eight months ended August 31, 2005 were $1.0 million, or 3.1% of revenues. Product development expenses were relatively consistent with past periods because our projects to improve or enhance existing service offerings were not significantly different than in past periods. Product development expenses do not include required capitalization of major website and other product development efforts. These capitalized costs totaled $188,000 during the eight months ended August 31, 2005, and are reflected in depreciation expense when amortized in future periods.

Sales and Marketing Expenses

Our sales and marketing expenses for the eight months ended August 31, 2005 were $13.7 million, or 40.5% of revenues. Advertising costs for Dice were $7.7 million for the eight months ended August 31, 2005, or 22.7% of revenues. We increased our search engine marketing and other online advertising during 2005. Commissions and other incentive compensation paid to Dice sales personnel was $2.7 million for the eight months ended August 31, 2005, or 8.0% of revenues. Salaries and related benefits for sales and marketing personnel for Dice were $2.6 million for the eight months ended August 31, 2005, or 7.7% of revenues. We increased the number of sales and marketing personnel during the eight months ended August 31, 2005, and increased commissions paid as a result of growing our customer base.

General and Administrative Expenses

Our general and administrative expenses for the eight months ended August 31, 2005 were $4.6 million, or 13.6%. Salaries and benefits made up $2.9 million of the total general and administrative expenses. The remainder of general and administrative expenses was primarily attributable to insurance, facilities rental, provision for uncollectible accounts and professional fees.

Depreciation Expenses

Our depreciation expense for the eight months ended August 31, 2005 was $956,000, or 2.8% of revenues.

Amortization Expenses

Our amortization expense for the eight months ended August 31, 2005 was $1.1 million, or 3.3% of revenues. Finite-lived intangible assets consist of customer lists which are amortized on a straight-line basis over their estimated lives of two to five years.

Operating income

As a result of the foregoing, our operating income for the eight months ended August 31, 2005 was $10.1 million, or 29.7% of revenues.

Income taxes

Income tax expense for the eight months ended August 31, 2005 was $4.3 million. The effective tax rate for the period was 41.7% compared to a statutory rate of 35%. The difference between the statutory and effective rate is due to self-created intangibles which are not deductible for income tax purposes. As of August 31, 2005, we had net operating loss carry forwards for federal income tax purposes of $56.3 million. We recorded a valuation allowance on the deferred tax assets related to the carry forwards as of December 31, 2005 due to the uncertainty that these assets would be realized in the future.

Discontinued operations

Discontinued operations represent the operations of MeasureUp, our subsidiary that provided certification test preparation and assessment products for technology professionals, and the minority interest in CyberMedia Dice, representing Dice India Holdings 51% interest in our joint venture with CyberMedia. All significant business activities of MeasureUp ceased on March 30, 2007, while CyberMedia Dice was classified as held for sale as of December 31, 2007, pursuant to a signed agreement to sell Dice India Holdings interest to an affiliate of CyberMedia. Accordingly, the results of operations from these segments are reflected as discontinued operations for all periods presented. Loss from discontinued operations, net of tax, for the eight months ended August 31, 2005 was $184,000.

Liquidity and Capital Resources

We have summarized our cash flows for the years ended December 31, 2007 and 2006 and the periods ended December 31, 2005 and August 31, 2005 (in thousands).

	Dice Holdings, Inc. (Successor)			Dice Inc. (Predecessor)
	Year Ended December 31,		Period Ended December 31,	Period Ended August 31,
	2007	2006	2005	2005
Cash provided by operating activities of continuing operations	$ 59,497	$ 38,850	$ 7,922	$ 16,262
Cash provided by (used for) investing activities of continuing operations	(2,754)	(66,396)	(164,738)	5,452
Cash provided by (used for) financing activities of continuing operations	(1,167)	27,964	160,381	(61)

We have financed our operations primarily through cash provided by operating activities, private sales of our equity securities, our IPO, and the use of our Amended and Restated Credit Facility. At December 31, 2007, we had cash, cash equivalents and marketable securities of $57.7 million compared to $6.6 million at December 31, 2006. Marketable securities are comprised of highly liquid debt instruments of the U.S. government and government agencies and corporate debt securities.

Our principal sources of liquidity are cash, cash equivalents and marketable securities, as well as the cash flow that we generate from our operations. In addition, at December 31, 2007, we had $75.0 million in borrowing capacity under our Amended and Restated Credit Facility. As of February 29, 2008, we had $72.8 million in borrowing capacity, reflecting the application of reserves against our interest rate swaps. We believe that our existing cash, cash equivalents, marketable securities, cash generated from operations and available borrowings under our Amended and Restated Credit Facility will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and the foreseeable future thereafter. Our liquidity could be negatively affected by a decrease in demand for our products and services. In addition, we may make acquisitions and may need to raise additional capital through future debt financings or equity offerings to the extent necessary to fund such acquisitions.

Comparison of Years Ended December 31, 2007 and 2006

Operating Activities

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, share based

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compensation, and for the effect of changes in working capital. Net cash provided by operating activities was $59.5 million and $38.9 million for the years ended December 31, 2007 and 2006, respectively. The increase in cash provided by operating activities during these periods was primarily due to higher revenue in part due to the eFinancialGroup Acquisition and increased net income. The increase in net income is primarily related to higher revenue, due to an increase in the number of customers and an increase in the price charged for recruitment packages and job postings.

Investing Activities

Cash used for investing activities during the years ended December 31, 2007 and 2006 of $2.8 million and $66.4 million respectively. Cash used for investing in the year ended December 31, 2007 was primarily attributable to capital expenditures. Capital expenditures are generally comprised of computer hardware, software, and website development costs. Cash used for investing activities during the year ended December 31, 2006 was attributed to the eFinancialGroup Acquisition ($63.2 million) and capital expenditures.

Financing Activities

Cash used for financing activities during the year ended December 31, 2007 was $1.2 million resulting from proceeds from our Amended and Restated Credit Facility of $113.0 million and proceeds from our IPO of $81.0 million offset by dividends paid and cash payments in lieu of dividends totaling $112.5 million, payments under our credit facilities of $77.6 million, payments for financing costs of $2.4 million, and payments of costs related to our IPO of $2.9 million. Cash provided by financing activities during the year ended December 31, 2006 of $28.0 million related to $77.0 million of proceeds from our credit facility used in the eFinancialGroup Acquisition offset by $37.0 million in payments under those same credit facilities and dividends paid of $11.2 million.

Year Ended December 31, 2006

Operating Activities

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, share based compensation, and for the effect of changes in working capital. Net cash provided by operating activities was $38.9 million for the year ended December 31, 2006. The increase in cash provided by operating activities during 2006 was primarily due to increased net income and depreciation. The increase in net income is primarily related to higher revenue, due to an increase in the number of customers and an increase in the price charged for recruitment packages and job postings.

Investing Activities

Cash used for investing activities during year ended December 31, 2006 was $66.4 million and primarily attributable to $63.2 million of cash used, net of cash received for the sale of eFinancialNews, to consummate the eFinancialGroup Acquisition.

Financing Activities

Cash provided by financing activities during the year ended December 31, 2006 of $28.0 million related to borrowings of $77.0 million of proceeds from our prior credit facility less repayment made under the revolving credit facility of $37.0 million and dividends paid of $11.2 million.

Four Months Ended December 31, 2005

Operating Activities

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, share based compensation, and for the effect of changes in working capital. Net cash provided by operating activities was $7.9 million for the four month period ended December 31, 2005, and resulting primarily from increased net income and non-cash items. The increase in net income is primarily related to higher revenue, due to an increase in the number of customers and an increase in the price charged for recruitment packages and job postings.

Investing Activities

Cash used for investing activities for the four month period ended December 31, 2005 was $164.7 million was primarily attributable to cash used by DHI in connection with the 2005 Acquisition.

Financing Activities

Cash provided by financing activities during the four month period ended December 31, 2005 of $160.4 million was attributable to the issuance of shares of Series A convertible preferred stock of $111.8 million in connection with the 2005 Acquisition and borrowings under our prior credit facility of $60.0 million, partially offset by payments under our revolving credit facility of $11.0 million.

Eight Months Ended August 31, 2005

Operating Activities

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, share based compensation, and for the effect of changes in working capital. Net cash provided by operating activities was $16.4 million for the eight month period ended August 31, 2005, and resulting primarily from increased net income. The increase in net income is primarily related to higher revenue, due to an increase in the number of customers and an increase in the price charged for recruitment packages and job postings.

Investing Activities

Cash used in investing activities for the eight month period ended August 31, 2005 was $5.5 million, and was primarily attributable to capital expenditures, generally comprised of computer hardware, software, and website development costs.

Financing Activities

Cash used for financing activities during the eight month period ended August 31, 2005 of $61,000 was attributable to payments of principal on capital leases.

Financings and Capital Requirements

In connection with the 2005 Acquisition, we issued 51,539,800 shares of Series A convertible preferred stock and 92,200 shares of common stock for consideration of $111.8 million and borrowed $60.0 million under our prior credit facility. In October 2006, a dividend of $11.2 million was paid to holders of our Series A convertible preferred stock, which was financed by borrowings under the prior revolving credit facility. In October 2006, in connection with the eFinancialGroup Acquisition, we issued 3,628,992 shares of our Series A convertible preferred stock valued at $25.2 million and borrowed $67.0 million under our prior credit facility. In March 2007, we borrowed $113.0 million to pay dividends to our stockholders and make payments to holders of vested options.

On July 23, 2007, we completed our IPO. We sold 6,700,000 shares of our common stock and selling stockholders sold an additional 10,000,000 shares of common stock at a price of $13.00 less underwriting discounts. The selling stockholders granted the underwriters a 30 day option to purchase up to an additional 2,505,000 shares of the Company s common stock at a price of $13.00, less underwriting commissions. On

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August 16, 2007, the underwriters exercised the option to acquire 292,000 of those shares. The proceeds, net of underwriting commissions received by us, were $81.0 million. We did not receive any proceeds from the sale of shares by the selling stockholders. We used a portion of the net proceeds that we received from the offering to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility. The remaining proceeds will be used for working capital and general corporate purposes.

We anticipate capital expenditures in 2008 to be approximately $4.5 million.

Amended and Restated Credit Facility

On March 21, 2007, we entered into our Amended and Restated Credit Facility which provides for a revolving facility of $75.0 million and a term loan facility of $125.0 million, both of which mature on March 21, 2012. Quarterly payments of $250,000 on the term loan facility began in third quarter 2007, with the first payment in September 2007. We may prepay our revolving facility or the term loan facility at any time without penalty. Payments of principal on the term loan facility result in permanent reductions to that facility.

Immediately prior to entering into the Amended and Restated Credit Facility, we had $81.0 million outstanding under our prior facility. On March 21, 2007, we borrowed an additional $113.0 million under the Amended and Restated Credit Facility, resulting in total borrowings of $194.0 million. Borrowings under our Amended and Restated Credit Facility bear interest, at our option, at a LIBOR rate plus 3.25% or a reference rate plus 1.75%. We used a portion of the net proceeds received from our IPO on July 23, 2007 to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility. Borrowings at December 31, 2007 included $124.4 million under our term loan facility.

In December 2007, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $60.0 million of LIBOR-based debt at 7.39% for the two-year period from January 2, 2008 to January 2, 2010. In February 2008, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $20.0 million of LIBOR-based debt at 6.37% for the three-year period from February 11, 2008 to February 11, 2011.

Our existing and future domestic subsidiaries unconditionally guaranteed our borrowings under the Amended and Restated Credit Facility. The obligations under the Amended and Restated Credit Facility and the guarantees are secured by substantially all of the individual assets of each of the borrowers and guarantors. Our Amended and Restated Credit Facility also contains certain financial covenants and requirements, including a Senior Leverage Ratio, Fixed Charge Coverage Ratio, and Minimum Adjusted EBITDA covenant and an Excess Cash Flow payment requirement. The Company was in compliance with all such covenants and requirements as of December 31, 2007. Refer to Note 8 in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Commitments and Contingencies

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of December 31, 2007:

	Payments by period				
	Total	**2008**	**2009-2010**	**2011-2012**	**Thereafter**
			(in thousands)		
Term loan facility	$ 124,400	$ 2,850	$ 2,000	$ 119,550	$
Operating lease obligations	4,152	1,115	1,874	1,163	
Total contractual obligations	$ 128,552	$ 3,965	$ 3,874	$ 120,713	$

We make commitments to purchase advertising from online vendors which we pay for on a monthly basis. We have no long-term obligations to purchase a fixed or minimum amount with these vendors.

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Our principal commitments consist of obligations under operating leases for office space and equipment and long-term debt. As of December 31, 2007, we had $124.4 million outstanding under our Amended and Restated Credit Facility. Interest payments are due monthly on a portion of the facility and at varying, specified periods (to a maximum of three months) for the remaining portion. See Note 8 Indebtedness in our consolidated financial statements for additional information related to our revolving facility. We used a portion of the net proceeds that we received from our IPO on July 23, 2007 to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility.

Future interest payments on our term loan and revolving facilities are variable due to our interest rate being based on LIBOR or a reference rate. We have fixed the rate on $80 million of our LIBOR based debt through the interest rate swaps described below. Assuming our fixed rate on the swaps and a rate of 8.3% on the portion of debt that is not fixed by a swap, interest payments on our term loan facility in 2008, 2009-2010, 2011-2012, are $9.4 million, $19.1 million, and $12.6 million, respectively and none thereafter.

In December 2007, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $60.0 million of LIBOR-based debt at 7.39% for the two-year period from January 2, 2008 to January 2, 2010. In February 2008, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $20.0 million of LIBOR-based debt at 6.37% for the three-year period from February 11, 2008 to February 11, 2011.

We adopted FIN 48 on January 1, 2007, and have no uncertain tax positions that are considered temporary differences. We have recorded approximately $5.8 million of unrecognized tax benefits as liabilities in accordance with Interpretation 48, and we are uncertain as to if or when such amounts may be settled. Related to the unrecognized tax benefits considered permanent differences, we have also recorded a liability for potential penalties and interest. Included in the balance of unrecognized tax benefits at December 31, 2007, are $1.8 million of tax benefits that, if recognized, would affect the effective tax rate. Also included in the balance of unrecognized tax benefits at December 31, 2007, are $4.0 million of tax benefits that, if recognized, would result in a decrease to goodwill recorded in purchase business combinations.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to financial market risks, including changes in interest rates, foreign currency exchange rates and other relevant market prices.

Foreign Exchange Risk

As a result of the eFinancialGroup Acquisition on October 31, 2006, we conduct business through an additional 14 websites around the world, with the majority of our foreign operations conducted in the United Kingdom. For the years ended December 31, 2007 and 2006, approximately 21% and 5% of our revenues, respectively, were earned outside the United States and collected in local currency. We are subject to risk for exchange rate fluctuations between such local currencies and the dollar. We currently do not hedge currency risk, but we expect to do so in the future. However, our Amended and Restated Credit Facility places limitations on our ability to hedge currency risk.

The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars using current exchange rates, with gains or losses included in the cumulative translation adjustment account, which is a component of stockholders equity. As of December 31, 2007 and 2006 our translation adjustment, net of tax totaled $3.1 million, and $1.8 million, respectively, primarily attributable to the weakening of the U.S. Dollar against the British Pound.

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Interest Rate Risk

We have interest rate risk primarily related to borrowings under our Amended and Restated Credit Facility. Borrowings under our Amended and Restated Credit Facility bear interest, at our option, at either at LIBOR rate plus 3.25% or a reference rate plus 1.75%. As of December 31, 2007, we had outstanding borrowings of $124.4 million under our Amended and Restated Credit Facility. We have fixed the rate on $80.0 million of our LIBOR based debt through interest rate swaps described below. If interest rates increased by 1.0%, interest expense in 2008 on our current borrowings would increase by approximately $444,000. We also have interest rate risk related to our portfolio of marketable securities. Our marketable securities will produce less income than expected if market interest rates fall.

In December 2007, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $60.0 million of LIBOR-based debt at 7.39% for the two-year period from January 2, 2008 to January 2, 2010. In February 2008, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $20.0 million of LIBOR-based debt at 6.37% for the three-year period from February 11, 2008 to February 11, 2011.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Dice Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Dice Holdings, Inc. and subsidiaries (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders equity, and cash flows for the years ended December 31, 2007 and 2006 and for the period from June 28, 2005 (inception) through December 31, 2005. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Dice Holdings, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years ended December 31, 2007 and 2006 and for the period from June 28, 2005 (inception) through December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects, the information set forth therein.

As discussed in Note 13 to the financial statements, on January 1, 2007, the Company adopted FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 .

/s/ Deloitte & Touche LLP

Des Moines, Iowa

March 18, 2008

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DICE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2007 and 2006

(in thousands, except share and per share data)

	2007	2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 57,525	$ 5,684
Marketable securities	150	944
Accounts receivable, net of allowance for doubtful accounts of $1,631 and $795	19,112	14,962
Deferred income taxes current	13,750	14,000
Prepaid expenses and other current assets	2,582	1,162
Current assets of discontinued operations	195	1,098
Total current assets	**93,314**	**37,850**
Fixed assets, net	5,768	5,160
Acquired intangible assets, net	78,572	100,186
Goodwill	159,773	156,440
Deferred financing costs, net of accumulated amortization of $1,252 and $457	3,541	1,972
Other assets	484	122
Non-current assets of discontinued operations	135	597
Total assets	**$ 341,587**	**$ 302,327**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 11,971	$ 11,534
Deferred revenue	46,230	34,383
Current portion of long-term debt	2,850	
Income taxes payable	3,697	426
Current liabilities of discontinued operations	1,404	1,772
Total current liabilities	**66,152**	**48,115**
Long-term debt	121,550	89,000
Deferred income taxes non-current	26,256	29,582
Other long-term liabilities	7,002	1,295
Total liabilities	**220,960**	**167,992**
Commitments and contingencies (Note 9)		
Stockholders equity		
Convertible preferred stock, $.01 par value, authorized 20,000,000 and 57,625,000 shares, respectively; issued and outstanding: 0 and 55,168,792 shares, respectively (liquidation value $2.17 at December 31, 2006)		552
Common stock, $.01 par value, authorized 240,000,000 and 69,150,000 shares, respectively; issued and outstanding: 62,172,690 and 92,200 shares, respectively	622	1
Additional paid-in capital	220,222	138,077
Accumulated other comprehensive income	3,130	1,829
Accumulated deficit	(103,347)	(6,124)

Total stockholders equity	**120,627**	**134,335**
Total liabilities and stockholders equity	**$ 341,587**	**$ 302,327**

See accompanying notes to the consolidated financial statements.

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DICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2007 and 2006 and for the period from

June 28, 2005 (inception) through December 31, 2005

(in thousands, except per share amounts)

	2007	2006	2005
Revenues	$ 142,350	$ 83,400	$ 16,975
Operating expenses:			
Cost of revenues	8,647	4,628	1,181
Product development	4,188	2,359	597
Sales and marketing	53,427	33,456	8,106
General and administrative	19,194	10,263	2,880
Depreciation	2,971	1,699	350
Amortization of intangible assets	19,051	13,092	4,168
Impairment of intangible assets	2,879		
Total operating expenses	110,357	65,497	17,282
Operating income	31,993	17,903	(307)
Interest expense	(13,104)	(4,788)	(1,914)
Interest income	1,047	234	42
Other income (expense)			(105)
Income (loss) from continuing operations before income taxes	19,936	13,349	(2,284)
Income tax expense (benefit)	6,692	5,110	(839)
Income (loss) from continuing operations	13,244	8,239	(1,445)
Discontinued operations:			
Loss from discontinued operations	(1,584)	(2,767)	(577)
Income tax benefit from discontinued operations	3,981	1,010	211
Minority interest in net income (loss) of subsidiary	(134)	296	89
Income (loss) from discontinued operations, net of tax	2,263	(1,461)	(277)
Net income (loss)	15,507	6,778	(1,722)
Convertible preferred stock dividends	(107,718)	(11,180)	
Loss attributable to common stockholders	$ (92,211)	$ (4,402)	$ (1,722)
Basic and diluted earnings (loss) per share:			
From continuing operations	$ (3.34)	$ (31.89)	$ (15.67)
From discontinued operations	0.08	(15.86)	(3.00)
	$ (3.26)	$ (47.75)	$ (18.67)

See accompanying notes to the consolidated financial statements.

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DICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

For the period from June 28, 2005 (inception) through December 31, 2005 and for the years ended December 31, 2006 and 2007

(in thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock				Accumulated Other	
					Additional		Comprehensive	
	Shares	Amount	Shares	Amount	Paid-in Capital	Accumulated Deficit	Income (loss)	Total
Initial equity contribution	**51,539,800**	**$ 515**	**92,200**	**$ 1**	**$ 111,284**	**$**	**$**	**$ 111,800**
Net loss						(1,722)		(1,722)
Other comprehensive loss:								
Net unrealized loss on available-for-sale securities, net of tax of $0							(6)	(6)
Total comprehensive loss								(1,728)
Stock based compensation					189			189
Balance at December 31, 2005	**51,539,800**	**515**	**92,200**	**1**	**111,473**	**(1,722)**	**(6)**	**110,261**
Net income						6,778		6,778
Other comprehensive income:								
Foreign currency translation adjustment, net of tax of $786							1,833	1,833
Net unrealized gain on available-for-sale securities, net of tax of $1							2	2
Total comprehensive income								8,613
Stock based compensation					1,467			1,467
Issuance of preferred stock to acquire eFinancialGroup Limited	3,628,992	37			25,137			25,174
Convertible preferred stock dividends declared ($0.22 per share)						(11,180)		(11,180)
Balance at December 31, 2006	**55,168,792**	**552**	**92,200**	**1**	**138,077**	**(6,124)**	**1,829**	**134,335**
Net income						15,507		15,507
Other comprehensive income:								
Foreign currency translation adjustment, net of tax of $550							1,296	1,296
Net unrealized gain on available-for-sale securities, net of tax of $2							5	5
Total comprehensive income								16,808
Stock based compensation					4,100			4,100
Preferred and common stock dividends declared and payments to holders of vested stock options ($1.95 per share)						(112,500)		(112,500)
Implementation of FASB Interpretation No. 48						(230)		(230)
	(55,168,792)	(552)	55,168,792	552				

Conversion of preferred securities to common stock											
Proceeds from initial public offering, net of expenses incurred of $3,239		6,700,000		67		77,694					77,761
Exercise of common stock options		211,698		2		351					353
Balance at December 31, 2007	**$**	**62,172,690**	**$**	**622**	**$**	**220,222**	**$**	**(103,347)**	**$**	**3,130**	**$ 120,627**

See accompanying notes to the consolidated financial statements.

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DICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006 and for the period

from June 28, 2005 (inception) through December 31, 2005

(in thousands)

	2007	2006	2005
Cash flows provided by operating activities of continuing operations:			
Net income (loss)	$ 15,507	$ 6,778	$ (1,722)
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:			
Depreciation	2,971	1,699	350
Amortization of intangible assets	19,051	13,092	4,168
Deferred income taxes	2,309	3,127	(939)
Amortization of deferred financing costs	795	352	105
Impairment of intangible assets	2,879		
Stock based compensation	4,100	1,467	189
Changes in operating assets and liabilities (before effects of Acquisition):			
Accounts receivable	(4,127)	(4,717)	(1,464)
Prepaid expenses and other assets	(1,266)	(45)	(11)
Accounts payable and accrued expenses	3,997	154	(204)
Deferred revenue	11,831	16,168	6,848
Other, net	1,450	775	602
Net cash provided by operating activities of continuing operations	59,497	38,850	7,922
Cash flows used for investing activities of continuing operations:			
Purchases of fixed assets	(3,521)	(2,649)	(556)
Purchases of marketable securities	(200)	(200)	(648)
Maturities and sales of marketable securities	999	596	901
Acquisition of eFinancial Group Limited, net of cash acquired of $3,857		(104,738)	
Proceeds from the sale of eFinancialNews Limited		41,560	
Amounts paid under Targeted Job Fairs acquisition agreement		(965)	(251)
Acquisition of Dice Inc., net of cash acquired of $7,828			(164,184)
Other, net	(32)		
Net cash used for investing activities of continuing operations	(2,754)	(66,396)	(164,738)
Cash flows provided by (used for) financing activities of continuing operations:			
Proceeds from long-term debt	113,000	77,000	60,000
Payments on long-term debt	(77,600)	(37,000)	(11,000)
Dividends paid on convertible preferred stock	(107,718)	(11,180)	
Dividends paid on common stock	(180)		
Payments to holders of vested stock options in lieu of dividends	(4,602)		
Financing costs paid	(2,364)	(856)	(1,573)
Proceeds from initial public offering	81,003		
Payment of costs related to initial public offering	(2,884)		
Proceeds from stock option exercises	353		
Issuance of convertible preferred stock			111,800
Cash received from transfer agent on behalf of former shareholders of Dice Inc.			1,154
Other	(175)		
Net cash provided by (used for) financing activities of continuing operations	(1,167)	27,964	160,381

Net cash provided by (used for) operating activities of discontinued operations	(3,844)	2,002	(211)
Net cash used for investing activities of discontinued operations	(6)	(151)	(30)
Net cash provided by (used for) discontinued operations	(3,850)	1,851	(241)
Effect of exchange rate changes	115	91	
Net change in cash and cash equivalents for the period	51,841	2,360	3,324
Cash and cash equivalents, beginning of period	5,684	3,324	
Cash and cash equivalents, end of period	$ 57,525	$ 5,684	$ 3,324

See accompanying notes to the consolidated financial statements.

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Dice Holdings, Inc. (DHI or the Company), a Delaware corporation, was incorporated on June 28, 2005 to acquire the stock of Dice Inc. (Dice) and its subsidiaries, Dice Career Solutions, Inc. (DCSI), MUP, Inc. (MeasureUp), EW Knowledge Products, Inc. (EWKP) and Dice India Holdings, Inc. (Dice India) (the Dice Inc. Acquisition). On October 31, 2006, the Company acquired eFinancialGroup Limited (eFG) including its two subsidiaries, eFinancialCareers Limited (eFC) and JobsintheMoney.com, Inc (JitM) (the eFinancialGroup Acquisition). See Note 4.

The Company provides online recruiting and career development services. DHI provides services to hire, train and retain technology, engineering, finance, accounting, capital markets, financial services and security-cleared professionals through its principal operating subsidiaries. DCSI operates career management services businesses for technology, engineering and security-cleared professionals. DHI, through its subsidiaries eFC and JitM, operates career management services for finance, accounting and capital markets and financial services professionals. See Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The consolidated financial statements include the accounts of DHI and its majority owned subsidiaries, Dice, DCSI, MeasureUp, EWKP, and its variable interest entity, Dice India, and, for the period subsequent to October 31, 2006, eFG, eFC, and JitM. All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. Revenue is recognized net of customer discounts ratably over the service period. Payments received in advance of services being rendered are recorded as deferred revenue and recognized on a straight-line basis over the service period. The Company generates revenue from the following sources:

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 the *dice.com, clearancejobs.com, efinancialcareers.com,* and *jobsinthemoney.com* websites. Certain of the Company s arrangements include multiple deliverables, which consist of access to job postings and access to a searchable database of candidates. In the absence of higher-level specific authoritative guidance, the Company determines the units of accounting for multiple element arrangements in accordance with Emerging Issues Task Force (EITF) Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Specifically, the Company will consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis, if there is objective and reliable evidence of the fair value of the undelivered elements, and, if the arrangement includes a general right of return relative to the delivered element, delivery or performance of the undelivered element is considered probable and is substantially within the Company s control. 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 twelve months. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage, if shorter.

Job fair booth rentals. Job fair revenues are derived from renting booth space to recruiters and employers. Revenue from these sales is recognized when the job fair is held. Certain customers purchase access to resumes obtained at these job fairs, which revenue is recognized on a per event basis over the period of the contract.

DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising revenue. Advertising revenue is recognized over the period in which the advertisements are displayed on the websites or at the time an e-mail is sent to registered members.

Concentration of Credit Risk Substantially all of the Company s excess cash, cash equivalents and marketable securities have been invested in a diversified portfolio of debt instruments of United States government agencies and high quality money market instruments. At December 31, 2007 and 2006, the Company maintained balances in various banks in excess of the $100,000 balance insured by the Federal Deposit Insurance Corporation. The Company believes it is not exposed to any significant credit risk.

The Company performs ongoing credit evaluations of its customers financial condition and generally does not require collateral on accounts receivable. No single customer represents 10% or more of revenues for the periods ended December 31, 2007, 2006 and 2005.

Allowance for Doubtful Accounts The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Dice s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Statements of Cash Flows All highly liquid investments with original maturities of three months or less are considered cash equivalents. Restricted cash is required for security on leased property. Restricted cash totaled $57,000 as of December 31, 2007 and 2006, and is reported as a component of other assets on the balance sheet.

The supplemental disclosures to the accompanying consolidated statements of cash flows are as follows (in thousands):

	2007	2006	2005
Supplemental cash flow information:			
Interest paid	$ 12,846	$ 3,809	$ 1,409
Taxes paid	320	816	
Non-cash investing and financing activities:			
Issuance of preferred stock to acquire eFinancialGroup Limited	$	$ 25,174	$
Capital expenditures on fixed assets included in accounts payable and accrued expenses	59	323	177
Costs for IPO included in accounts payable and accrued expenses	358		

Marketable Securities The Company s marketable securities are comprised of U.S. government and agency securities and corporate debt securities with readily determinable quoted market values. Marketable securities are classified and accounted for as available-for-sale and are reported at fair market value with the resulting net unrealized gains or losses reported as a separate component of stockholders equity. If management determines that an unrealized loss is other-than-temporary, such loss will be charged to the statement of operations. There were no other-than-temporary charges during 2007, 2006, or 2005.

Fixed Assets Depreciation of equipment, furniture and fixtures, computer software and capitalized website development costs are provided under the straight-line method over estimated useful lives ranging from two to five years. Amortization of leasehold improvements is provided over the shorter of the term of the related lease or the estimated useful life of the improvement. The cost of additions and betterments is capitalized, and repairs and maintenance costs are charged to operations in the periods incurred.

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Capitalized Software Costs Capitalized software costs consist of costs to purchase and develop software for internal use. The Company capitalizes certain incurred software development costs in accordance with the AICPA issued Statement of Position No. 98-1, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* (SOP 98-1). Costs incurred during the application-development stage for software bought and further customized by outside vendors for the Company s use and software developed by a vendor for the Company s proprietary use have been capitalized.

Website Development Costs The Company capitalizes costs incurred in designing, developing, testing and implementing enhancements to its websites. These costs are amortized over the enhancement s estimated useful life, which approximates two years. Costs related to the planning and post implementation phases of website development efforts are expensed as incurred.

Goodwill Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. The Company performs an annual test in the third quarter of each year for the goodwill from the Dice Inc. Acquisition, and during the fourth quarter of each year for the goodwill from the eFinancial Careers Acquisition, or more frequently if indicators of potential impairment exist, to determine if the carrying value of the recorded goodwill is impaired. The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. Fair value is determined using a discounted cash flow methodology. 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 the Company s reporting units. Changes in the Company s 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 Company performs an annual test in the third quarter of each year for the infinite-lived acquired intangible asset from the Dice Inc. Acquisition, or more frequently if indicators of potential impairment exist, to determine if the carrying value of the recorded indefinite-lived acquired intangible assets are impaired. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to their carrying value. Fair value is determined using a relief from royalty methodology. The determination of whether or not indefinite-lived acquired intangible asset 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. Changes in the Company s strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of indefinite-lived intangible assets.

Foreign Currency Translation For the Company s foreign operations whose functional currency is not the U.S. dollar, the assets and liabilities are translated into U.S. dollars at current exchange rates. Resulting translation adjustments are reflected as other comprehensive income (loss) in stockholders equity. Revenue and expenses are translated at average exchange rates for the period. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Advertising Costs The Company expenses advertising costs as they are incurred. Advertising expense for the periods ended December 31, 2007, 2006, and 2005 was $31.4 million, $19.0 million, and $3.4 million, respectively.

Income Taxes The Company recognizes deferred taxes by the asset and liability method. 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

DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. The primary sources of temporary differences are depreciation and amortization of intangible assets, net operating loss carry forwards and deferred revenue.

Stock-Based Compensation The Company has two plans to grant stock options to certain employees and directors of the Company and its subsidiaries. See Note 12.

Fair Value of Financial Instruments The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values. The estimated fair value of long-term debt, as of December 31, 2007 was approximately $119 million, based on an estimate of current rates for debt of the same remaining maturities.

Risks and Uncertainties DHI has a limited operating history and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for internet products and services. These risks include the failure to develop and extend the Company s online service brands, the rejection of the Company s services by consumers, vendors and/or advertisers, the inability of the Company to maintain and increase the levels of traffic on its online services, as well as other risks and uncertainties. In the event that the Company does not successfully execute its business plan, certain assets may not be recoverable.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. DHI s significant estimates include the useful lives and valuation of fixed assets and intangible assets; the income tax valuation allowance; fair value of the common and preferred stock of the Company; the assumptions used to value the stock options of the Company; and the valuation of assets acquired and liabilities assumed from acquisitions.

Net Income (Loss) per Common and Common Equivalent Share The Company follows FASB Statement No. 128, Earnings Per Share, and EITF Issue No. 03-6, *Participating Securities and the Two-Class Method under FASB Statement 128*, (EITF 03-6). EITF 03-6 established standards regarding the computation of earnings per share (EPS) by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company. EITF 03-6 requires earnings available to common shareholders for the period, after deduction of convertible preferred stock dividends, to be allocated between the common and convertible preferred shareholders based on their respective rights to receive dividends. Basic EPS is then calculated by dividing income allocable to common shareholders (including the reduction for any undeclared, preferred stock dividends assuming current income for the period had been distributed) by the weighted average number of shares outstanding. EITF 03-6 does not require the presentation of basic and diluted EPS for securities other than common stock; therefore, the EPS amounts only pertain to the Company s common stock. The Company calculates diluted EPS under the if-converted method unless the conversion of the convertible preferred stock is anti-dilutive to basic EPS. To the extent convertible preferred stock is anti-dilutive, the Company calculates diluted EPS under the two class method to include the effect of potential common shares. See Note 16.

New Accounting Pronouncements In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies,

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with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact SFAS 157 will have on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings at each subsequent reporting date. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company does not anticipate electing the fair value option for any existing eligible items. However, the Company will continue to evaluate items on a case-by-case basis for consideration of the fair value option.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R (SFAS 141R), Business Combinations and Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). These statements change the way companies account for business combinations and noncontrolling interests (minority interests in current GAAP) including requiring more assets acquired and liabilities assumed to be measured at fair value, requiring liabilities related to contingent consideration to be remeasured at fair value in each subsequent reporting period, requiring the acquirer in preacquisition periods to expense all acquisition-related costs and requiring noncontrolling interests in subsidiaries initially to be measured at fair value and classified as a separate component of equity. Both statements are to be applied prospectively and will be adopted by the Company on January 1, 2009. The Company is currently evaluating the impact of adopting SFAS 141R and SFAS 160 on its financial statements.

3. DISCONTINUED OPERATIONS

MeasureUp The Company provided certification test preparation and assessment products for technology professionals through its subsidiary, MeasureUp. In February 2007, the Company decided to abandon the MeasureUp business after assessing the long-term economic viability of MeasureUp in light of its projected operating losses and the lack of an operational or strategic fit with the Company s core business, and after unsuccessfully attempting to sell the business. All significant business activities of MeasureUp ceased on March 30, 2007. Accordingly, the Company now reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to MeasureUp or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations.

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Summary results of operations for the former MeasureUp operating segment were as follows (in thousands):

	For the periods ended December 31, 2007	2006	2005
Revenues	$ 835	$ 3,476	$ 822
Operating expenses:			
Cost of revenues	173	521	153
Product development	600	1,282	319
Sales and marketing	288	929	307
General and administrative	332	513	135
Depreciation	16	83	22
Amortization		570	190
Impairment of intangible assets		1,040	
Other income	(331)		
Total operating expenses	1,078	4,938	1,126
Operating loss	(243)	(1,462)	(304)
Income tax benefit	3,997	541	111
Income (loss) from discontinued operations	$ 3,754	$ (921)	$ (193)

The assets and liabilities of MeasureUp were as follows (in thousands):

	December 31, 2006
Cash	$ 150
Accounts receivable, net of allowance for doubtful accounts of $35	634
Prepaid and other current assets	24
Current assets of discontinued operations	$ 808
Fixed assets, net	$ 264
Other assets	7
Non-current assets of discontinued operations	$ 271
Accounts payable and accrued expenses	$ 487
Deferred revenue	503
Current liabilities of discontinued operations	$ 990

The income tax benefit in 2007 is the result of abandoning the operations of MeasureUp. Intangible assets related to MeasureUp were written off in the fourth quarter of 2006. There was no goodwill associated with MeasureUp.

Dice India Dice India entered into a joint venture agreement with CyberMedia (India) Limited (CyberMedia) in 2004 to form CyberMedia Dice (CMD), an online technology-focused career website for the posting of technology-related jobs based in India. Dice India, a wholly owned subsidiary of Dice Holdings, Inc., owned a majority of CMD. During the fourth quarter of 2007, Dice India decided to exit the joint venture, after assessing the long-term economic viability of the business in light of its operating losses. The Company sold its interest in the joint venture to an affiliate of CyberMedia in January 2008. As of December 31, 2007, the

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business qualifies for discontinued operations under SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*s. Accordingly, the Company now reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to Dice India or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for Dice India were as follows (in thousands):

	For the period ended December 31,		
	2007	**2006**	**2005**
Revenues	$ 501	$ 260	$ 27
Operating expenses:			
Cost of revenues	254	196	
Sales and marketing	1,132	1,034	
General and administrative	354	195	272
Depreciation	102	130	29
Total operating expenses	1,842	1,555	301
Operating loss	(1,341)	(1,295)	(274)
Income tax benefit (expense)	(17)	521	100
Minority interest income (loss)	(134)	296	88
Loss from discontinued operations	$ (1,492)	$ (478)	$ (86)

The assets and liabilities of Dice India were as follows as of December 31 (in thousands):

	2007	**2006**
Cash	$ 5	$ 111
Accounts receivable, net of allowance for doubtful accounts of $52 and $		52
Prepaid and other current assets	190	127
Current assets of discontinued operations	$ 195	$ 290
Fixed assets, net	$ 135	$ 196
Other assets		130
Non-current assets of discontinued operations	$ 135	$ 326
Accounts payable and accrued expenses	$ 1,288	$ 645
Deferred revenue	95	137
Other liabilities	21	
Current liabilities of discontinued operations	$ 1,404	$ 782

4. ACQUISITION OF eFINANCIALGROUP LIMITED

On October 31, 2006, DHI acquired all of the outstanding shares of eFinancialGroup Limited (eFG) which operates career management services for finance, accounting and capital markets and financial services professionals. At the time of the acquisition, eFG was the parent of (1) eFinancialCareers Limited, a global financial markets career website for capital markets and financial services professionals, (2) JobsintheMoney.com, Inc. (JitM), a career website for accounting and finance professionals in the United States, and (3) eFinancialNews Limited (eFN), which publishes financial news periodicals.

DHI acquired all of the outstanding stock of eFG in exchange for a total of $106.3 million in cash and 3,628,992 shares of convertible preferred stock of DHI valued at $25.2 million, net of cash acquired of $3.9

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million. Each shareholder of eFG was given the option to receive cash, convertible preferred stock of DHI or a combination of both. The value of the preferred stock was based on the amount of cash that each eFG shareholder was entitled to receive in lieu of convertible preferred stock of DHI. Immediately after the acquisition of eFG, eFN was sold to a company controlled by a group of former eFG shareholders for total consideration of $41.6 million, resulting in a net purchase price for the remaining eFG business, which was comprised of eFC and JitM, of $89.9 million in cash and convertible preferred stock. The cash portion of the acquisition, including transaction costs, was financed by borrowings of $67.0 million, plus cash on hand.

The Company incurred a total of $3.2 million of direct costs associated with the transaction. Of that amount, $0.9 million was capitalized as debt issuance costs. The remaining $2.3 million was included as consideration paid in the allocation of the purchase price.

Factors that contributed to a purchase price resulting in goodwill for the purchase of eFG s assets included relationships with job seekers and customers, historical cash flow, executive experience (not tied to non-competition agreements) and the value of the workforce in place. The amortization of goodwill is not deductible for tax purposes.

The purchase price allocation is complete. Adjustments to goodwill during the year ended December 31, 2007 were related to income taxes. The purchase price allocation of eFG based upon management s estimates at the date of acquisition, in millions of dollars, is as follows:

Assets:	
Cash and cash equivalents	$ 3.9
Accounts receivable	4.8
Prepaid and other current assets	0.2
Fixed assets	0.3
Acquired intangible assets	27.1
Goodwill	70.9
Other assets	41.6
Assets acquired	$ 148.8
Liabilities:	
Accounts payable and accrued expenses	$ 5.0
Deferred income taxes	8.8
Deferred revenue	1.2
Liabilities assumed	$ 15.0

The acquired intangible assets consist of the following, in millions of dollars:

Technology	$ 2.7
Trademarks and brand names	7.2
Customer lists	12.1
Order backlog	1.4
Candidate database	3.5
Leasehold interests	0.2
Acquired intangible assets	$ 27.1

The portion of the purchase price allocated to eFN is included above in Other assets. The $41.6 million was received by DHI immediately subsequent to the closing of the sale of eFN on October 31, 2006.

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The following pro forma condensed consolidated results of operations assume that the acquisition of eFG was completed as of January 1, 2006 and June 28, 2005 (inception), respectively (in millions except per share amounts):

	For the Period Ended December 31,	
	2006	2005
Revenues	$ 101.7	$ 37.9
Net loss	$ (0.2)	$ (9.8)
Loss per share	$ (123.43)	$ (106.05)

The pro forma financial information represents the historical operating results of the combined company with adjustments for purchase accounting and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the periods presented. The pro forma adjustments included adjustments for interest on borrowings and amortization of acquired intangible assets and deferred financing costs as well as the related income tax impacts of such adjustments. The pro forma information for 2005 assumes the acquisition of Dice Inc. was completed on June 28, 2005.

5. MARKETABLE SECURITIES

DHI s marketable securities are stated at fair value. The following tables summarize the Company s marketable securities as of December 31, 2007 and 2006 (in thousands):

		December 31, 2007		
	Maturity	Gross Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
U.S. Government and agencies	Within one year	$ 149	$ 1	$ 150

		December 31, 2006		
	Maturity	Gross Amortized Cost	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	Over one year	$ 49	$	$ 49
U.S. Government and agencies	Within one year	700	(4)	696
U.S. Government and agencies	Over one year	199		199
Total		$ 948	$ (4)	$ 944

6. FIXED ASSETS, NET

Fixed assets, net consist of the following as of December 31, 2007 and 2006 (in thousands):

	2007	2006
Computer equipment and software	$ 7,435	$ 5,060
Furniture and fixtures	467	386
Leasehold improvements	1,627	1,138

Capitalized website development costs	1,096	626
	10,625	7,210
Less: Accumulated depreciation and amortization	(4,857)	(2,050)
Fixed assets, net	$ 5,768	$ 5,160

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7. ACQUIRED INTANGIBLE ASSETS, NET

In September 2007, the Company launched a redesigned JobsintheMoney website with an expectation that, together with an increased investment in marketing, overall performance for employers, recruiters, and finance and accounting professionals would improve. While the functionality of the website improved, there was no measurable improvement in financial performance. Therefore, the carrying value of the intangible assets for JobsintheMoney, acquired as part of the eFinancialGroup October 31, 2006 acquisition, was reduced to zero, from $2.9 million.

Below is a summary of the major acquired intangible assets and the weighted average amortization period for the acquired identifiable intangible assets (in thousands):

	As of December 31, 2007					
	Acquired Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Impairment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,700	$ (6,926)	$ 149	$ (280)	$ 5,643	3.75 years
Trademarks and brand names Dice	39,000				39,000	Indefinite
Trademarks and brand names Other	7,600	(1,888)	292	(1,200)	4,804	5 years
Customer lists	36,700	(15,222)	529	(339)	21,668	4.5 years
Order backlog	2,000	(2,037)	37			
Candidate database	18,500	(10,050)	67	(1,060)	7,457	3.75 years
Leasehold interests	154	(162)	8			
Acquired intangible assets, net	$ 116,654	$ (36,285)	$ 1,082	$ (2,879)	$ 78,572	

	As of December 31, 2006				
	Acquired Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,700	$ (3,487)	$ 98	$ 9,311	3.75 years
Trademarks and brand names Dice	39,000			39,000	Indefinite
Trademarks and brand names Other	7,600	(352)	207	7,455	5 years
Customer lists	36,700	(7,115)	374	29,959	4.5 years
Order backlog	2,000	(1,076)	36	960	0.5 years
Candidate database	18,500	(5,196)	47	13,351	3.75 years
Leasehold interests	154	(8)	4	150	3 years
Acquired intangible assets, net	$ 116,654	$ (17,234)	$ 766	$ 100,186	

Based on the carrying value of the acquired finite-lived intangible assets recorded as of December 31, 2007, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

2008	$ 16,983
2009	14,606
2010	6,985
2011	998

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Indefinite Life on Trade Name

The Dice.com Trade Name / Trademark / 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 technology industry-specific talent. The brand has significant online and offline presence in online recruiting and career development services. Considering the recognition of the brand, its long history, awareness in the talent acquisition and staffing services market, and the intended use, the remaining useful life of the Dice.com Trade Name / Trademark / Domain Name was determined to be indefinite.

8. INDEBTEDNESS

On March 21, 2007, the Company entered into an Amended and Restated Financing Agreement (the Amended and Restated Credit Facility), resulting in total borrowings of $194.0 million. The Amended and Restated Credit Facility provides for a revolving credit facility of $75.0 million and a term loan facility of $125.0 million, and matures on March 21, 2012. The Company began making mandatory quarterly payments on the term loan facility of $250,000 in September 2007. Payments of principal on the term loan facility result in permanent reductions to that facility. Immediately prior to entering into the amended agreement, the Company had $81.0 million outstanding under the then existing facility. On March 21, 2007, the Company borrowed an additional $113.0 million under the amended agreement. Borrowings under the facility bear interest, at the Company s option, at the LIBOR Rate plus 3.25% or Reference Rate plus 1.75%.

The Company s existing and future domestic subsidiaries unconditionally guaranteed borrowings under the Amended and Restated Credit Facility. The obligations under the Amended and Restated Credit Facility and the guarantees are secured by substantially all of the personal assets of each of the borrowers and guarantors.

The Amended and Restated Credit Facility also contains certain financial covenants, including the following:

Senior Leverage Ratio, which requires the ratio of senior debt to adjusted EBITDA for the most recently completed 12 months to exceed certain thresholds. The senior leverage ratio is tested on a quarterly basis. As of December 31, 2007, the senior leverage ratio was required to be no greater than 4.50:1.00.

Fixed Charge Coverage Ratio, which requires the ratio of (i) adjusted EBITDA for the most recently completed 12 months less income tax expense and capital expenditures to (ii) the sum of scheduled debt repayments and net interest expense to be in excess of certain thresholds. The fixed charge coverage ratio is tested on a quarterly basis. As of December 31, 2007 the fixed charge coverage ratio was required to be in excess of 1.50:1.00.

Minimum Adjusted EBITDA, requires adjusted EBITDA for the most recently completed 12 months to exceed certain thresholds if the senior leverage ratio is greater than or equal to 3.0:1.0. Minimum Adjusted EBITDA is tested on a quarterly basis. As of December 31, 2007, minimum adjusted EBITDA would have been required to be $40 million if our senior leverage ratio had been equal to or greater than 3.0:1.0.

The Company is also subject to a cap on annual capital expenditures and is limited in the ability to make certain acquisitions, to hedge currency and interest rate risks, and to pay dividends. As of December 31, 2007, the Company was in compliance with all of the financial and other covenants under our Amended and Restated Credit Facility.

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The terms of the Amended and Restated Financing Agreement require the annual prepayment of a portion of the debt based on an annual determination of excess cash flow, as defined under the agreement, and on the leverage ratio at the end of each calendar year. The prepayment is applied 75% to Revolving Loan Facility and 25% to the Term Loan Facility. The excess cash flow reflects Adjusted EBITDA, with certain items added back, including cash interest payments, the quarterly mandatory prepayments and loan servicing fees. For the period ending December 31, 2007, the excess cash flow payment measurement period begins on the Restatement Effective Date of March 21, 2007. Future measurement periods are annual. The Company will be required to make a mandatory prepayment of approximately $2.1 million on the Term Loan Facility during 2008.

The amounts borrowed and terms of the financing agreement as of December 31, 2007 and December 31, 2006 are as follows (dollars in thousands):

	December 31, 2007	December 31, 2006
Total Revolving Credit Facility	$ 75,000	$110,000
Total Term Loan Facility	$125,000	
Amounts Borrowed:		
LIBOR Rate Loans	$108,400	$ 87,000
Reference Rate Loans	16,000	2,000
Total Borrowed	$124,400	$ 89,000
Interest Rates:		
LIBOR Option:		
Interest Margin	3.25%	3.50%
Minimum LIBOR rate	3.00%	3.00%
Actual Interest Rates	8.03% to 8.49%	8.85% to 9.40%
Reference Rate Option:		
Interest Margin	1.75%	0.75%
Minimum Reference Rate	6.00%	6.00%
Actual Interest Rate	9.00%	9.00%

Future maturities as of December 31, 2007 are as follows (in thousands):

2008	$ 2,850
2009	1,000
2010	1,000
2011	1,000
2012	118,550
Total minimum payments	$ 124,400

The Company used a portion of the net proceeds that it received from its initial public offering on July 23, 2007 to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility.

In December 2007, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $60.0 million of LIBOR-based debt at 7.39% for the two-year period from January 2, 2008 to January 2, 2010. In February 2008, the Company entered into an interest rate swap agreement which effectively fixes the interest rate on $20.0 million of LIBOR-based debt at 6.37% for the three-year period from February 11, 2008 to February 11, 2011.

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9. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases equipment and office space under operating leases expiring at various dates through July 2012. Future minimum lease payments under non-cancelable operating leases as of December 31, 2007 are as follows (in thousands):

2008	$ 1,115
2009	958
2010	916
2011	867
2012	296
	$ 4,152

Rent expense was $933,000, $640,000, and $197,000 for the periods ended December 31, 2007, 2006, and 2005, respectively.

Restricted Cash and Letters of Credit

As of December 31, 2007 and December 31, 2006, Dice had $57,000 in standby letters of credit that collateralize facility lease agreements. Restricted cash, which is included in other assets in the condensed consolidated balance sheet, collateralizes such standby letters of credit.

Litigation

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company s financial condition, operations or liquidity.

10. EQUITY TRANSACTIONS

Convertible Preferred Stock The Company s Amended Certificate of Incorporation provided for the authorization of the Board of Directors (Board) at its discretion to issue up to 57,625,000 shares of convertible preferred stock with a par value of $0.01. At the time of issuance, the Board had the discretion as to the designation of each issuance, voting rights, dividend rights and rates, if any, redemption price and liquidation preference, among other provisions.

On August 31, 2005, 51,539,800 shares of convertible preferred stock were issued in exchange for total cash consideration of $111.8 million.

On October 31, 2006, 3,628,992 shares of convertible preferred stock were issued in connection with the acquisition of eFG described in Note 4. Each share was valued at that date at $6.94 for total consideration of $25.2 million.

The Company determined that there was no embedded beneficial conversion feature attributable to the convertible preferred stock, since the initial conversion price of the preferred stock was equal to the issuance

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price, which was negotiated and agreed between the Company and the external investor on an arm s length basis and, which was determined by management to approximate the fair value of the Company s common stock at the commitment date since there was no existence of a public or active market of the Company s common stock, nor were there any cash transactions involving the Company s common shares that occurred prior to this date.

All of the shares of Series A convertible preferred stock were converted into shares of the Company s common stock in July 2007. The rights, preferences, privileges and restrictions granted to and imposed on the convertible preferred stock are as set forth below. These provisions are related to the preferred stock that was outstanding during the period and the Company s charter permits future changes to these provisions if new preferred stock were to be issued.

Dividend provisions

The preferred stockholders are entitled to dividends only when dividends were paid to common shareholders. In the event of a dividend, the holders of the preferred shares are entitled to share in the dividend on a pro rata basis, as if their shares had been converted into shares of common stock.

Conversion rights

Any holder of preferred stock has the right, at its option, to convert the preferred shares into shares of common stock at a ratio of one preferred stock share for one common stock share. The holders of 66 $^{2}/3$% of all outstanding preferred stock have the right at any time to require all the outstanding shares of preferred stock to be converted into an equal number of shares of common stock. Voting rights include the right to vote at a special or annual meeting of stockholders on all matters entitled to be voted on by holders of common stock, voting together as a single class with the common stock. There are no redemption rights associated with the preferred stock.

Liquidation rights

Upon the occurrence of liquidation, the holders of the preferred shares shall be paid in cash for each share of preferred stock held, out of, but only to the extent of, the assets of the Company legally available for distribution to its stockholders, before any payment or distribution is made to any shareholders of common stock**.** The liquidation value is $2.17 per share, subject to adjustments for stock splits, stock dividends, combinations, or other recapitalizations of the preferred stock.

Dividends On March 23, 2007, the Company paid a cash dividend of $107.9 million in the aggregate, or $1.95 per share, to holders of common stock and convertible preferred stock and made a payment of $4.6 million in the aggregate, or $1.95 per vested option, to holders of vested stock options in lieu of a dividend. The payments made to holders of vested stock options in lieu of dividends increased the accumulated deficit. On October 27, 2006, a dividend of $0.22 per share was paid to holders of convertible preferred stock.

Stock split The Company effected a stock split on June 18, 2007, so that each share of common stock and Series A convertible preferred stock was split into 461 shares of common stock or Series A convertible preferred stock, as applicable. All share and per share amounts in the accompanying consolidated financial statements have been retroactively adjusted for all periods presented to give effect to the stock split.

Convertible Preferred Stock conversion The terms of the Company s Series A convertible preferred stock allow the holders of 66 $^{2}/3$% of such stock to require that all outstanding shares of the Series A convertible preferred stock be converted into an equal number of shares of common stock at any time. The holders of 66 $^{2}/3$% of all outstanding shares of the Series A convertible preferred stock agreed to require that all outstanding shares

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of the Company s Series A convertible preferred stock be converted into an equal number of shares of the Company s common stock immediately prior to the consummation of an initial public offering. All of the shares of Series A convertible preferred stock were converted into shares of the Company s common stock in July 2007.

Initial public offering On July 23, 2007, the Company completed its initial public offering (IPO). The Company sold 6,700,000 shares of its common stock and selling stockholders sold an additional 10,000,000 shares of common stock at a price of $13.00 per share less underwriting commissions. The selling stockholders granted the underwriters a 30 day option to purchase up to an additional 2,505,000 shares of the Company s common stock at a price of $13.00 per share less underwriting commissions. On August 16, 2007, the underwriters exercised the option to acquire 292,000 of those shares. The proceeds, net of underwriting commissions, received by the Company, were $81.0 million. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The Company used a portion of the net proceeds that it received from the offering to repay $51.0 million of the outstanding indebtedness under the Amended and Restated Credit Facility.

11. COMPREHENSIVE INCOME

SFAS No. 130, Reporting Comprehensive Income, establishes standards for the reporting and display of comprehensive income (loss) and its components in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized as components of comprehensive income (loss) be reported in a financial statement with the same prominence as other financial statements. The unrealized gain (loss) on marketable securities available-for-sale, foreign currency translation adjustments, and the unrealized loss on cash flow hedges impact comprehensive income (loss). Accumulated other comprehensive income (loss), net consists of the following components, net of tax, (in thousands):

	2007	2006
Foreign currency translation adjustment, net of tax of $1,336 and $786	$ 3,129	$ 1,833
Unrealized gains (losses) on marketable securities, net of tax of $1 and $(1)	1	(4)
Total accumulated other comprehensive income, net	$ 3,130	$ 1,829

12. STOCK BASED COMPENSATION

The Company has two plans under which it may grant stock options to certain employees and directors of the Company and its subsidiaries. Compensation expense is recorded in accordance with SFAS 123 (Revised 2004), *Share-Based Payment* for stock options awarded to employees in return for employee service. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the employee service period, which is the vesting period. The Company estimates forfeitures that it expects will occur and records expense based upon the number of awards expected to vest.

The Company recorded stock based compensation expense of $4.1 million, $1.5 million, and $0.2 million during the periods ended December 31, 2007, 2006, and 2005, respectively. At December 31, 2007, there was $9.3 million of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of nearly 1.6 years.

The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the weighted average assumptions in the table below. Because the Company s stock was not publicly traded during all of the periods when options were granted, the average historical volatility rate for a similar entity was used.

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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.

	Periods Ended December 31,		
	2007	2006	2005
The weighted average fair value of options granted	$ 1.41	$ 1.52	$ 0.60
Dividend yield	0.00%	0.00%	0.00%
Weighted average risk free interest rate	4.62%	4.64%	4.52%
Weighted average expected volatility	35.54%	36.84%	38.80%
Expected life (in years)	4	4	4

During the periods ended December 31, 2007, 2006, and 2005, the Company granted the following stock options with exercise prices as follows:

Grant Date	Number of stock options issued	Fair value of common stock	Exercise price	Intrinsic value
November 7, 2005	6,301,870	$ 2.17*	$ 2.17	$
May 2, 2006	137,839	$ 3.52**	$ 3.52	$
November 1, 2006	1,011,895	$ 5.97***	$ 4.19	$
December 5, 2006	135,534	$ 5.97***	$ 4.19	$
January 31, 2007	18,440	$ 6.55**	$ 6.55	$
January 31, 2007	628,804	$ 6.55**	$ 8.27	$
March 27, 2007	192,698	$ 6.89**	$ 6.89	$
May 9, 2007	117,094	$ 7.11**	$ 7.11	$
December 6, 2007	39,800	$ 10.06****	$ 10.06	$

* The fair value was determined based on the third party transaction with the Company s preferred stock issued in connection with the acquisition of Dice Inc. The Company did not take a discount in determining the value of the common shares as compared to the Series A preferred stock, as the Board of Directors determined that the strike price for the options should equal the price paid by the preferred stockholders.

** The fair value was determined based on a contemporaneous internal valuation prepared by management with the appropriate levels of competency.

*** The fair value was determined based on the third party transaction with the Company s preferred stock issued in connection with the acquisition of eFG. The equity value of $6.94 per share determined in the eFG transaction was further reduced by the incurrence of indebtedness and the dilutive effect of previously issued stock options. The Board of Directors determined that the strike price for options issued at the time of the eFG acquisition should be at the value of the preferred shares.

**** Average of the high and low reported prices on the date of grant.

The derived fair value of the common shares underlying the options granted on May 2, 2006, January 31, 2007, March 27, 2007, and May 9, 2007 were determined based on an internal valuation prepared by management with the appropriate level of competency, using generally accepted valuation methodologies, including the guideline companies approach, which incorporates certain assumptions including the market performance of comparable listed companies as well as the financial results and growth trends of the group and the discounted cash flow method, a method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate and the guideline companies approach, which incorporates certain assumptions including the market performance of comparable listed companies as well as the financial results and growth trends of the Company, to derive the total equity value of the Company. The valuation model allocated the equity value between the common shares and the preferred shares and determined

DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the fair value of common shares based on the option-pricing method under the enterprise value allocation method. Under this method, the common shares have value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event (for example, a merger or sale).

A summary of the status of options granted as of December 31, 2007 and 2006, and the changes during the periods then ended is presented below:

	Year Ended December 31, 2007		Year Ended December 31, 2006		Period Ended December 31, 2005	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at beginning of the period	7,587,138	$ 1.38	6,301,870	$ 1.98		$
Granted	996,836	$ 6.77	1,285,268	$ 4.10	6,301,870	$ 2.17
Exercised	(211,698)	$ 1.67		$		$
Forfeited	(333,996)	$ 3.52		$		$
Options outstanding at December 31	8,038,280	$ 1.95	7,587,138	$ 2.34	6,301,870	$ 2.17
Exercisable at December 31	3,619,565	$ 1.55	1,969,334	$ 1.98		$

On October 20, 2006, a dividend of $0.22 per share was declared to holders of convertible preferred stock. The Board of Directors approved reducing the strike price of the non-vested options outstanding at the date of the payment of the dividend by $0.19 in order to maintain the economic value of the options in comparison to the value those options had immediately prior to the dividend. Similarly, on March 23, 2007, the Company paid a cash dividend of $107.9 million in the aggregate, or $1.95 per share, to holders of common stock and convertible preferred stock and made a payment of $4.6 million in the aggregate, or $1.95 per vested option, to holders of vested stock options in lieu of a dividend. The Board of Directors approved reducing the strike price of the non-vested options outstanding at the date of the payment of the dividend by $1.78 in order to maintain the economic value of the options in comparison to the value those options had immediately prior to the dividend, which resulted in a reduction of the weighted average exercise price of $0.96.

The following table summarizes information about options outstanding as of December 31, 2007:

	Options Outstanding		Options Exercisable
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
$ 0.20 - $ 0.99	3,888,299	7.7	1,146,342
$ 1.00 - $ 1.99	2,272,519	7.7	2,259,553
$ 4.00 - $ 4.99	899,066	8.8	213,670
$ 6.00 - $ 7.99	938,596	9.2	
$10.00 - $10.99	39,800	9.9	

	8,038,280	3,619,565

DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. INCOME TAXES

The tax effects of temporary differences that give rise to the Company s deferred tax assets and liabilities at December 31, 2007 and 2006 are as follows (in thousands):

	2007	2006
Deferred tax assets:		
Net operating loss carryforward	$ 12,111	$ 18,847
Allowance for doubtful accounts	456	283
Provision for accrued expenses and other, net	319	235
AMT tax credits	551	869
Stock based compensation	2,187	630
Investment in Dice India	985	538
Deferred revenue	1,431	
Foreign intercompany interest income	1,324	
Foreign tax credits	478	
Valuation allowance	(2,309)	
Deferred tax asset	17,533	21,402
Deferred tax liabilities:		
Acquired intangibles	(28,508)	(35,500)
Depreciation of fixed assets	(195)	(12)
Foreign currency translation	(1,336)	(787)
Deferred revenue		(685)
Deferred tax liabilities	(30,039)	(36,984)
Net deferred tax liabilities	$ (12,506)	$ (15,582)

Deferred tax assets (liabilities) included in the balance sheet as of December 31, 2007 and 2006 are as follows (in thousands):

	2007	2006
Deferred income taxes current	$ 13,750	$ 14,000
Deferred income taxes non-current	(26,256)	(29,582)
Net deferred tax liabilities	$ (12,506)	$ (15,582)

Tax expense (benefit) for the periods ended December 31, 2007 and 2006 is as follows (in thousands):

	2007	2006	2005
Current income tax expense:			
Federal	$ 100	$ 1,411	$ 92
State	9	121	8

Foreign	4,274	451	
Current income tax expense	4,383	1,983	100
Deferred income tax expense (benefit):			
Federal	3,495	3,227	(865)
State	359	277	(74)
Foreign	(1,545)	(377)	
Deferred income tax expense (benefit)	2,309	3,127	(939)
Income tax expense (benefit)	$ 6,692	$ 5,110	$ (839)

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the federal statutory tax rate to the effective tax rate on continuing operations applicable to income before income tax expense (benefit) follows:

	Year Ended December 31,		
	2007	2006	2005
Federal statutory rate	35.0%	35.0%	35.0%
Tax effect of permanent items	(7.6%)		
State taxes, net of federal effect	2.0%	4.0%	1.7%
Tax effect of foreign income	2.0%	(0.7%)	
Other	2.2%		
Effective tax rate	33.6%	38.3%	36.7%

During the year ended December 31, 2007, the permanent item impacting the effective tax rate is payments to the holders of vested stock options in lieu of dividends of $4.6 million.

As of December 31, 2007, income before tax totaled $11.4 million for the domestic operations and $8.5 million for the foreign operations.

As of December 31, 2007 and December 31, 2006, the Company has net operating loss carry forwards for federal income tax purposes of approximately $31.8 million and $49.6 million, respectively. The carry forwards will begin to expire in 2011 if not used. For income tax purposes, the amount of net operating loss allowable to offset income after a change in ownership is limited under Section 382 of the Internal Revenue Code (Section 382). The Company determined the Section 382 limitation created by various ownership changes limits certain of the net operating losses that are available to be used on a prospective basis to $20.6 million per year. The Company has 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 and, therefore, no valuation allowance on the domestic net operating losses has been recorded.

At December 31, 2007, a valuation allowance has been recorded for the deferred tax assets for the investment in Dice India and for the intercompany interest income. The Company has concluded that, based on expected future results, it is more likely than not that these deferred tax assets will not be used in the future. Accordingly, a valuation allowance was established for $2.3 million.

The Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48) on January 1, 2007. As a part of the implementation of FIN 48, the Company made a comprehensive review of its portfolio of uncertain tax positions in accordance with recognition standards established by FIN 48. An uncertain tax position represents the Company s expected treatment of a tax position taken in a filed tax return, or planned to be taken in a tax return not yet filed, that has not been reflected in measuring income tax expense for financial reporting purposes. The adoption of FIN 48 resulted in a decrease to retained earnings by approximately $230,000 and an increase in accrued expenses for uncertain tax positions and related interest by a corresponding amount. Additionally, goodwill and accrued expenses were increased for uncertain tax positions by approximately $4.0 million to reflect the measurement under the rules of FIN 48 for uncertain tax positions related to previous business combinations. After recognizing these impacts at the adoption of FIN 48, the total unrecognized tax benefits were approximately $4.3 million. Of this amount, approximately $345,000 would impact our effective tax rate if recognized, and the difference of $4.0 million primarily results from federal tax impacts on state issues and items that would impact goodwill and would not impact the effective rate if it were subsequently determined that such liability were not required. Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. Interest and penalties comprise an insignificant portion of our accrued liability for uncertain tax positions.

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Following is a reconciliation of the total amounts of unrecognized tax benefits for the year (in thousands):

	2007
Unrecognized tax benefits January 1, 2007	$ 4,459
Gross increases tax benefits in current period	1,362
Unrecognized tax benefits December 31, 2007	$ 5,821

Included in the balance of unrecognized tax benefits at December 31, 2007, are $1.8 million of tax benefits that, if recognized, would affect the effective tax rate. Also included in the balance of unrecognized tax benefits at December 31, 2007, are $4.0 million of tax benefits that, if recognized, would result in a decrease to goodwill recorded in purchase business combinations.

The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. None of the Company s tax returns are currently under examination. The Company is subject to U.S. federal, state, local or foreign examinations by tax authorities dating back to the year net operating losses began in 1999. The Company does not believe it is reasonably possible that the total amount of unrecognized tax benefits will change significantly during the next twelve months.

14. EMPLOYEE SAVINGS PLAN

The Company has a savings plan (the Savings Plan) that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, participating employees may defer a portion of their pretax earnings, up to the Internal Revenue Service annual contribution limit. The Company contributed $551,000, $413,000, and $88,000 for the periods ended December 31, 2007, 2006, and 2005, respectively, to match employee contributions to the Savings Plan.

DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT INFORMATION

The Company aggregates its operating segments into two reportable segments: DCS Online and eFinancialCareers. Management has organized its reportable segments based upon similar geographic locations and similar economic characteristics. Both DCS Online and eFinancialCareers generate revenue from sales of recruitment packages. Aggregation is based on similarity of operating segments as to economic characteristics, products, types or classes of customer and the methods of distribution. In addition to these two reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include the Targeted Job Fairs, JobsintheMoney.com, and eFinancialCareers.com s U.S. operations and are reported in the Other category. JitM exceeded the 10% threshold for net income in 2007 due to the impairment of intangible assets. Due to the one time nature of this occurrence, JitM continues to be included in the Other category. The Company s foreign operations are comprised of eFinancialCareers, whose business is principally in Great Britain, Continental Europe, Middle East and Asia. Corporate costs are included in the DCS Online segment and are not presently allocated to the segments. Corporate expenses primarily include personnel costs related to executives and certain support staff and professional fees. The following table shows the segment information for the periods ended December 31, 2007, 2006, and 2005 (in thousands):

	Period Ended December 31,		
	2007	2006	2005
Revenues:			
DCS Online	$ 102,215	$ 77,285	$ 16,433
eFinancialCareers	29,658	2,924	
Other	10,477	3,191	542
Total revenues	$ 142,350	$ 83,400	$ 16,975
Depreciation:			
DCS Online	$ 2,560	$ 1,668	$ 350
eFinancialCareers	298	23	
Other	113	8	
Total depreciation	$ 2,971	$ 1,699	$ 350
Amortization:			
DCS Online	$ 11,110	$ 11,327	$ 4,111
eFinancialCareers	6,211	1,242	
Other	1,730	523	57
Total amortization	$ 19,051	$ 13,092	$ 4,168
Income (loss):			
DCS Online	$ 11,316	$ 8,577	$ (1,520)
eFinancialCareers	5,804	(135)	
Other	(3,876)	(203)	75
Income (loss) from continuing operations	13,244	8,239	(1,445)
Income (loss) from discontinued operations, net of tax	2,263	(1,461)	(277)
Net income (loss)	$ 15,507	$ 6,778	$ (1,722)

Capital expenditures:			
DCS Online	$ 2,603	$ 2,531	$ 556
eFinancialCareers	746	45	
Other	172	73	
Total capital expenditures	$ 3,521	$ 2,649	$ 556

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the segment information as December 31, 2007 and 2006 (in thousands):

	December 31, 2007	December 31, 2006
Total assets:		
DCS Online	$ 228,371	$ 193,747
eFinancialCareers	94,250	85,413
Other	18,636	21,472
Assets of discontinued operations	330	1,695
Total assets	$ 341,587	$ 302,327

The following table shows the change in the carrying amount of goodwill by reportable segment as of December 31, 2006 and 2007 and the changes in goodwill for the years then ended (in thousands):

	DCS Online	eFinancialCareers	Other	Total
Balance, December 31, 2005	$ 99,010	$	$ 1,878	$ 100,888
Goodwill from acquisitions during the year		56,517	14,885	71,402
Foreign currency translation adjustment		2,052		2,052
Other goodwill adjustments	(17,890)		(12)	(17,902)
Balance, December 31, 2006	81,120	58,569	16,751	156,440
Foreign currency translation adjustment		790		790
Adoption of FIN 48	3,658	337		3,995
Other goodwill adjustments		(972)	(480)	(1,452)
Balance, December 31, 2007	$ 84,778	$ 58,724	$ 16,271	$ 159,773

Other goodwill adjustments are related to income tax adjustments.

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed based on the weighted average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus common stock equivalents assuming exercise of stock options and conversion of outstanding convertible securities, where dilutive. The impact of the preferred stock outstanding and common stock options outstanding at December 31, 2007, 2006, and 2005 were anti-dilutive during the periods then ended and therefore were excluded from the calculation of diluted EPS. The following is a calculation of basic and diluted earnings (loss) per share and weighted average shares outstanding for continuing operations and discontinued operations (in thousands except share and per share amounts):

	Period Ended December 31,		
	2007	**2006**	**2005**
Income (loss) from continuing operations	$ 13,244	$ 8,239	$ (1,445)
Preferred dividend	(107,718)	(11,180)	
Loss attributable to common stockholders from continuing operations basic	$ (94,474)	$ (2,941)	$ (1,445)
Income (loss) attributable to common stockholders from continuing operations diluted	$ (94,474)	$ 8,239	$ (1,445)
Income (loss) from discontinued operations	$ 2,263	$ (1,461)	$ (277)
Preferred securities participating in earnings available to common stockholders			277
Income (loss) attributable to common stockholders from discontinued operations basic	$ 2,263	$ (1,461)	$
Income (loss) attributable to common stockholders from discontinued operations diluted	$ 2,263	$ (1,461)	$ (277)
Weighted average shares outstanding basic	28,256,084	92,200	92,200
Add shares issuable upon conversion of preferred securities	30,078,328	52,144,632	51,539,800
Add shares issuable upon exercise of stock options	3,081,828	7,636,215	
Weighted average shares outstanding diluted	61,416,240	59,873,047	51,632,000
Basic and diluted earnings (loss) per share:			
From continuing operations	$ (3.34)	$ (31.89)	$ (15.67)
From discontinued operations	$ 0.08	$ (15.86)	$ (3.00)
	$ (3.26)	$ (47.75)	$ (18.67)

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of unaudited quarterly results of operations for 2007 and 2006. As of December 31, 2007, Dice India qualifies for discontinued operations under SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Accordingly, the Company now reflects the results of operations from this segment as discontinued operations for all periods presented. The table below reconciles from amounts previously reported on Forms 10-Q plus an adjustment for discontinued operations to arrive at the amounts reported herein.

	For the Three Months Ended (in thousands, except per share amounts)			
	March 31	June 30	September 30	December 31
2007				
Total revenues				
As previously reported	$ 30,540	$ 34,500	$ 38,208	$ 39,514
Adjustment for discontinued operations	(151)	(142)	(119)	
As reported herein	30,389	34,358	38,089	39,514
Total operating expenses				
As previously reported	26,381	27,013	28,371	30,140
Adjustment for discontinued operations	(565)	(403)	(580)	
As reported herein	25,816	26,610	27,791	30,140
Income from continuing operations, net tax				
As previously reported	2,959	1,887	4,197	3,688
Adjustment for discontinued operations	248	(41)	306	
As reported herein	3,207	1,846	4,503	3,688
Income (loss) from discontinued operations, net of tax				
As previously reported	4,918	(274)		(1,868)
Adjustment for discontinued operations	(248)	41	(306)	
As reported herein	4,670	(233)	(306)	(1,868)
Net income	7,877	1,613	4,197	1,820
Preferred stock dividends	(107,718)			
Income (loss) attributable to common stockholders	$ (99,841)	$ 1,613	$ 4,197	$ 1,820
Basic and diluted earnings per common share for income (loss) from continuing operations				
As previously reported	$ (1,136.21)	$ 0.03	$ 0.07	$ 0.03
Adjustment for discontinued operations	2.69			0.03
As reported herein	(1,133.52)	0.03	0.07	0.06
Basic and diluted earnings per common share for net income (loss) available to common shareholders	$ (1,082.87)	$ 0.03	$ 0.06	$ 0.03

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DICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the Three Months Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except per share amounts)			
2006				
Total revenues				
As previously reported	$ 16,077	$ 19,239	$ 21,668	$ 26,674
Adjustment for discontinued operations	(21)	(34)	(91)	(112)
As reported herein	16,056	19,205	21,577	26,562
Total operating expenses				
As previously reported	14,091	15,236	15,861	21,871
Adjustment for discontinued operations	(157)	(313)	(450)	(642)
As reported herein	13,934	14,923	15,411	21,229
Income from continuing operations, net tax				
As previously reported	473	1,963	3,174	2,089
Adjustment for discontinued operations	83	90	147	220
As reported herein	556	2,053	3,321	2,309
Income (loss) from discontinued operations, net of tax				
As previously reported	(144)	(29)	(22)	(726)
Adjustment for discontinued operations	(83)	(90)	(147)	(220)
As reported herein	(227)	(119)	(169)	(946)
Net income	329	1,934	3,152	1,363
Preferred stock dividends				(11,180)
Income (loss) attributable to common stockholders	$ 329	$ 1,934	$ 3,152	$ (9,817)
Basic and diluted earnings per common share for income (loss) from continuing operations, net of related income taxes	$ 0.01	$ 0.04	$ 0.06	$ (96.21)
Basic and diluted earnings per common share for net income (loss) available to common shareholders	$ 0.01	$ 0.04	$ 0.06	$ (106.47)

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REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

The Board of Directors

Dice Inc. and subsidiaries

We have audited the accompanying consolidated balance sheets of Dice Inc. and subsidiaries as of August 31, 2005 (before the purchase transaction as described in Notes 1 and 2), and the related statement of operations, stockholders equity and comprehensive income, and cash flows for the eight-month period ended August 31, 2005 (before the transaction described in Notes 1 and 2). These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dice Inc. and subsidiaries as of August 31, 2005 (before the purchase transaction as described in Notes 1 and 2) and the consolidated results of its operations and its cash flows for the eight-month period ended August 31, 2005 (before the transaction described in Notes 1 and 2) in conformity with accounting principles generally accepted in the United States of America.

/s/ LWBJ, LLP

West Des Moines, Iowa

January 20, 2006 except for Notes 7 and 12 which are dated as of April 4, 2007, and Note 13 which is dated as of February 29, 2008

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DICE INC.

CONSOLIDATED BALANCE SHEETS

As of August 31, 2005

(in thousands, except share and per share amounts)

	2005
ASSETS	
Current assets	
Cash and cash equivalents	$ 33,812
Marketable securities	1,594
Accounts receivable, net of allowance for doubtful accounts $551	3,683
Prepaid expenses and other current assets	988
Current assets of discontinued operations	772
Total current assets	40,849
Fixed assets, net	2,969
Intangible assets, net	14,157
Deferred tax asset, net	2,778
Reorganization value in excess of amounts allocated to identifiable assets	
Goodwill	1,941
Restricted cash	467
Other assets, net	87
Non-current assets of discontinued operations	1,314
Total assets	$ 64,562
LIABILITIES AND STOCKHOLDERS EQUITY	
Current liabilities	
Accounts payable and accrued expenses	$ 4,945
Deferred revenue	15,576
Amounts due under acquisition agreements	846
Federal income tax payable	194
Other current liabilities	
Current liabilities of discontinued operations	1,116
Total current liabilities	22,677
Other liabilities	182
Non-current liabilities of discontinued operations	8
Minority interest in net assets of subsidiary	263
Commitments and contingencies	
Stockholders equity	
Preferred stock, no par value; 20,000 shares authorized; none issued	
Common stock, par value $.01; 40,000 shares authorized; 20,000 shares issued; 19,993 shares outstanding	
Additional paid-in capital	35,133
Unearned stock-based compensation	(23)
Accumulated other comprehensive loss	(7)
Treasury stock, 7 shares	(11)
Retained earnings	6,340

Total stockholders equity	41,432
Total liabilities and stockholders equity	$ 64,562

The accompanying notes are an integral part of these consolidated financial statements.

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DICE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the eight months ended August 31, 2005

(in thousands, except per share amounts)

	2005
Revenues	$ 33,864
Operating expenses:	
Cost of revenues	2,358
Product development	1,048
Sales and marketing	13,708
General and administrative	4,612
Depreciation	956
Amortization	1,112
Total operating expenses	23,794
Income from operations	10,070
Realized loss on sales of investments	(160)
Interest and other income, net	464
Income from continuing operations before taxes and minority interest	10,374
Income tax expense	4,325
Income from continuing operations	6,049
Discontinued operations:	
Income (loss) from discontinued operations	(666)
Income tax benefit (expense) of discontinued operations	258
Minority interest in net loss of subsidiary	224
Income (loss) from discontinued operations, net of tax	(184)
Net income	$ 5,865
Basic earnings (loss) per share:	
From continuing operations	$ 302.56
From discontinued operations	(9.20)
	$ 293.36
Diluted earnings (loss) per share:	
From continuing operations	$ 270.51
From discontinued operations	(8.23)
	$ 262.28

The accompanying notes are an integral part of these consolidated financial statements.

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DICE INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME

(in thousands, except share and per share amounts)

	Preferred Stock		Common Stock				Accumulated Other	Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Unearned Stock-Based Compensation	Comprehensive Income (Loss)	Shares	Amount	Retained Earnings	Total	Comprehensive Income
Balance at January 1, 2005		$	19,993	$	$ 35,133	$ (70)	$ (67)	7	$ (11)	$ 475	$ 35,460	
Amortization of unearned stock-based compensation						47					47	
Comprehensive income:												
Reclassification adjustment for losses on available for sale securities included in net income							60				60	60
Net income										5,865	5,865	5,865
Comprehensive income												$ 5,925
Balance at August 31, 2005		$	19,993	$	$ 35,133	$ (23)	$ (7)	7	$ (11)	$ 6,340	$ 41,432	

The accompanying notes are an integral part of these consolidated financial statements.

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DICE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the eight months ended August 31, 2005

(in thousands)

	2005
Cash flows from operating activities:	
Net income	$ 5,865
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	956
Amortization	1,112
Deferred taxes	3,873
Provision for doubtful accounts	159
Charge related to issuance of stock options	47
Changes in operating assets and liabilities:	
Accounts receivable	(822)
Prepaid expenses and other assets	(361)
Accounts payable and accrued expenses	69
Deferred revenue	5,440
Other, net	(76)
Net cash provided by operating activities of continuing operations	16,262
Cash flows from investing activities:	
Purchases of fixed assets	(1,756)
Acquisition of ClearanceJobs.com assets	(400)
Acquisition of Targeted Job Fairs assets	(1,466)
Purchases of marketable securities	(4,802)
Maturities and sales of marketable securities	13,876
Net cash provided by (used in) investing activities of continuing operations	5,452
Cash flows from financing activities:	
Payments of principal on capital leases	(61)
Net cash used in financing activities of continuing operations	(61)
Net cash provided by operating activities of discontinued operations	784
Net cash used in investing activities of discontinued operations	(570)
Net cash provided by (used in) discontinued operations	214
Net change in cash and cash equivalents for the period	21,867
Cash and cash equivalents, beginning of period	11,945
Cash and cash equivalents, end of period	$ 33,812
Supplemental cash flow information:	
Interest paid	$ 15

Taxes paid	$	145

The accompanying notes are an integral part of these consolidated financial statements.

DICE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 BASIS OF PRESENTATION AND COMPANY BACKGROUND

Business

Dice Inc. (Dice or the Company), a Delaware corporation, provides online recruiting and career development services. Dice provides services to hire, train and retain technology, engineering and security-cleared professionals through its two principal operating subsidiaries, Dice Career Solutions, Inc. (DCSI), which operates career management services businesses for technology, engineering and security-cleared professionals, and MeasureUp, Inc. (MeasureUp), a provider of certification test preparation and assessment products for technology professionals.

Basis of Presentation

The accompanying consolidated financial statements and related notes are presented as of and for the eight-month period ended August 31, 2005. The results as of August 31, 2005 and for the eight month period ended August 31, 2005 include operating activity on August 31, 2005, but exclude the effects of the transaction described in Note 2 below, which were recorded as of the end of business on August 31, 2005. Accordingly, the accompanying consolidated financial statements do not include the effects of the transaction described in Note 2, including:

- equity contributions, use of Company cash and borrowings used to effect the transaction described in Note 2;

- allocation of the purchase price to identifiable tangible and intangible assets and assumed liabilities, with the excess being classified as goodwill;

- 75 options that were granted in June 2005, which were not effective until the closing of the transaction, and resulted in stock-based compensation costs of $512,700; and

- compensation costs associated with the change in control provision which is part of the Company s stock option plan (see Note 9).

Capital Restructuring Plan

On February 14, 2003 (the Petition Date), Dice filed a voluntary petition (the Petition) under Chapter 11 of the United States Bankruptcy Code for the purpose of confirming its pre-arranged Joint Plan of Reorganization (the Plan) dated February 14, 2003. The Plan was confirmed by the Bankruptcy Court on June 24, 2003 (the Confirmation Date) and became effective as of the close of business on June 30, 2003 (the Effective Date).

The Plan eliminated all of the Company s outstanding 7% Convertible Subordinated Notes due in 2005 in exchange for the issuance of 19,000 shares of Reorganized Dice Common Stock to the note holders. The Plan also provided for the 130 largest beneficial holders of old Dice stock to receive a pro rata allocation of 1,000 shares of Reorganized Dice Common Stock. In addition to their 5% ownership, holders of old Dice stock who received new common stock also received warrants to acquire an additional 8% of Reorganized Dice Common Stock. These warrants have an exercise price which would equate to an equity value for Reorganized Dice of $69.4 million in the aggregate. The Dice shareholders who were not among the 130 largest holders received a pro rata allocation of $50,000 in cash. Under the Plan, all of the Company s previously outstanding capital stock and options were canceled effective as of the Effective Date.

As of August 31, 2005 (before the purchase transaction described in Note 2), the Company had completed the issuance of the 19,000 shares to the note holders and 927 shares issuable to holders of old Dice stock. The

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remaining 73 shares issuable to holders of old Dice stock are held by the Company on behalf of certain beneficial holders pending resolution of the identification and confirmation of their ownership of old Dice stock and their entitlement to any such shares.

Fresh-Start Accounting

In connection with the Company s filing for protection under Chapter 11 and with the emergence of Dice from Chapter 11 protection, the provisions outlined under the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, (SOP 90-7) were applied. SOP 90-7 provides guidance with respect to accounting and classification of items while in bankruptcy and guidance with respect to financial reporting upon emergence from Chapter 11 (Fresh-Start Accounting). Upon applying Fresh-Start Accounting, a new reporting entity is deemed to be created, and the recorded amounts of assets and liabilities are adjusted to reflect their estimated fair values.

The consolidated balance sheet as of June 30, 2003 reflected reorganization adjustments related to the exchange of debt for equity by the note holders, the settlement of unsecured trade claims at amounts less than carrying value, and the adoption of Fresh-Start Accounting.

NOTE 2 ACQUISITION OF DICE INC.

On July 9, 2005, the Company entered into an Agreement and Plan of Merger (the Agreement) with Dice Holdings, Inc., a company formed by Quadrangle Group LLC, and its affiliates (collectively, Quadrangle), and General Atlantic Partners LLC, and its affiliates (collectively, General Atlantic). Under the terms of the Agreement, Dice Holdings, Inc. acquired all of the outstanding stock, warrants and stock options of the Company in exchange for a total of $197.0 million in cash, less certain transaction related costs resulting in net proceeds to the equity holders of Dice of approximately $196.8 million. The acquisition was financed by equity contributions of $111.8 million, the use of cash held by Dice totaling approximately $25.0 million, and borrowings of $60.0 million. The transaction closed on August 31, 2005, at which time Dice Holdings, Inc. acquired all assets and assumed all liabilities of Dice, and Dice became a wholly-owned subsidiary of Dice Holdings, Inc. These financial statements do not include the effects of this transaction as described in Note 1.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Principles of Consolidation

The consolidated financial statements include the accounts of Dice and its principal subsidiaries, DCSI, MeasureUp, EW Knowledge Products, Inc., and Dice India Holdings, Inc. (Dice India). All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

Dice generates revenue from the following sources:

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 the *dice.com* and *clearancejobs.com* websites. Revenue from customers buying a package of available job postings and access to the database is recognized ratably over the length of the underlying contract, typically one to twelve months. Revenue from the sale of classified job postings is recognized ratably over the term of the contract or the period of actual usage, if shorter.

DICE INC.

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Certification test preparation and assessment. MeasureUp revenues are derived from providing online certification test preparation and related products for technology professionals. Technology professionals preparing for certification exams use these products at training centers or individually online. Revenue from MeasureUp s online certification preparation products is recognized ratably over the useful life of the product purchased. Revenue from the sale of CD-ROM test preparation exams is recognized when the product is shipped.

Job fair booth rentals. Job fair revenues are derived from renting booth space to recruiters and employers. Revenue from these sales is recognized when the job fair is held. Certain customers purchase access to resumes obtained at these job fairs, which revenue is recognized on a per event basis over the period of the contract.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash equivalents. Restricted cash is required for borrowing arrangements and security on leased property. Restricted cash totaled $467,000 as of August 31, 2005.

Concentration of Credit Risk

Substantially all of Dice s excess cash, cash equivalents and marketable securities have been invested in a diversified portfolio of debt instruments of United States government agencies and high quality money market instruments. At August 31, 2005, the Company maintained balances in various banks in excess of the $100,000 balance insured by the Federal Deposit Insurance Corporation. The Company believes it is not exposed to any significant credit risk.

Dice performs ongoing credit evaluations of its customers financial condition and generally does not require collateral on accounts receivable. Accounts receivable allowances are provided for estimated uncollectible accounts, sales discounts and service credit allowances. Accounts receivable are stated net of allowances for doubtful accounts $551,000 as of August 31, 2005. During the eight months ended August 31, 2005, one customer accounted for approximately 2.2% of revenue.

Allowance for Doubtful Accounts

Dice maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Dice s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Marketable Securities

Dice s marketable securities are comprised of U.S. government and agency securities and corporate debt securities with readily determinable quoted market values. Marketable securities are classified and accounted for as available-for-sale and are reported at fair market value with the resulting net unrealized gains or losses reported as a separate component of stockholders equity. If management determines that an unrealized loss is other than temporary, such loss will be charged to the statement of operations.

Fixed Assets

Depreciation of equipment, furniture and fixtures, computer software and capitalized website development costs are provided under the straight-line method over estimated useful lives ranging from two to five years.

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Amortization of leasehold improvements is provided over the lesser of the term of the related lease or the estimated useful life of the improvement. The cost of additions and betterments is capitalized, and repairs and maintenance costs are charged to operations in the periods incurred.

Capitalized Software Costs

Capitalized software costs consist of costs to purchase and develop software for internal use. The Company capitalizes certain incurred software development costs in accordance with the AICPA issued Statement of Position No. 98-1, Accounting for the Cost of Computer Software Developed or Obtained for Internal Use (SOP 98-1). Costs incurred during the application-development stage for software bought and further customized by outside vendors for the Company s use and software developed by a vendor for the Company s proprietary use have been capitalized.

Website Development Costs

The Company capitalizes costs incurred in designing, developing, testing and implementing enhancements to its website. These costs are amortized over the enhancement s estimated useful life, which is typically two years. Costs related to the planning and post-implementation phases of website development efforts are expensed as incurred.

Reorganization Value in Excess of Amounts Allocated to Identifiable Assets, Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) No. 142, Goodwill and Other Intangible Assets (FAS 142), effective for fiscal years beginning after December 15, 2001. Under the rules, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are subject to annual impairment tests in accordance with FAS 142. Other intangible assets continue to be amortized over their useful lives.

Reorganization Value in Excess of Amounts Allocated to Identifiable Assets and Goodwill are not subject to amortization and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test consists of a comparison of the fair value of the asset with its carrying amount. If the carrying amount exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the asset is its new accounting basis.

Customer lists are amortized using the straight-line method over the expected period of benefit. Other intangible assets not amortized include brand and trade names and candidate databases. The carrying amount of intangibles will be reviewed on a regular basis for the existence of facts or circumstances, both internal and external that suggests impairment. The Company determines if the carrying amount of an asset is impaired based on anticipated undiscounted cash flows before interest and income taxes. In the event of impairment, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined primarily using the anticipated cash flows before interest and income taxes, discounted at a rate commensurate with the risk involved.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expense for the eight months ended August 31, 2005 was $5.6 million.

DICE INC.

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Income Taxes

Dice recognizes deferred taxes by the asset and liability method. 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. The primary sources of temporary differences are depreciation and amortization of intangible assets and net operating loss carry forwards.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and capital lease obligations approximate their fair values.

Risks and Uncertainties

Dice has a limited operating history and its prospects are subject to the risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet products and services. These risks include the failure to develop and extend Dice s online service brands, the rejection of Dice s services by consumers, vendors and/or advertisers, the inability of Dice to maintain and increase the levels of traffic on its online services, as well as other risks and uncertainties. In the event that Dice does not successfully execute its business plan, certain assets may not be recoverable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Dice s significant estimates include the useful lives and valuation of fixed assets and intangible assets; the accounts receivable allowance for doubtful accounts; and the income tax valuation allowance.

Stock-Based Compensation

Dice applies Accounting Principles Board s Opinion No. 25, Accounting for Stock-Issued to Employees (APB No. 25) and related interpretations in accounting for its stock option issuances. Dice has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation (SFAS No. 123). Under APB No. 25, generally, no compensation expense was recognized in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the market price of the stock is equal to or less than the amount an employee must pay to acquire the stock as defined. In instances where Dice did not award stock options with a grant price equal to or greater than the value of Dice s common stock, Dice recorded compensation costs and related income tax effects in its Consolidated Statements of Operations based on the intrinsic value of the award.

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Had compensation expense for options granted to employees under the option plan been determined based on the fair value method prescribed by SFAS 123, our net income and net income per share would have been adjusted to the pro forma amounts below (in thousands, except per share data):

	2005
Net income, as reported	$ 5,865
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	47
Deduct: Total stock-based employee compensation expense under the fair value based method for all awards, net of related tax effects	(341)
Net income, pro forma	$ 5,571
Net income per share:	
As reported basic	$ 293.35
Pro forma basic	278.65
As reported diluted	262.28
Pro forma diluted	250.93

For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be expensed over the options vesting periods. For purposes of the above pro forma calculation, the value of each option granted through August 31, 2005 was estimated on the date of grant using the Black-Sholes pricing model with the following weighted-average assumptions:

	2005
Risk-free interest rate	4.1%
Expected volatility	42.7%
Expected life (in years)	3
Dividend yield	
Weighted average estimated fair value of options granted during the period	$ 2,881

Comprehensive Income

FAS No. 130, Reporting Comprehensive Income , establishes standards for the reporting and display of comprehensive income (loss) and its components in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized as components of comprehensive income (loss) be reported in a financial statement with the same prominence as other financial statements. The Company has determined that the only item of comprehensive income (loss) relates to its unrealized gain (loss) on marketable securities available-for-sale. The following table summarizes the components of other comprehensive income as of August 31, 2005 and December 31, 2004 (in thousands):

	August 31, 2005		
	Before tax	Tax effect	Net of Tax
Securities available for sale:			
Net unrealized gains (losses) arising during the year	$ 62	$	$ 62
Reclassification of gains (losses) included in net income	(2)		(2)

Net unrealized gains (losses) arising during the year	60		60
Other comprehensive income (loss)	$ 60	$	$ 60

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Net Income (Loss) per Common and Common Equivalent Share

The Company follows FASB Statement No. 128, Earnings Per Share . Basic EPS is calculated by dividing income allocable to common shareholders by the weighted average number of shares outstanding. The company calculates diluted EPS under the treasury stock method unless the exercise of the stock options is anti-dilutive to basic EPS. The following table reconciles basic and diluted earnings per share (in thousands except share and per share data):

	2005
Income available to common stockholders from continuing operations basic and diluted	$ 6,049
Income available to common stockholders from discontinued operations basic and diluted	$ (184)
Weighted average shares outstanding basic	19,993
Add shares issuable upon exercise of stock options	2,369
Weighted average shares outstanding diluted	22,362
Basic earnings (loss) per share:	
From continuing operations	$ 302.56
From discontinued operations	(9.20)
	$ 293.36
Diluted earnings (loss) per share:	
From continuing operations	$ 270.51
From discontinued operations	(8.23)
	$ 262.28

NOTE 4 ACQUISITIONS

ClearanceJobs.com

In September 2004, the Company acquired substantially all of the assets of ClearanceJobs.com, the premier online job board focused exclusively on candidates with active U.S. Government security clearances. Total consideration consisted of $400,000 in cash at closing, plus a contingent payment based on billings achieved during the five-month period subsequent to closing, to a maximum of $400,000 in additional consideration. The contingent consideration of $400,000 was paid in 2005. The Company also entered into a non-compete agreement with the founders for a two-year period in exchange for a total of $50,000, payable over the two-year period.

Substantially the entire purchase price of $878,000, including transaction costs of $78,000, was allocated to intangible assets.

Targeted Job Fairs

In January 2005, the Company acquired substantially all of the assets of Targeted Job Fairs, LLC, a leading operator of job fairs and career-related expositions focused primarily on candidates with active U.S. Government security clearances. Total consideration consisted of $1.1 million paid in cash at closing and contingent payments based on the attainment of certain financial targets for the year ended December 31, 2005, up to an aggregate of $1.5 million in additional consideration.

DICE INC.

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Based on the results of operation to date, the Company has paid out $366,000 of the additional consideration as of August 31, 2005, and expects to ultimately pay the full $1.5 million. Substantially all of the purchase price was allocated to intangible assets.

NOTE 5 MARKETABLE SECURITIES

Dice s marketable securities are stated at fair value. The following table shows the cost, unrealized loss and fair value of Dice s marketable securities as of August 31, 2005 (in thousands):

		August 31, 2005		
	Maturity	**Cost**	**Unrealized Loss**	**Fair Value**
Corporate debt securities	Within One Year	$ 101	$	$ 101
U S. Government and agencies	Within One Year	800	(4)	796
U.S. Government and agencies	Over One Year	700	(3)	697
Total		$ 1,601	$ (7)	$ 1,594

NOTE 6 FIXED ASSETS

Fixed assets consist of the following as of August 31, 2005 (in thousands):

	2005
Computer equipment and software	$ 4,079
Computer equipment acquired under capital leases	118
Furniture and fixtures	539
Leasehold improvements	844
Capitalized website development costs	1,344
	6,924
Less: accumulated depreciation and amortization	(3,955)
Fixed assets, net	$ 2,969

Depreciation and amortization of fixed assets for the eight months ended August 31, 2005, which includes amortization of assets recorded under capital leases, totaled approximately $1.0 million. The accumulated amortization of assets under capital leases as of August 31, 2005 was $85,000.

NOTE 7 INTANGIBLE ASSETS

Under FAS 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are subject to annual impairment tests. Other intangible assets continue to be amortized over their useful lives.

Customer Lists are amortized on a straight-line basis over their estimated useful lives of two to five years. Amortization expense for the eight months ended August 31, 2005 was $1.2 million.

DICE INC.

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Intangible assets, net, consist of the following as of August 31, 2005 (in thousands):

	2005
Brand Names	$ 7,206
Customer Lists	6,395
Candidate Database	3,829
	17,430
Accumulated Amortization	(3,273)
Intangible Assets, net	$ 14,157
Reorganization Value In Excess of Amounts Allocated to Identifiable Assets	$
Goodwill	$ 1,941

Reorganization value in excess of amounts allocated to identifiable assets was reduced by $4 million in 2005 as a result of changes in deferred taxes relating to the usage of net operating loss carry forwards generated prior to the Effective Date. Other intangible assets were reduced by $2.6 million in 2005. The entire $3.0 million in 2005 was recognized as a deferred tax expense in 2005. Additional benefits realized from net operating loss carry forwards generated prior to the Effective Date will continue to reduce other intangibles until those assets are exhausted. Thereafter, those benefits will be recorded as additions to additional paid-in capital.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Leases

Dice leases equipment and office space under non-cancelable leases expiring at various dates through October 2011. Future minimum lease payments under non-cancelable operating leases as of August 31, 2005 are as follows (in thousands):

	Operating Leases
2005	$ 221
2006	587
2007	488
2008	466
2009	328
2010 and thereafter	517
Total minimum payments	$ 2,607

Rent expense was $425,000 for the eight months ended August 31, 2005.

Restricted Cash and Letters of Credit

As of August 31, 2005, Dice has $467,000 in standby letters of credit that collateralize facility lease agreements. Restricted cash collateralizes such standby letters of credit.

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Litigation

The Company is party to claims and litigation that arise in the normal course of business. The Company believes that the ultimate outcome of those claims and litigation will not have a material effect on the Company s financial position, results of operations or cash flows.

NOTE 9 STOCKHOLDERS EQUITY

Preferred Stock

The Company s Certificate of Incorporation provides for the authorization of the Board of Directors at its discretion to issue up to 20,000 shares of preferred stock with no par value. At the time of issuance, the Board of Directors will have discretion as to the designation of each issuance, voting rights, dividend rights and rates, if any, redemption price and liquidation preference, among other provisions.

No shares of preferred stock have been issued.

Common Stock

In accordance with the Plan, a total of 40,000 shares of Reorganized Dice Common Stock were authorized. Pursuant to the Plan, 20,000 shares were issued, 1,600 shares were reserved for issuance under the warrants, and 3,530 shares were reserved for issuance under a new stock option plan. None of these shares were registered under the Securities Act of 1933.

The holders of Dice common stock, warrants and options have certain Tag Along Rights, under which the holder has the right (but not the obligation) to elect to participate in any sale in one or more transactions of stock or warrants representing in the aggregate more than fifty percent (50%) of Dice equity. If one or more Tag Along Rightholders exercises his or their rights, the number of shares that the selling holder may sell will be reduced by an amount equal to the percentage of equity held by the participating rightholders and each participating rightholder will be entitled to sell up to its pro rata portion of the number of shares being made available for sale. The Tag Along Rights do not apply to certain transfers described in the Company s Certificate of Incorporation.

Holders of Dice common stock and warrants desiring to sell, in one or more transactions, more than fifty percent (50%) of Dice equity will have the right (but not the obligation) to elect to compel all other Dice equityholders to sell all of their Dice equity in such transaction(s) (Drag Along Rights). If the Drag Along Rights are exercised, each Dice equity holder will be obligated to sell all of his Dice equity together with the sale by the Drag Along Rightholders upon the same terms and conditions.

Stock Option Plan

In conjunction with the emergence from protection under Chapter 11, the Company adopted the 2003 Stock Option Plan (the Stock Option Plan). Under the Stock Option Plan, options may be granted to employees and directors to purchase up to an aggregate of 3,530 shares of the Company s common stock. Options granted under the Stock Option Plan may be options that are intended to qualify as incentive stock options and options that are not intended to so qualify. The Board of Directors or the compensation committee of the board determines the exercise price and other conditions as specified in the Stock Option Plan; provided that, for incentive stock options, the exercise price shall not be less than 100% of the fair market value of common stock at the date of grant. No option shall have a term in excess of seven (7) years. The options vest at a rate of 10% every three (3) months until fully vested. If incentive stock options are granted to a person possessing more than 10% of the

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DICE INC.

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combined voting power or value of all classes of stock of the Company, the exercise price shall not be less than 110% of the Company s common stock fair market value on the date of grant. Options become fully exercisable upon a change of control of the Company.

As of June 30, 2003, a total of 3,175 options were granted at an exercise price of $1,350 per share. The equity value of the Company was determined to be $35.0 million as of the Effective Date based on a reorganization value of $35.8 million. An independent valuation of the shares represented by the stock options was performed as of June 30, 2003 in order to determine the fair value of those shares subject to option exercise. That valuation determined that the value of the shares subject to option should be based on a total equity value of $28.3 million. Therefore, the exercise price of the options granted as of June 30, 2003 are deemed to have been issued at below the market value of the underlying stock. As a result, the Company incurred a non-cash deferred stock compensation charge of $175,000 that will be amortized over the vesting term of the options through December 2005. The charge was calculated as the difference between the exercise price and the value of Dice common stock at the time of the grant, multiplied by the number of options granted. Non-cash charges of $70,000 and $47,000 were recognized during the year ended December 31, 2004 and the eight months ended August 31, 2005, respectively.

During the year ended December 31, 2004, an additional 195 options were granted at exercise prices ranging from $2,000 $2,400 per share and during the eight-month period ended August 31, 2005, a total of 135 options were granted at exercise prices ranging from $1,350 $4,700. The exercise prices on the dates of grant were deemed to be the fair market value of the shares at the time of each issuance, except for 75 options granted in June 2005 that were issued at an exercise price below fair market value and with a measurement date effective upon the close of the transaction described in Note 2. See Note 1 for compensation costs associated with these options.

The following table summarizes information about stock options granted and forfeited for the eight months ended August 31, 2005:

	Option Shares	Weighted Average Exercise Price
Options outstanding December 31, 2004	3,395	$ 1,407
Options granted during 2005	135	$ 2,661
Options outstanding August 31, 2005	3,530	$ 1,455

The following table summarizes information about stock options outstanding and exercisable as of August 31, 2005:

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
$1,350	3,185	5.00	$ 1,350	2,488	$ 1,350
$1,750	120	5.25	$ 1,750	84	$ 1,750
$2,000	60	5.75	$ 2,000	30	$ 2,000
$2,250	15	6.00	$ 2,250	6	$ 2,250
$2,400	90	6.25	$ 2,400	27	$ 2,400
$3,900	30	6.50	$ 3,900	6	$ 3,900
$4,700	30	6.50	$ 4,700	3	$ 4,700
	3,530	5.08	$ 1,455	2,644	$ 1,392

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As of August 31, 2005, Dice had reserved 3,530 shares of common stock for the exercise of options, none of which are available for future grants.

NOTE 10 INCOME TAXES

The components of the deferred tax asset as of August 31, 2005 consist of the following (in thousands):

	2005
Net operating loss carry forward	$ 21,963
Depreciation and write-off of fixed assets	1,285
Provision for uncollectible accounts	232
Provision for accrued expenses and other, net	124
Current AMT tax credit	295
Deferred tax asset	23,899
Less: valuation allowance	(21,121)
Deferred tax asset, net	$ 2,778

Tax expense for the period ended August 31, 2005 is as follows (in thousands):

	2005
Current tax expense (benefit)	$ 452
Deferred tax expense	3,873
Income tax expense	$ 4,325

A reconciliation of the federal statutory rate to the effective tax rate on continuing operations applicable to income before income tax expense follows:

	2005
Federal statutory rate	35.0%
Permanent differences	4.0%
Other	2.7%
Effective tax rate	41.7%

As of August 31, 2005, Dice has a net operating loss carry forward for federal income tax purposes of approximately $56.3 million. The carry forwards will begin to expire in 2011 if not used. The net deferred tax asset has been partially reserved due to the uncertainty of Dice s ability to realize this asset in the future.

Due to the transaction described in Note 2, the amount and availability of the net operating loss carry forwards may be subject to annual limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three-year look-back period; whether there is deemed to be a more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carry forwards.

Benefits realized from net operating loss carry forwards generated prior to the Effective Date will reduce reorganization value in excess of amounts allocated to identifiable assets and other intangible assets until those assets are exhausted. Thereafter, those benefits will be recorded as additions to additional paid-in capital.

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DICE INC.

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NOTE 11 EMPLOYEE SAVINGS PLAN

Dice has a savings plan (the Savings Plan) that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, participating employees may defer a portion of their pretax earnings, up to the Internal Revenue Service annual contribution limit. For the eight months ended August 31, 2005, Dice contributed $259,000 to match employee contributions to the Savings Plan.

NOTE 12 SEGMENT INFORMATION

Dice has identified one reportable segment: DCS Online. In addition to this reportable segment, the Company has other businesses and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include Targeted Job Fairs and Dice India and are reported in the Other category. The following table shows the segment information for the period ended August 31, 2005 (in thousands):

	2005
Revenues:	
DCS Online	$ 32,553
Other	1,311
Total revenues	$ 33,864
Depreciation:	
DCS Online	$ 956
Other	
Total depreciation	$ 956
Amortization:	
DCS Online	$ 962
Other	150
Total amortization	$ 1,112
Net income:	
DCS Online	$ 5,577
Other	472
Income from continuing operations	$ 6,049
Income (loss) from discontinued operations	(184)
Net income	$ 5,865
Total assets:	
DCS Online	$ 60,009
Other	2,467

Assets of discontinued operations	2,086
Total assets	$ 64,562
Capital expenditures:	
DCS Online	$ 1,749
Other	7
Total capital expenditures	$ 1,756

DICE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2005

The following table shows the change in the carrying amount of goodwill by reportable segment for the period ended August 31, 2005 (in thousands):

	DCS Online	Other	Total
Balance, December 31, 2004	$ 314	$	$ 314
Goodwill from acquisitions	25	1,602	1,627
Balance, August 31, 2005	$ 339	$ 1,602	$ 1,941

NOTE 13 DISCONTINUED OPERATIONS

MeasureUp The Company provided certification test preparation and assessment products for technology professionals through its subsidiary, MeasureUp. In February 2007, the Company decided to abandon the MeasureUp business after assessing the long-term economic viability of MeasureUp in light of its projected operating losses and the lack of an operational or strategic fit with the Company s core business, and after unsuccessfully attempting to sell the business. All significant business activities of MeasureUp ceased on March 30, 2007. Accordingly, the Company now reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to MeasureUp or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for the former MeasureUp operating segment were as follows (in thousands):

	2005
Revenues	$ 2,186
Operating expenses:	
Cost of revenues	306
Product development	766
Sales and marketing	775
General and administrative	322
Depreciation	238
Total operating expenses	2,407
Operating income (loss)	(221)
Income tax expense (benefit)	(89)
Income (loss) from discontinued operations	$ (132)

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DICE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2005

The assets and liabilities of MeasureUp were as follows (in thousands):

	2005
Cash	$ 279
Accounts receivable	225
Prepaid and other current assets	121
Current assets of discontinued operations	$ 625
Fixed assets, net	$ 486
Intangible assets, net	413
Non-current assets of discontinued operations	$ 899
Accounts payable and accrued expenses	$ 398
Deferred revenue	469
Current liabilities of discontinued operations	$ 867

Dice India Dice India entered into a joint venture agreement with CyberMedia (India) Limited (CyberMedia) in 2004 to form CyberMedia Dice (CMD), an online technology-focused career website for the posting of technology-related jobs based in India. Dice India, a wholly owned subsidiary of Dice Holdings, Inc., owned a majority of CMD. During the fourth quarter of 2007, Dice India decided to exit the joint venture, after assessing the long-term economic viability of the business in light of its operating losses. The Company sold its interest in the joint venture to an affiliate of CyberMedia in January 2008. As of December 31, 2007, the business qualifies for discontinued operations under SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Accordingly, the Company now reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for all periods presented. Expenses that are not directly identified to Dice India or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for Dice India were as follows (in thousands):

	2005
Revenues	$ 13
Operating expenses:	
Cost of revenues	41
Sales and marketing	144
General and administrative	97
Depreciation	35
Amortization	136
Total operating expenses	453

Operating income (loss)		(440)
Other income		(4)
Income before tax		(444)
Income tax benefit (expense)		169
Minority interest		224
Income (loss) from discontinued operations	$	(51)

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DICE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2005

The assets and liabilities of Dice India were as follows as of August 31 (in thousands):

	2005
Cash	$ 128
Accounts receivable	2
Prepaid and other current assets	17
Current assets of discontinued operations	$ 147
Fixed assets, net	$ 286
Restricted cash	129
Non-current assets of discontinued operations	$ 415
Accounts payable and accrued expenses	$ 161
Deferred revenue	16
Other current liabilities	72
Current liabilities of discontinued operations	$ 249
Other non-current liabilities	$ 8

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Control Procedures

We have established a system of controls and other procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer and Chief Financial Officer for the period covered by this report. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective in alerting them in a timely basis to material information relating to the Company and its consolidated subsidiaries required to be included in our reports filed or submitted under the Exchange Act.

This Annual Report on Form 10-K does not include a report of management s assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by the rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Controls

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) occurred during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of conduct and ethics that applies to all of our directors, officers and employees, including or chief executive officer, chief financial officer and persons performing similar functions. Our code of conduct and ethics is posted on the investor relations section of our website at www.diceholdingsinc.com.

The information called for by Item 10 pertaining to directors will be set forth in our definitive proxy statement relating to our 2008 Annual Meeting of Stockholders (the Proxy Statement) to be filed within 120 days of the Company s fiscal year end of December 31, 2007 and is incorporated herein by reference. The information under the heading Executive Officers of the Registrant in Part I of this Form 10-K is also incorporated by reference.

Item 11. Executive Compensation

The information called for by Item 11 pertaining to executive compensation will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by Item 12 pertaining to security ownership of certain beneficial owners and management will be set forth in the Proxy Statement and is incorporated herein by reference.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by Item 13 pertaining to certain relationships and related transactions will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information called for by Item 14 pertaining to principal accounting fees and services will be set forth in the Proxy Statement and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements.
The consolidated financial statements are listed under Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules.
See (b) below.

3. Exhibits.

3.1 Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to the Company s Current Report on Form 8-K (File No. 001-33584) filed on July 23, 2007 with the Securities and Exchange Commission).

3.2 Amended and Restated By-laws (incorporated by reference from Exhibit 3.2 to the Company s Current Report on Form 8-K (File No. 001-33584) filed on July 23, 2007 with the Securities and Exchange Commission).

4.1 Specimen Stock Certificate (incorporated by reference from Exhibit 4.1 to Amendment No. 4 to the Company s Registration Statement on Form S-1 (File No. 333-141876) filed on June 22, 2007 with the Securities and Exchange Commission).

4.2 Second Amended and Restated Shareholders Agreement, dated as of July 23, 2007, by and between Dice Holdings, Inc. and the eFG Shareholders named therein (incorporated by reference from Exhibit 4.1 to the Company s Current Report on Form 8-K (File No. 001-33584) filed on July 23, 2007 with the Securities and Exchange Commission).

4.3 Institutional and Management Shareholders Agreement, dated as of July 23, 2007, by and among Dice Holdings, Inc., the Quadrangle Entities named therein, the General Atlantic Entities named therein and the Management Shareholders named therein (incorporated by reference from Exhibit 4.2 to the Company s Current Report on Form 8-K (File No. 001-33584) filed on July 23, 2007 with the Securities and Exchange Commission).

4.4* Amendment No. 1 to Second Amended and Restated Shareholders Agreement, dated as of February 4, 2008, by and among Dice Holdings, Inc. and the eFG Shareholders named therein.

10.1 Amended and Restated Financing Agreement, dated as of March 21, 2007, by and among Dice Holdings, Inc. and Dice Career Solutions, Inc., as borrowers, Dice India Holdings, Inc., EW Knowledge Products, Inc. and Measure Up, Inc., as guarantors, the lenders from time to time party thereto and Ableco Finance, LLC, as administrative and collateral agent (incorporated by reference from Exhibit 4.2 to Amendment No. 1 to the Company s Registration

Statement on Form S-1 (File No. 333-141876) filed on May 18, 2007).

10.2 Resignation and Appointment of Administrative Agent Agreement; Amendment Number One to Amended and Restated Financing Agreement, entered into as of May 21, 2007, by and among Dice Holdings, Inc., Dice Inc. and Dice Career Solutions, Inc. as borrowers, each Subsidiary of the Parent listed as a Guarantor on the signature pages thereto, the lenders party thereto, Ableco Finance LLC as collateral agent and in its capacity as resigning administrative agent and Wells Fargo Foothill, Inc. as successor administrative agent (incorporated by reference from Exhibit 4.3 to Amendment No. 3 to the Company s Registration Statement on Form S-1 (File No. 333-141876) filed on June 18, 2007).

10.3	Amendment Number Two to Amended and Restated Financing Agreement, entered into as of June 14, 2007, by and among Dice Holdings, Inc., Dice Inc. and Dice Career Solutions, Inc. as borrowers, each Subsidiary of the Parent listed as a Guarantor on the signature pages thereto, the lenders on the signature pages thereto, Ableco Finance LLC as collateral agent for the lenders and Wells Fargo Foothill, Inc. as administrative agent for the lenders (incorporated by reference from Exhibit 4.4 to Amendment No. 3 to the Company s Registration Statement on Form S-1 (File No. 333-141876) filed on June 18, 2007).
10.4	The Dice Holdings, Inc. 2007 Equity Award Plan (the 2007 Equity Plan) (incorporated by reference from Exhibit 10.16 to Amendment No. 1 to the Company s Registration Statement on Form S-1 (File No. 333-141876) filed on May 18, 2007).
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10.6	The Dice Holdings, Inc. Executive Cash Incentive Plan (incorporated by reference from Exhibit 10.12 to Amendment No. 2 to the Company s Registration Statement on Form S-1 (File No. 333-141876) filed on June 8, 2007).
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
31.1*	Certifications of Scot Melland, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications of Michael Durney, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certifications of Scot Melland, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certifications of Michael Durney, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.
(b) Financial Statement Schedules.

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SCHEDULE I

DICE HOLDINGS, INC.

FINANCIAL INFORMATION OF PARENT COMPANY

CONDENSED BALANCE SHEETS

As of December 31, 2007 and 2006

(in thousands, except share and per share data)

	2007	2006
ASSETS		
Cash and cash equivalents	$ 25,531	$
Investment in subsidiaries	337,318	314,714
Total assets	**$ 362,849**	**$ 314,714**
LIABILITIES AND STOCKHOLDERS EQUITY		
Notes payable to subsidiaries	$ 238,740	$ 179,740
Interest payable to subsidiaries	3,482	639
Total liabilities	**242,222**	**180,379**
Stockholders equity		
Convertible preferred stock, $.01 par value, authorized 20,000,000 and 57,625,000 shares, respectively; issued and outstanding: 0 and 55,168,792 shares, respectively (liquidation value $2.17 at December 31, 2006)		552
Common stock, $.01 par value, authorized 240,000,000 and 69,150,000 shares, respectively; issued and outstanding: 62,172,690 and 92,200 shares, respectively	622	1
Additional paid-in capital	220,222	138,077
Accumulated other comprehensive income	3,130	1,829
Accumulated deficit	(103,347)	(6,124)
Total stockholders equity	**120,627**	**134,335**
Total liabilities and stockholders equity	**$ 362,849**	**$ 314,714**

See notes to the Dice Holdings, Inc. consolidated financial statements included elsewhere herein.

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SCHEDULE I

DICE HOLDINGS, INC.

FINANCIAL INFORMATION OF PARENT COMPANY

CONDENSED STATEMENTS OF OPERATIONS

For the periods ended December 31, 2007, 2006, 2005

(in thousands, except share and per share data)

	2007	2006	2005
Revenues:			
Equity in earnings (losses) of subsidiaries from continuing operations	$ 15,528	$ 8,831	$ (1,445)
Equity in earnings (losses) of subsidiaries from discontinued operations	2,263	(1,461)	(277)
Operating income	17,791	7,370	(1,722)
Interest expense	(2,843)	(639)	
Other income	559	47	
Net income (loss)	**$ 15,507**	**$ 6,778**	**$ (1,722)**

See notes to the Dice Holdings, Inc. consolidated financial statements included elsewhere herein.

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SCHEDULE I

DICE HOLDINGS, INC.

FINANCIAL INFORMATION OF PARENT COMPANY

CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY

For the period from June 28, 2005 (inception) through December 31, 2005 and

for the years ended December 31, 2006 and 2007

(in thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock				Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Income (loss)	Total
Initial equity contribution	**51,539,800**	**$ 515**	**92,200**	**$ 1**	**$ 111,284**	**$**	**$**	**$ 111,800**
Net loss						(1,722)		(1,722)
Other comprehensive loss:								
Net unrealized loss on available-for-sale securities, net of tax of $0							(6)	(6)
Total comprehensive loss								(1,728)
Stock based compensation					189			189
Balance at December 31, 2005	**51,539,800**	**515**	**92,200**	**1**	**111,473**	**(1,722)**	**(6)**	**110,261**
Net income						6,778		6,778
Other comprehensive income:								
Foreign currency translation adjustment, net of tax of $786							1,833	1,833
Net unrealized gain on available-for-sale securities, net of tax of $1							2	2
Total comprehensive income								8,613
Stock based compensation					1,467			1,467
Issuance of preferred stock to acquireeFinancialGroup Limited	3,628,992	37			25,137			25,174
Convertible preferred stock dividends declared ($0.22 per share)						(11,180)		(11,180)
Balance at December 31, 2006	**55,168,792**	**552**	**92,200**	**1**	**138,077**	**(6,124)**	**1,829**	**134,335**
Net income						15,507		15,507
Other comprehensive income:								
Foreign currency translation adjustment, net of tax of $550							1,296	1,296
Net unrealized gain on available-for-sale securities, net of tax of $2							5	5

Total comprehensive income								16,808
Stock based compensation					4,100			4,100
Preferred and common stock dividends declared and payments to holders of vested stock options ($1.95 per share)						(112,500)		(112,500)
Implementation of FASB Interpretation No. 48						(230)		(230)
Conversion of preferred securities to common stock	(55,168,792)	(552)	55,168,792	552				
Proceeds from initial public offering, net of expenses incurred of $3,239			6,700,000	67	77,694			77,761
Exercise of common stock options			211,698	2	351			353
Balance at December 31, 2007			**$ 62,172,690**	**$ 622**	**$ 220,222**	**$ (103,347)**	**$ 3,130**	**$ 120,627**

See notes to the Dice Holdings, Inc. consolidated financial statements included elsewhere herein.

SCHEDULE I

DICE HOLDINGS, INC.

FINANCIAL INFORMATION OF PARENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006 and for the period from

June 28, 2005 (inception) through December 31, 2005

(in thousands)

	2007	2006	2005
Cash flows provided by operating activities of continuing operations:			
Net income (loss)	$ 15,507	$ 6,778	$ (1,722)
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in losses (earnings) of subsidiaries from continuing operations	(15,528)	(8,831)	1,445
Equity in losses (earnings) of subsidiaries from discontinued operations	(2,263)	1,461	277
Change in interest payable	2,843	639	
Net cash provided by operating activities of continuing operations	559	47	
Cash flows used for investing activities of continuing operations:			
Acquisition of eFinancial Group Limited, net of cash acquired of $3,857		(108,595)	
Acquisition of Dice Inc., net of cash acquired of $7,828			(172,012)
Change in intercompany payable		(12)	212
Net cash used for investing activities of continuing operations		(108,607)	(171,800)
Cash flows provided by (used for) financing activities of continuing operations:			
Proceeds from notes payable to subsidiaries	113,000	119,740	60,000
Payments on long-term debt	(54,000)		
Dividends paid on convertible preferred stock	(107,718)	(11,180)	
Dividends paid on common stock	(180)		
Payments to holders of vested stock options in lieu of dividends	(4,602)		
Proceeds from initial public offering	81,003		
Payment of costs related to initial public offering	(2,884)		
Proceeds from stock option exercises	353		
Issuance of convertible preferred stock			111,800
Net cash provided by financing activities of continuing operations	24,972	108,560	171,800
Net change in cash and cash equivalents for the period	25,531		
Cash and cash equivalents, beginning of period			
Cash and cash equivalents, end of period	$ 25,531	$	$
Supplemental cash flow information:			
Non-cash investing and financing activities:			
Issuance of preferred stock to acquire eFinancialGroup Limited	$	$ 25,174	$
Costs for IPO in accounts payable and accrued expenses	358		

See accompanying notes to the consolidated financial statements.

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SCHEDULE II

DICE HOLDINGS, INC.

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

For the period from June 28, 2005 (inception) through December 31, 2005

and for the years ended December 31, 2006 and 2007

(in thousands)

Column A Description	Column B Balance at Beginning of Period	Column C Charged to Income	Column D Deductions	Column E Balance at End of Period
Reserves Deducted From Assets to Which They Apply:				
Reserve for uncollectible accounts receivable:				
Period ended December 31, 2005	$	$ 524	$	$ 524
Period ended December 31, 2006	524	536	(265)	795
Period ended December 31, 2007	795	1,002	(166)	1,631
Reserve for deferred tax assets:				
Period ended December 31, 2005	$ 11,782	$	$	$ 11,782
Period ended December 31, 2006	11,782		(11,782)	
Period ended December 31, 2007		2,309		2,309
Reserve for uncertain tax positions:				
Period ended December 31, 2007	$ 4,459	$ 1,362	$	5,821

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 25, 2008

DICE HOLDINGS, INC.

By: /s/ SCOT W. MELLAND
Scot W. Melland

Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ SCOT W. MELLAND **Scot W. Melland**	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	March 25, 2008
/s/ MICHAEL P. DURNEY **Michael P. Durney**	Senior Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	March 25, 2008
/s/ JOHN W. BARTER **John W. Barter**	Director	March 25, 2008
/s/ PETER EZERSKY **Peter Ezersky**	Director	March 25, 2008
/s/ DAVID S. GORDON **David S. Gordon**	Director	March 19, 2008
David C. Hodgson	Director	
/s/ ANTON J. LEVY **Anton J. Levy**	Director	March 25, 2008
/s/ JEFFREY S. NORDHAUS **Jeffrey S. Nordhaus**	Director	March 25, 2008
/s/ WILLIAM WYMAN	Director	March 19, 2008

William Wyman

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EXHIBIT INDEX

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