

CORTEX PHARMACEUTICALS INC/DE/

Form 8-K

December 23, 2004

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

December 23, 2004

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## CORTEX PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of

incorporation)

**1-16467**  
(Commission File Number)

**33-0303583**  
(I.R.S. Employer Identification No.)

**15241 Barranca Parkway**

**Irvine, California**  
(Address of principal executive offices)

**92618**  
(Zip Code)

Registrant's telephone number, including area code: (949) 727-3157

N/A

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14a-12))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On December 23, 2004, Cortex Pharmaceuticals, Inc. (the Company) paid performance bonuses for 2004 to certain of the Company's executive officers. James H. Coleman, Senior Vice President, Business Development will receive \$29,400, Harry H. Mansbach, Chief Medical Officer will receive \$15,055, Maria S. Messinger, Vice President, Chief Financial Officer and Corporate Secretary will receive \$28,700 and Gary A. Rogers, Ph.D., Senior Vice President, Pharmaceutical Research will receive \$31,500. The determination of the bonuses was approved by the Compensation Committee of the Board of Directors and was based upon an evaluation of the performance of each officer, and the Company, during 2004 relative to the performance criteria previously established by the Compensation Committee.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CORTEX PHARMACEUTICALS, INC.**

December 23, 2004

/s/ MARIA S. MESSINGER  
Maria S. Messinger  
Vice President, Chief Financial Officer  
and Corporate Secretary

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15,572

32,607

29,748

General and administrative

6,730

6,039

13,017

11,754

Depreciation

1,275

1,113

2,526

2,164

Amortization of intangible assets

1,695

2,390

3,535

4,929

Change in acquisition related contingencies

—

1,327

—

1,982

Total operating expenses

32,776

32,406

65,013

61,728

Operating income

15,679

12,475

29,574

23,242

Interest expense

(1,052

)

(342

)

(1,369

)

(786

)

Interest income

44

31

56

55

Income before income taxes

14,671

12,164

28,261

22,511

Income tax expense

5,217

4,422

10,188

8,182

Net income

\$

9,454

\$

7,742

\$  
18,073

\$  
14,329

Basic earnings per share  
\$  
0.15

\$  
0.12

\$  
0.29

\$  
0.22

Diluted earnings per share  
\$  
0.14

\$  
0.11

\$  
0.27

\$  
0.20

Weighted-average basic shares outstanding  
62,640

66,210

63,379

65,778

Weighted-average diluted shares outstanding  
66,004

70,517

66,875

70,408

See accompanying notes to the condensed consolidated financial statements.

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## DICE HOLDINGS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$9,454	\$7,742	\$18,073	\$14,329
Foreign currency translation adjustment	(1,487	) (139	) 593	2,780
Unrealized gains (losses) on investments, net of tax of \$2, \$0, \$5 and \$0	4	—	8	(1
Total other comprehensive income (loss)	(1,483	) (139	) 601	2,779
Comprehensive income	\$7,971	\$7,603	\$18,674	\$17,108

See accompanying notes to the condensed consolidated financial statements.

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DICE HOLDINGS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (unaudited)  
 (in thousands)

	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities:		
Net income	\$18,073	\$14,329
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	2,526	2,164
Amortization of intangible assets	3,535	4,929
Deferred income taxes	(1,520)	(881)
Amortization of deferred financing costs	967	232
Share based compensation	3,015	2,149
Change in acquisition related contingencies	—	1,982
Change in accrual for unrecognized tax benefits	186	106
Changes in operating assets and liabilities:		
Accounts receivable	3,538	717
Prepaid expenses and other assets	33	(643)
Accounts payable and accrued expenses	(1,101)	(1,049)
Income taxes receivable/payable	(952)	3,709
Deferred revenue	5,860	10,488
Other, net	35	7
Net cash flows from operating activities	34,195	38,239
Cash flows from investing activities:		
Purchases of fixed assets	(3,054)	(3,495)
Purchases of investments	(1,735)	(250)
Maturities and sales of investments	999	1,850
Net cash flows from investing activities	(3,790)	(1,895)
Cash flows from financing activities:		
Payments on long-term debt	(16,500)	(24,000)
Proceeds from long-term debt	16,500	—
Proceeds from sale of common stock	—	11,943
Purchase of treasury stock related to option exercises	—	(11,943)
Payments under stock repurchase plan	(34,064)	—
Payment of acquisition related contingencies	(1,557)	(230)
Proceeds from stock option exercises	1,130	4,115
Purchase of treasury stock related to vested restricted stock	(392)	(171)
Excess tax benefit over book expense from stock options exercised	944	6,182
Financing costs paid	(1,101)	—
Net cash flows from financing activities	(35,040)	(14,104)
Effect of exchange rate changes	233	1,063
Net change in cash and cash equivalents for the period	(4,402)	23,303
Cash and cash equivalents, beginning of period	55,237	43,030
Cash and cash equivalents, end of period	\$50,835	\$66,333

See accompanying notes to the condensed consolidated financial statements.



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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Dice Holdings, Inc. (“DHI” or the “Company”) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company’s management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial positions, results of operations and cash flows for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2011 that are included in the Company’s Annual Report on Form 10-K. Operating results for the six month period ended June 30, 2012 are not necessarily indicative of the results to be achieved for the full year. Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management’s estimates. There have been no significant changes in the Company’s assumptions regarding critical accounting estimates during the six month period ended June 30, 2012.

2. NEW ACCOUNTING STANDARDS

In September 2011, the FASB issued ASU No. 2011-08, Intangibles, Goodwill and Other. Under the revised guidance, companies testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e. step 1 of the goodwill impairment test). If companies determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. This update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted the revised guidance, and it did not have a material impact on the Company’s Consolidated Financial Statements.

3. FAIR VALUE MEASUREMENTS

The FASB ASC topic on Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions, a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Money market funds are included in cash and cash equivalents on the Condensed Consolidated Balance Sheets. The money market funds are valued using quoted prices in the market, and investments are valued using significant other

observable inputs. The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and long-term debt approximate their fair values. The Company estimated the fair value of long-term debt using Level 3 inputs, based on an estimate of current rates for debt of the same remaining maturities.

The Company had obligations, to be paid in cash, related to its acquisitions if certain future operating and financial goals were met. The fair value of this contingent consideration was determined using an expected present value technique. Expected

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cash flows were determined using the probability weighted-average of possible outcomes that would occur should certain events and certain financial metrics be reached. There was no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the future financial performance of the businesses to estimate the fair value of these liabilities. The liabilities for the contingent consideration were established at the time of acquisition and were evaluated at each reporting period. A \$1.6 million payment for WorldwideWorker was made during the six month period ended June 30, 2012, bringing the contingent consideration to be paid in the future to zero at June 30, 2012.

The assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

	As of June 30, 2012			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$26,262	\$—	\$—	\$26,262
Investments	—	5,711	—	5,711

	As of December 31, 2011			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$25,383	\$—	\$—	\$25,383
Investments	—	4,983	—	4,983
Contingent consideration to be paid in cash for the acquisitions	—	—	1,557	1,557

Reconciliations of liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Contingent consideration for acquisitions				
Balance at beginning of period	\$—	\$11,795	\$1,557	\$11,370
Cash payments	—	—	(1,557	) (230
Change in estimates included in earnings	—	1,327	—	1,982
Balance at end of period	\$—	\$13,122	\$—	\$13,122

Certain assets and liabilities are measured at fair value on a non-recurring basis and therefore are not included in the table above. These assets include goodwill and intangible assets and result as acquisitions occur. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. Such instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment.

The Company determines whether the carrying value of recorded goodwill is impaired for each reporting unit on an annual basis or more frequently if indicators of potential impairment exist for each reporting unit. The impairment test

for goodwill for the reporting units from the 2005 Dice Inc. acquisition is performed annually as of August 31 and last resulted in no impairment. The impairment test for goodwill for the reporting units from the 2006 eFinancialCareers acquisition, the 2009 AllHealthcareJobs acquisition and the 2010 WorldwideWorker and Rigzone acquisitions are performed annually as of October 31 and last resulted in no impairment. In testing goodwill for impairment, a qualitative assessment can be performed and if it is determined that the fair value of the reporting unit is more likely than not less than the carrying amount, the two step

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impairment test is required. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. 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 reporting units. Fair values of each reporting unit are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to the websites and investments to improve the candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value. No impairment was indicated during the 2011 impairment tests. The fair value of each reporting unit was substantially in excess of the carrying value.

The indefinite-lived acquired intangible assets include the Dice trademarks and brand name. The Company determines 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 test is performed annually as of August 31 and last resulted in no impairment. 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 determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology, which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Changes in Company strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

#### 4. INVESTMENTS

DHI's investments are stated at fair value. These investments are available-for-sale. The following tables summarize the Company's investments (in thousands):

	As of June 30, 2012			
	Maturity	Gross Amortized Cost	Gross Unrealized Gain (Loss)	Estimated Fair Value
U.S. Government and agencies	Within one year	\$500	\$ 1	\$501
U.S. Government and agencies	1 to 5 years	2,523	3	2,526
Certificates of deposit	Within one year	490	1	491
Certificates of deposit	1 to 5 years	2,185	8	2,193
Total		\$5,698	\$ 13	\$5,711

	As of December 31, 2011			
	Maturity	Gross Amortized Cost	Gross Unrealized	Estimated Fair Value



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			Gain	
U.S. Government and agencies	Within one year	\$759	\$ 1	\$760
U.S. Government and agencies	1 to 5 years	1,516	2	1,518
Certificates of deposit	Within one year	1,239	1	1,240
Certificates of deposit	1 to 5 years	1,464	1	1,465
Total		\$4,978	\$ 5	\$4,983

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## 5. ACQUIRED INTANGIBLE ASSETS, NET

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 June 30, 2012				
	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	\$17,600	\$(14,285 )	\$(61 )	\$ 3,254	3.8 years
Trademarks and brand names—Dice	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	15,490	(8,331 )	(498 )	6,661	5.1 years
Customer lists	41,513	(37,971 )	(724 )	2,818	4.6 years
Candidate database	28,841	(26,892 )	(46 )	1,903	2.9 years
Acquired intangible assets, net	\$142,444	\$(87,479 )	\$(1,329 )	\$ 53,636	

  

	As of December 31, 2011				
	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	\$18,000	\$(14,277 )	\$(61 )	\$3,662	3.8 years
Trademarks and brand names—Dice	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	16,790	(9,095 )	(495 )	7,200	5.1 years
Customer lists	41,513	(37,430 )	(720 )	3,363	4.6 years
Candidate database	28,241	(24,949 )	(46 )	3,246	3.0 years
Acquired intangible assets, net	\$143,544	\$(85,751 )	\$(1,322 )	\$56,471	

The WorldwideWorker brand and technology were retired during the six months ended June 30, 2012. The total cost and accumulated amortization were reduced as shown above in the total cost as of June 30, 2012.

On June 29, 2012, the Company purchased the assets of FINS.com. Identifiable intangible assets for the candidate database and mobile application technology are included in the total cost as of June 30, 2012 as shown above. Based on the carrying value of the acquired finite-lived intangible assets recorded as of June 30, 2012, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

July 1, 2012 through December 31, 2012	\$2,289
2013	3,517
2014	2,850
2015	2,016
2016	934
2017 and thereafter	3,030

## 6. INDEBTEDNESS

In June 2012, the Company, together with Dice Inc. and Dice Career Solutions, Inc. (collectively, the “Borrowers”) entered into a new Credit Agreement (the “Credit Agreement”), which provides for a revolving facility of \$155.0 million maturing in June 2017. The Borrowers used \$14.2 million of the proceeds from the Credit Agreement to pay the full amount of indebtedness and interest outstanding under the previously existing credit facility dated July 2010,

terminating that facility. A portion of the proceeds was also used to pay certain costs associated with the Credit Agreement and for working capital purposes.

Borrowings under the Credit Agreement bear interest at the Company's option, at a LIBOR rate or a base rate plus a

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margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. The facility may be prepaid at any time without penalty. The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of June 30, 2012, the Company was in compliance with all of the financial and other covenants under the Credit Agreement.

The obligations under the Credit Agreement are guaranteed by three of the Company's wholly-owned subsidiaries, JobsintheMoney.com, Inc., Targeted Job Fairs, Inc., and Rigzone.com, Inc., and secured by substantially all of the assets of the Borrowers and the guarantors and stock pledges from certain of the Company's foreign subsidiaries. Debt issuance costs of approximately \$1.2 million were incurred and are being amortized over the life of the loan. These costs are included in interest expense. Unamortized deferred financing costs from the previous credit facility of \$765,000 were written off and are included in interest expense during the three months ended June 30, 2012. The Company's previous credit facility, which was in place from July 2010 to June 2012, provided for a revolving facility of \$70.0 million and a term facility of \$20.0 million and bore interest at a LIBOR rate, LIBOR rate, or base rate plus a margin. The margin ranges were from 2.75% to 3.50% on LIBOR loans and 1.75% to 2.50% on base rate loans.

The amounts borrowed as of June 30, 2012 and December 31, 2011 are as follows (dollars in thousands):

	June 30, 2012	December 31, 2011		
Amounts Borrowed:				
LIBOR rate loans	\$ 13,000	\$ 15,000		
Base rate loans	2,000	—		
Total borrowed	\$ 15,000	\$ 15,000		
Term loan facility	n.a.	\$ 15,000		
Revolving credit facility	15,000	—		
Total borrowed	\$ 15,000	\$ 15,000		
Maximum available to be borrowed under revolving facility	\$ 140,000	\$ 70,000		
Interest rates:				
LIBOR rate loans:				
Interest margin	1.75	% 2.75		%
Actual interest rates	2.00	% 3.04		%
Base rate loans:				
Interest margin	0.75	% —		
Actual interest rates	4.00	% —		

There are no scheduled amortization payments until maturity of the Credit Agreement in June 2017.

## 7. COMMITMENTS AND CONTINGENCIES

### Leases

The Company leases equipment and office space under operating leases expiring at various dates through February 2020. Future minimum lease payments under non-cancelable operating leases as of June 30, 2012 are as follows (in thousands):



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July 1, 2012 through December 31, 2012	\$1,048
2013	1,589
2014	1,511
2015	1,517
2016 and thereafter	4,814
Total minimum payments	\$10,479

Rent expense was \$509,000 and \$1.0 million for the three and six month periods ended June 30, 2012, respectively, and \$427,000 and \$866,000 for the three and six month periods ended June 30, 2011, respectively and is included in General and Administrative expense on the Condensed Consolidated Statements of Operations. The Company entered into a lease for office space in London through July 2018 to replace existing office space. Future minimum payments increased by \$3.4 million for this lease.

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 effect on the Company's financial condition, operations or liquidity.

Tax Contingencies

The Company operates in a number of tax jurisdictions and is subject to audits and reviews by various taxation authorities with respect to income, payroll, sales and use and other taxes and remittances. The Company may become subject to future tax assessments by various authorities for current or prior periods. The determination of the Company's worldwide provision for taxes requires judgment and estimation. There are many transactions and calculations where the ultimate tax determination is uncertain. The Company has recorded certain provisions for our tax estimates which we believe are reasonable.

**8. EQUITY TRANSACTIONS**

**Offerings of Stock**—On February 22, 2011, the Company completed a secondary offering of its common stock. The Company sold 868,524 shares of its common stock and selling stockholders sold an additional 7,181,476 shares of common stock at a price of \$14.25 per share less underwriting commissions. The proceeds, net of underwriting commissions, received by the Company were \$11.9 million. The Company used the proceeds to purchase shares of the Company's common stock from certain members of the Company's management and board of directors. The purchase of these shares resulted in treasury stock being held by the Company. The Company is currently holding the shares in a treasury stock account. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

On May 13, 2011, certain stockholders completed a sale of 8,000,000 shares of common stock. No shares were sold by the Company, and the Company did not receive any proceeds from the sale of shares by the selling stockholders.

**Stock Repurchase Plan**—On August 15, 2011, the Company's Board of Directors approved a stock repurchase program that permitted the Company to repurchase up to \$30 million of its common stock over a one year period (the "Stock Repurchase Plan I"). This plan concluded on March 8, 2012.

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

During the three months ended June 30, 2012, the Company purchased approximately 2.3 million shares of its common stock on the open market. These shares were purchased at an average cost of \$9.74 per share, for a total of approximately \$22.4 million. Approximately \$1.0 million of share repurchases had not settled as of June 30, 2012, and this amount is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2012. As of June 30, 2012, there was approximately \$40.4 million remaining under the

Stock Repurchase Plan II.

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## 9. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income (loss), net consists of the following components, net of tax, (in thousands):

	June 30, 2012	December 31, 2011
Foreign currency translation adjustment, net of tax of \$1,336 and \$1,336	\$(11,459	) \$(12,055
Unrealized gains on investments, net of tax of \$5 and \$0	8	3
Total accumulated other comprehensive loss, net	\$(11,451	) \$(12,052

## 10. STOCK BASED COMPENSATION

During the three months ended June 30, 2012 and in prior periods, the Company had two plans (the 2005 Plan and 2007 Plan) under which it could grant stock-based awards to certain employees, directors and consultants of the Company and its subsidiaries. On April 20, 2012, at the Company's Annual Meeting of Stockholders, the stockholders approved the Company's 2012 Omnibus Equity Award Plan. Compensation expense for stock-based awards made to employees, directors and consultants in return for service is recorded in accordance with Compensation-Stock Compensation of the FASB ASC. 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 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 \$1.5 million and \$3.0 million during the three and six month periods ended June 30, 2012, respectively, and \$1.2 million and \$2.1 million during the three and six month periods ended June 30, 2011, respectively. At June 30, 2012, there was \$16.6 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 1.9 years.

Restricted Stock- Restricted stock is granted to employees and to non-employee members of the Company's Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company's stock on the date of grant was used to determine the fair value of the grants. The expense related to the restricted stock grants is recorded over the vesting period. There was no cash flow impact resulting from the grants.

A summary of the status of restricted stock awards as of June 30, 2012 and 2011, and the changes during the periods then ended is presented below:

	Three Months Ended June 30, 2012		Three Months Ended June 30, 2011	
	Shares	Weighted- Average Fair Value at Grant Date	Shares	Weighted- Average Fair Value at Grant Date
Non-vested at beginning of the period	1,188,069	\$10.41	525,500	\$12.86
Granted- Restricted Stock	71,800	\$9.46	23,000	\$15.94
Forfeited during the period	(40,625	) \$10.34	(1,000	) \$14.50
Vested during the period	(17,000	) \$15.94	(24,000	) \$9.05
Non-vested at end of period	1,202,244	\$10.28	523,500	\$13.16



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	Six Months Ended June 30, 2012		Six Months Ended June 30, 2011	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	550,250	\$ 12.98	140,000	\$ 6.59
Granted- Restricted Stock	844,800	\$ 9.01	437,500	\$ 14.58
Forfeited during the period	(47,375 )	\$ 10.69	(1,000 )	\$ 14.50
Vested during the period	(145,431 )	\$ 12.99	(53,000 )	\$ 7.42
Non-vested at end of period	1,202,244	\$ 10.28	523,500	\$ 13.16

Stock Options- 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 has not been publicly traded for a period long enough to use to determine volatility, the average implied volatility rate for a similar entity was used. 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.

	Three Months Ended June 30,		Six Months Ended June 30,		
	2012	2011	2012	2011	
The weighted average fair value of options granted	\$ 3.62	\$ —	\$ 4.42	\$ 6.34	
Dividend yield	—	% —	—	% —	%
Weighted average risk free interest rate	0.84	% —	0.84	% 2.16	%
Weighted average expected volatility	44.88	% —	60.13	% 49.92	%
Expected life (in years)	4.6	—	4.6	4.6	

A summary of the status of options granted as of June 30, 2012, and 2011, and the changes during the periods then ended is presented below:

	Three Months Ended June 30, 2012		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	9,057,217	\$ 4.48	\$ 45,552,154
Granted	40,000	\$ 9.46	—
Exercised	(293,829 )	\$ 1.68	\$ 2,523,760
Forfeited	(63,688 )	\$ 6.84	—
Options outstanding at end of period	8,739,700	\$ 4.58	\$ 43,605,127
	Three Months Ended June 30, 2011		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	9,817,060	\$ 4.03	\$ 114,201,250
Granted	—	\$ —	—
Exercised	(511,729 )	\$ 2.55	\$ 6,892,626
Forfeited	(33,564 )	\$ 7.02	—
Options outstanding at end of period	9,271,767	\$ 4.10	\$ 87,646,935

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	Six Months Ended June 30, 2012		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,826,199	\$ 4.19	\$ 38,284,701
Granted	523,000	\$ 9.01	—
Exercised	(528,811 )	\$ 2.13	\$ 4,146,200
Forfeited	(80,688 )	\$ 6.48	—
Options outstanding at end of period	8,739,700	\$ 4.58	\$ 43,605,127
Exercisable at end of period	7,057,791	\$ 3.87	\$ 39,514,154
	Six Months Ended June 30, 2011		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	10,763,097	\$ 3.57	\$ 116,085,316
Granted	291,000	\$ 14.50	—
Exercised	(1,704,828 )	\$ 2.41	\$ 21,035,771
Forfeited	(77,502 )	\$ 6.16	—
Options outstanding at end of period	9,271,767	\$ 4.10	\$ 87,646,935
Exercisable at end of period	6,746,017	\$ 3.20	\$ 69,637,173

The weighted-average remaining contractual term of options exercisable at June 30, 2012 is 3.6 years. The following table summarizes information about options outstanding as of June 30, 2012:

Exercise Price	Options Outstanding		Options Exercisable
	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
\$ 0.20 - \$ 0.99	1,283,336	3.2	1,283,336
\$ 1.00 - \$ 3.99	2,715,503	3.4	2,438,097
\$ 4.00 - \$ 5.99	605,135	4.3	587,321
\$ 6.00 - \$ 8.99	3,653,188	4.2	2,580,192
\$ 9.00 - \$ 14.50	482,538	5.7	168,845
	8,739,700		7,057,791

## 11. SEGMENT INFORMATION

The Company has three reportable segments: Tech & Clearance, Finance, and Energy. The Tech & Clearance reportable segment includes the Dice.com and ClearanceJobs.com services. The Finance reportable segment includes the eFinancialCareers service worldwide, including both the operating segments of North America and International. The Energy reportable segment includes the Rigzone service. Management has organized its reportable segments based upon the industry verticals served. Each of the reportable segments generates revenue from sales of recruitment packages and related services. The Company has other services and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include AllHealthcareJobs and Targeted Job Fairs, and are reported in the “Other” category. The Company’s foreign operations are comprised of a portion of the eFinancialCareers and Rigzone services, which operate in Europe, the Middle East and Asia Pacific.



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The following table shows the segment information (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
By Segment:				
Revenues:				
Tech & Clearance	\$32,243	\$28,254	\$63,303	\$53,943
Finance	9,762	11,526	19,762	22,102
Energy	5,282	4,226	9,327	7,301
Other	1,168	875	2,195	1,624
Total revenues	\$48,455	\$44,881	\$94,587	\$84,970
Depreciation:				
Tech & Clearance	\$1,049	\$899	\$2,064	\$1,751
Finance	137	130	286	255
Energy	23	29	46	59
Other	66	55	130	99
Total depreciation	\$1,275	\$1,113	\$2,526	\$2,164
Amortization:				
Finance	\$—	\$246	\$—	\$488
Energy	1,600	1,877	3,334	3,875
Other	95	267	201	566
Total amortization	\$1,695	\$2,390	\$3,535	\$4,929
	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating income (loss):				
Tech & Clearance	\$12,658	\$10,096	\$24,368	\$18,989
Finance	3,480	4,343	6,740	8,491
Energy	367	(1,253)	(94)	(2,740)
Other	(826)	(711)	(1,440)	(1,498)
Operating income	15,679	12,475	29,574	23,242
Interest expense	(1,052)	(342)	(1,369)	(786)
Interest income	44	31	56	55
Income before income taxes	\$14,671	\$12,164	\$28,261	\$22,511
Capital expenditures:				
Tech & Clearance	\$1,153	\$2,282	\$2,307	\$3,088
Finance	238	104	333	228
Energy	5	29	10	51
Other	238	105	336	134
Total capital expenditures	\$1,634	\$2,520	\$2,986	\$3,501
By Geography:				
Revenues:				
U.S.	\$38,408	\$33,800	\$74,805	\$64,360

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Non- U.S.	10,047	11,081	19,782	20,610
Total revenues	\$48,455	\$44,881	\$94,587	\$84,970

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	June 30, 2012	December 31, 2011
Total assets:		
Tech & Clearance	\$152,896	\$160,903
Finance	106,587	104,490
Energy	54,387	56,346
Other	4,269	4,639
Total assets	\$318,139	\$326,378

The following table shows the carrying amount of goodwill by reportable segment as of December 31, 2011 and June 30, 2012 and the changes in goodwill for the six month period ended June 30, 2012 (in thousands):

	Tech & Clearance	Finance	Energy	Other	Total
Balance, December 31, 2011	\$84,778	\$53,172	\$35,104	\$3,311	\$176,365
Addition for Acquisition	—	300	—	—	300
Foreign currency translation adjustment	—	468	—	—	468
Goodwill at June 30, 2012	\$84,778	\$53,940	\$35,104	\$3,311	\$177,133

On June 29, 2012, the Company purchased the assets of FINS.com. The FINS.com acquisition is not deemed significant to the Company's financial results, thus limited disclosures are presented herein.

## 12. 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, where dilutive. Options to purchase approximately 381,000 shares were outstanding during the three and six month periods ended June 30, 2012 and these options were excluded from the calculation of diluted EPS for the periods then ended because the options' exercise price was greater than the average market price of the common shares. The following is a calculation of basic and diluted earnings per share and weighted-average shares outstanding (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Income from continuing operations—basic and diluted	\$9,454	\$7,742	\$18,073	\$14,329
Weighted-average shares outstanding—basic	62,640	66,210	63,379	65,778
Add shares issuable upon exercise of stock options	3,364	4,307	3,496	4,630
Weighted-average shares outstanding—diluted	66,004	70,517	66,875	70,408
Basic earnings per share	\$0.15	\$0.12	\$0.29	\$0.22
Diluted earnings per share	\$0.14	\$0.11	\$0.27	\$0.20

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### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this report.

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information without limitation 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 have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, competition from existing and future competitors in the highly competitive market in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicity or downturns in the economy or industries we serve, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. These factors and others are discussed in more detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, under the headings "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for measures in accordance with U.S. GAAP. Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, and other non-recurring income or expense ("Adjusted EBITDA"), and free cash flow. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

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

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

#### 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.

Through our predecessors, we have been in the recruiting and career development business for 21 years. Based on our operating structure, we have identified three reportable segments under the Segment Reporting topic of the FASB ASC. Our reportable segments include Tech & Clearance (which includes Dice.com and ClearanceJobs.com), Finance

(which includes eFinancialCareers' global service), and Energy (which includes WorldwideWorker and Rigzone, which were combined into one service under the Rigzone brand in January 2012). Targeted Job Fairs and AllHealthcareJobs (acquired in June 2009) do not meet certain quantitative thresholds, and therefore are reported in the aggregate in Other.

Recent Developments

On June 29, 2012, the Company purchased the assets of FINS.com and entered into an exclusive agreement with Dow



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Jones & Company to provide and operate the online career centers for WSJ.com and MarketWatch.com in the United States.

### Our Revenues and Expenses

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customer based on the number of individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. Our Tech & Clearance segment sells recruitment packages that include both access to our databases of resumes and job posting capabilities. Our Finance and Energy segments sell job postings and access to our resume databases either as part of a package or individually. We believe the key metrics that are material to an analysis of our businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. At June 30, 2012, Dice.com had approximately 8,600 total recruitment package customers, and our other websites collectively served approximately 3,600 customers, including some customers who are also customers of Dice.com, as of the same date. Customers who buy multiple products or services are counted individually. Deferred revenue is a key metric of our business as it indicates a level of sales already made that will be recognized as revenue in the future. Deferred revenue reflects the impact of our ability to sign customers to long-term contracts. We recorded deferred revenue of \$66.8 million and \$60.9 million at June 30, 2012 and December 31, 2011, respectively.

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.

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

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

### Critical Accounting Policies

This discussion of our financial condition and results of operations is based upon our condensed 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 condensed consolidated financial statements.

### Revenue Recognition

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

We generate a majority of our revenue from the sale of recruitment packages.

Recruitment package revenues are derived from the sale to recruiters and employers a combination of job postings and access to a searchable database of candidates on Dice.com, ClearanceJobs.com, eFinancialCareers.com, Rigzone.com, and AllHealthcareJobs.com. Certain of our arrangements include multiple deliverables, which consist of the ability to post jobs and access to a searchable database of candidates. We determine the units of accounting for multiple element arrangements in

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accordance with the Multiple-Deliverable Revenue Arrangements subtopic of the FASB ASC. Specifically, we consider a delivered item as a separate unit of accounting if it has value to the customer on a standalone basis. Our arrangements do not include a general right of return. Services to customers buying a package of available job postings and access to the database are delivered over the same period and revenue is recognized ratably over the length of the underlying contract, typically from one to 12 months. The separation of the package into two deliverables results in no change in revenue recognition since delivery of the two services occurs over the same time period. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage. Revenue from recruitment events is recognized when the event is held. Advertising revenue is recognized over the period in which the advertisements are displayed on the websites or at the time an e-mail is sent to registered members.

## Fair Value of Acquired Businesses

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

The significant assets acquired and liabilities assumed from our acquisitions consist of intangible assets, goodwill, deferred revenue and contingent consideration. Fair values of the technology and trademarks were determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. Fair values of the customer lists 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. Contingent consideration is an obligation to transfer assets or equity interests to the former owners if certain future operating and financial goals are met. The fair value of the contingent consideration is determined based on management's estimation that certain events will occur and certain financial metrics will be reached. Goodwill is the amount of purchase price paid for an acquisition that exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

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

Determining the fair value for these specifically identified intangible assets involves significant professional judgment, estimates and projections related to the valuation to be applied to intangible assets such as customer lists, technology and trade names. The subjective nature of management's assumptions increases the risk associated with estimates surrounding the projected performance of the acquired entity. Additionally, as we amortize the finite-lived intangible assets over time, the purchase accounting allocation directly impacts the amortization expense we record on our financial statements.

Goodwill

As a result of our various acquisitions, we have recorded goodwill. We record goodwill when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. We determine whether the carrying value of recorded goodwill is impaired on an annual basis or more frequently if indicators of potential impairment exist. In testing goodwill for impairment, a qualitative assessment can be performed and if it is determined that the fair value of the reporting unit is more likely than not less than the carrying amount, the two step impairment test is required. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. Our annual impairment test for the goodwill from the 2005 Dice Acquisition is performed as of August 31 by comparing the goodwill recorded from the 2005 Acquisition to the fair value of the DCS Online and Targeted Job Fairs reporting units. The annual impairment test

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performed as of August 31, 2011 resulted in no impairment. The goodwill at the eFinancialCareers' international business and eFinancialCareers' North American business was primarily the result of the eFinancialGroup Acquisition in October 2006. Goodwill at the AllHealthcareJobs reporting unit is the result of the acquisition of AllHealthcareJobs assets in June 2009. The goodwill at the Energy segment is the result of the WorldwideWorker and Rigzone acquisitions during 2010. The annual test of impairment of goodwill from the eFinancialGroup, AllHealthcareJobs, WorldwideWorker, and Rigzone acquisitions is performed as of October 31 by comparing the goodwill recorded from these acquisitions to the fair value of the respective reporting units. The annual impairment test performed as of October 31, 2011 resulted in no impairment. The fair value of each reporting unit was substantially in excess of the carrying value.

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

### Indefinite-Lived Acquired Intangible Assets

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

We determine whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The impairment test is performed annually as of August 31. No impairment was indicated as of August 31, 2011.

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

### Income Taxes

We utilize the liability method of accounting for income taxes as set forth in FASB ASC topic, Income Taxes. Under this method, deferred income taxes are recognized for differences between the financial statement and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to

reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. We have concluded that based on expected future results and the future reversals of existing taxable temporary differences, it is more likely than not that the deferred tax assets will be used in the future, net of valuation allowances. Uncertain tax positions are evaluated and amounts are recorded when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Judgment is required in

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evaluating each uncertain tax position to determine whether the more likely than not recognition threshold has been met.

## Stock and Stock Based Compensation

We have granted stock options and restricted stock to certain of our employees and directors under our 2005 Omnibus Stock Plan and our 2007 Equity Award Plan. On April 20, 2012, at the Company's Annual Meeting of Stockholders, the stockholders approved the Company's 2012 Omnibus Equity Award Plan. We follow the Compensation-Stock Compensation subtopic of the FASB ASC. Compensation expense is recorded for stock awards made to employees and directors in return for service to the Company. The expense is measured at the fair value of the award on the date of grant and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. The fair value of options granted 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.

## Results of Operations

Three Months Ended June 30, 2012 Compared to the Three Months Ended June 30, 2011

## Revenues

	Three Months Ended June 30,		Increase	Percent	
	2012	2011	(Decrease)	Change	
	(in thousands, except percentages)				
Tech & Clearance	\$32,243	\$28,254	\$3,989	14.1	%
Finance	9,762	11,526	(1,764)	(15.3)	)%
Energy	5,282	4,226	1,056	25.0	%
Other	1,168	875	293	33.5	%
Total revenues	\$48,455	\$44,881	\$3,574	8.0	%

Our revenues were \$48.5 million for the three month period ended June 30, 2012 compared to \$44.9 million for the same period in 2011, an increase of \$3.6 million, or 8.0%.

We experienced an increase in the Tech & Clearance segment of \$4.0 million, or 14.1%. The increase was partially a result of our recruitment package customers increasing from approximately 8,050 at June 30, 2011 to approximately 8,600 at June 30, 2012. In addition, our customers' usage of our websites increased, as demonstrated through an increase in average monthly revenue per recruitment package customer of approximately 5% from the three month period ended June 30, 2011 to the three month period ended June 30, 2012. Customer yield on annual contracts at Dice.com has continued to increase, reaching record revenue per customer in the current period. Revenues increased at ClearanceJobs by \$315,000 for the three month period ended June 30, 2012 as compared to the same period in 2011, an increase of 14.5%. From June 30, 2011 to June 30, 2012, ClearanceJobs increased its customers served by approximately 8%.

The Finance segment experienced a decline in revenue of \$1.8 million, or 15.3%. The decrease was the result of continued declines in recruitment activity, beginning in the second half of 2011, primarily due to the global economic slowdown including the European debt crisis and United Kingdom recession causing companies to slow hiring, decreasing the demand for our product. Currency impact for the three month period ended June 30, 2012 was a decrease to revenue of approximately \$250,000. In originating currency, revenue decreased 8% in the Asia Pacific region, 10% in the UK, 12% in North America, and 27% in Continental Europe.

Revenues for the Energy segment totaled \$5.3 million for the three month period ended June 30, 2012, an increase of \$1.1 million from the comparable 2011 period. The increase was primarily a result of global customer growth and increased usage of our career center.

Revenues from the Other segment, which consists of Targeted Job Fairs and AllHealthcareJobs, increased by \$293,000 or 33.5%. The increase was primarily the result of \$184,000 of revenue growth at AllHealthcareJobs, due to continued customer growth. Targeted Job Fairs experienced \$109,000 of revenue growth due to conducting higher revenue-generating job fairs.





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## Cost of Revenues

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Cost of revenues	\$3,825	\$3,592	\$233	6.5	%
Percentage of revenues	7.9	% 8.0	%		

Our cost of revenues for the three month period ended June 30, 2012 was \$3.8 million compared to \$3.6 million for the same period in 2011, an increase of \$233,000, or 6.5%. The increase in cost of revenues was primarily the result of an increase of \$241,000 in the Energy segment, due to an increase in costs associated with recruitment events, partially offset by a decrease in costs related to the hosting of our website. The Other and Tech & Clearance segments experienced increases of \$81,000 and \$45,000, respectively. The Tech & Clearance segment increased due to our investment in an integrated enterprise platform to better service all of our brands, and the related personnel and consulting services to drive this initiative. This was partially offset by a decrease in expense for sales tax liabilities. The Finance segment experienced a decrease in cost of revenues of \$134,000 compared to same period in 2011. The decrease was primarily related to a decrease in expense for sales tax liabilities.

## Product Development Expenses

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Product Development	\$3,214	\$2,373	\$841	35.4	%
Percentage of revenues	6.6	% 5.3	%		

Product development expenses for the three month period ended June 30, 2012 were \$3.2 million compared to \$2.4 million for the same period in 2011, an increase of \$841,000 or 35.4%. Increases of \$582,000, \$110,000 and \$80,000 were experienced in the Tech & Clearance, Energy and Finance segments, respectively. The increases were driven by additional salaries and related costs, as well as increases in consulting services, as we continue to enhance the user features and functionality of our websites across all brands.

## Sales and Marketing Expenses

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Sales and Marketing	\$16,037	\$15,572	\$465	3.0	%
Percentage of revenues	33.1	% 34.7	%		

Sales and marketing expenses for the three month period ended June 30, 2012 were \$16.0 million compared to \$15.6 million for the same period in 2011, an increase of \$465,000 or 3.0%. The Tech & Clearance segment experienced an increase in sales and marketing of \$806,000 compared to the same period in 2011, to \$10.4 million. The increase is primarily related to an increase in advertising and other marketing costs of \$822,000, due to increased spend for our online advertising, email and social network campaigns, as well as various advertising programs focused on specific geographical markets. We drive usage by professionals of our sites through a combination of marketing and by improving product features and functionality.

The Energy segment experienced an increase of \$610,000 in sales and marketing expenses. The increase in the Energy segment was the result of marketing to Energy professionals and customer advertising spend, as well as increased costs related to expanding our worldwide sales organization and incentive compensation resulting from sales growth. The Other segment increased by \$213,000 from the three months ended June 30, 2011 to the same period in 2012. The increase was primarily driven by an increase of \$148,000 related to the AllHealthcareJobs service, as we have increased sales personnel to drive customer growth.

The Finance segment experienced a decrease in overall sales and marketing expense of \$1.2 million to \$3.2 million for



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the three months ended June 30, 2012, primarily attributable to a decrease in spend on various advertising campaigns. Sales incentive compensation was lower due to lower sales performance during 2012.

## General and Administrative Expenses

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
General and administrative	\$6,730	\$6,039	\$691	11.4	%
Percentage of revenues	13.9	% 13.5	%		

General and administrative expenses for the three month period ended June 30, 2012 were \$6.7 million compared to \$6.0 million for the same period in 2011, an increase of \$691,000 or 11.4%.

Stock-based compensation expense was \$1.5 million, an increase of \$314,000 compared to the same period in 2011.

The increase was due to the annual grant of equity awards made in the first quarter of 2012.

General and administrative expense for the Finance segment increased \$280,000 in the period ended June 30, 2012, as compared to the same period in 2011. The increase was related to increases in employee-related and recruitment costs.

## Depreciation

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Depreciation	\$1,275	\$1,113	\$162	14.6	%
Percentage of revenues	2.6	% 2.5	%		

Depreciation expense for the three month period ended June 30, 2012 was \$1.3 million compared to \$1.1 million for the same period of 2011, an increase of \$162,000 or 14.6%. The increase was primarily related to increased depreciation on assets purchased for a data center conversion that occurred in the third quarter of 2011.

## Amortization of Intangible Assets

	Three Months Ended June 30,		Decrease	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Amortization	\$1,695	\$2,390	\$(695)	(29.1)	)%
Percentage of revenues	3.5	% 5.3	%		

Amortization expense for the three month period ended June 30, 2012 was \$1.7 million compared to \$2.4 million for the same period in 2011, a decrease of \$695,000 or 29.1%. Amortization expense for the three month period ended June 30, 2012 decreased due to certain intangible assets from the eFinancialCareers, AllHealthcareJobs, Rigzone and Worldwideworker acquisitions becoming fully amortized.

## Change in Acquisition Related Contingencies

There was no expense for acquisition related contingencies for the three month period ended June 30, 2012. In February 2012, a payment of \$1.6 million related to the WorldwideWorker acquisition was made to the seller. As of June 30, 2012, all earn-out payments from the WorldwideWorker and Rigzone acquisitions have been made.

## Operating Income

Operating income for the three month period ended June 30, 2012 was \$15.7 million compared to \$12.5 million for the same period in 2011, an increase of \$3.2 million or 25.7%. The increase was primarily the result of the increase in revenues from the Tech & Clearance and Energy segments, lower amortization expense, and no acquisition contingency expense in the current period. The change in acquisition contingencies in the prior period was \$1.3 million. This increase was partially offset by higher operating costs in all areas of the business, most notably product development expenses.

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## Interest Expense

	Three Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Interest expense	\$1,052	\$342	\$710	207.6	%
Percentage of revenues	2.2	% 0.8	%		

Interest expense for the three month period ended June 30, 2012 was \$1.1 million compared to \$342,000 for the same period in 2011, an increase of \$710,000 or 207.6%. The increase was due to the restructuring of debt during the three month period ended June 30, 2012. Unamortized deferred financing costs from the prior agreement of \$765,000 were written off during the period, increasing interest expense. Partially offsetting this increase was lower interest expense due to lower borrowings during the current period as compared to the prior period.

## Income Taxes

	Three Months Ended June 30,				
	2012	2011			
	(in thousands, except percentages)				
Income before income taxes	\$14,671	\$12,164			
Income tax expense	5,217	4,422			
Effective tax rate	35.6	% 36.4			%

The effective income tax rate was 35.6% and 36.4% for the three month period ended June 30, 2012 and June 30, 2011, respectively. The lower rate in the current period is due to a decrease in permanent differences related to acquisition-related contingencies.

## Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

## Revenues

	Six Months Ended June 30,		Increase	Percent	
	2012	2011	(Decrease)	Change	
	(in thousands, except percentages)				
Tech & Clearance	\$63,303	\$53,943	\$9,360	17.4	%
Finance	19,762	22,102	(2,340)	(10.6)	)%
Energy	9,327	7,301	2,026	27.7	%
Other	2,195	1,624	571	35.2	%
Total revenues	\$94,587	\$84,970	\$9,617	11.3	%

Our revenues were \$94.6 million for the six month period ended June 30, 2012 compared to \$85.0 million for the same period in 2011, an increase of \$9.6 million, or 11.3%.

We experienced an increase in the Tech & Clearance segment of \$9.4 million, or 17.4%. The increase was partially a result of our recruitment package customers increasing from approximately 8,050 at June 30, 2011 to approximately 8,600 at June 30, 2012. In addition, our customers' usage of our websites increased, as demonstrated through an increase in average monthly revenue per recruitment package customer of approximately 6% from the six month period ended June 30, 2011 to the six month period ended June 30, 2012. Customer yield on annual contracts at Dice.com has continued to increase, reaching record revenue per customer in the current period. Revenues increased at ClearanceJobs by \$670,000 for the six month period ended June 30, 2012 as compared to the same period in 2011, an increase of 16.1%. From June 30, 2011 to June 30, 2012, ClearanceJobs increased its customers served by approximately 8%.

The Finance segment experienced a decline in revenue of \$2.3 million, or 10.6%. The decrease was the result of a continued decline in recruitment activity that began in the second half of 2011, primarily due to the European debt crisis and United Kingdom recession causing companies to slow hiring, decreasing the demand for our product.

Currency impact for the

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six month period ended June 30, 2012 was a decrease to revenue of approximately \$430,000. In originating currency, revenue decreased 4% in the Asia Pacific region, 5% in the UK, 13% in North America, and 16% in Continental Europe.

Revenues for the Energy segment totaled \$9.3 million for the six month period ended June 30, 2012, an increase of \$2.0 million from the comparable 2011 period. The increase was a result of global customer growth and increased usage of our career center, as well as an increase in advertising revenue and more, higher revenue-generating events. Revenues from the Other segment, which consists of Targeted Job Fairs and AllHealthcareJobs, increased by \$571,000 or 35.2%. The increase was primarily the result of \$405,000 of revenue growth at AllHealthcareJobs, as a result of continued increases in customer growth. Targeted Job Fairs experienced \$166,000 of revenue growth due to conducting more and higher revenue-generating job fairs.

## Cost of Revenues

	Six Months Ended June 30,		Increase	Percent Change	
	2012	2011			
	(in thousands, except percentages)				
Cost of revenues	\$6,952	\$6,283	\$669	10.6	%
Percentage of revenues	7.3	% 7.4	%		

Our cost of revenues for the six month period ended June 30, 2012 was \$7.0 million compared to \$6.3 million for the same period in 2011, an increase of \$669,000, or 10.6%. The increase in cost of revenues was primarily the result of an increase of \$343,000 in the Tech & Clearance segment. The increase at the Tech & Clearance segment was mainly due to our investment in an integrated enterprise platform to better service all of our brands, and the related personnel and consulting services to drive this initiative. The increase was partially offset by a decrease in expense for sales tax liabilities. The Energy segment experienced an increase of \$318,000 related to costs associated with events and an increase in salary and related costs due to continued increases in sales performance, requiring additional customer support personnel. The increase in the Energy segment was partially offset by a decrease in costs related to the hosting of our website. The Other segment experienced an increase of \$134,000, primarily related to costs associated with job fairs. Cost of revenues in the Finance segment decreased by \$126,000 compared to the same period in 2011 due to a decrease in expense for sales tax liabilities.

## Product Development Expenses

	Six Months Ended June 30,		Increase	Percent Change	
	2012	2011			
	(in thousands, except percentages)				
Product Development	\$6,376	\$4,868	\$1,508	31.0	%
Percentage of revenues	6.7	% 5.7	%		

Product development expenses for the six month period ended June 30, 2012 were \$6.4 million compared to \$4.9 million for the same period in 2011, an increase of \$1.5 million or 31.0%. The increase in product development was driven by increases in salaries and related costs, as well as increases in consulting services. Increases of \$885,000, \$259,000 and \$273,000 were experienced in the Tech & Clearance, Finance and Energy segments, respectively, as we continue to enhance the user features and functionality of our websites across all brands.

## Sales and Marketing Expenses

	Six Months Ended June 30,		Increase	Percent Change	
	2012	2011			
	(in thousands, except percentages)				
Sales and Marketing	\$32,607	\$29,748	\$2,859	9.6	%
Percentage of revenues	34.5	% 35.0	%		

Sales and marketing expenses for the six month period ended June 30, 2012 were \$32.6 million compared to \$29.7 million for the same period in 2011, an increase of \$2.9 million or 9.6%. The Tech & Clearance segment experienced an



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increase in sales and marketing of \$2.2 million compared to the same period in 2011, to \$20.9 million. The increase in advertising and other marketing costs was \$1.9 million, partially due to increased spend for our online advertising, email and social network campaigns in order to promote interaction between job seekers and our websites. The Tech & Clearance segment experienced an increase of \$289,000 in sales expenses due to increases in variable compensation and in credit card processing fees, as a result of growth in sales during the first quarter of 2012.

The Energy segment experienced an increase of \$1.5 million in sales and marketing expenses. The increase in the Energy segment was the result of increased costs for sales personnel and incentive compensation resulting from sales growth, as well as increased spending on advertising to job seekers and customers.

The Other segment increased by \$417,000 from the six months ended June 30, 2011 to the same period in 2012. The increase was primarily driven by an increase of \$327,000 related to the AllHealthcareJobs service, as marketing and sales personnel have been increased to drive customer growth.

The Finance segment experienced a decrease in overall sales and marketing expense of \$1.3 million to \$6.9 million for the six months ended June 30, 2012. The decrease was primarily attributable to decreased spend for advertising campaigns, as well as decreased variable compensation for sales personnel due to lower sales performance.

## General and Administrative Expenses

	Six Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
General and administrative	\$13,017	\$11,754	\$1,263	10.7	%
Percentage of revenues	13.8	% 13.8	%		

General and administrative expenses for the six month period ended June 30, 2012 were \$13.0 million compared to \$11.8 million for the same period in 2011, an increase of \$1.3 million or 10.7%.

Stock-based compensation expense was \$3.0 million, an increase of \$866,000 compared to the same period in 2011. The increase was due to the annual grant of equity awards made in the first quarter of 2012.

General and administrative expense for the Finance segment increased \$469,000 in the period ended June 30, 2012, as compared to the same period in 2011. The increase was related to increases in employee-related and recruitment costs.

The Energy segment experienced a decrease of \$163,000 due to a decrease in salaries and related costs, as well as management incentive compensation.

## Depreciation

	Six Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Depreciation	\$2,526	\$2,164	\$362	16.7	%
Percentage of revenues	2.7	% 2.5	%		

Depreciation expense for the six month period ended June 30, 2012 was \$2.5 million compared to \$2.2 million for the same period of 2011, an increase of \$362,000 or 16.7%. The increase was primarily related to increased depreciation on assets purchased for a data center conversion that occurred in the third quarter of 2011.

## Amortization of Intangible Assets

	Six Months Ended June 30,		Decrease	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Amortization	\$3,535	\$4,929	\$(1,394)	(28.3	)%
Percentage of revenues	3.7	% 5.8	%		

Amortization expense for the six month period ended June 30, 2012 was \$3.5 million compared to \$4.9 million for the



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same period in 2011, a decrease of \$1.4 million or 28.3%. Amortization expense for the six month period ended June 30, 2012 decreased due to certain intangible assets from the eFinancialCareers, AllHealthcareJobs, Rigzone and WorldwideWorker acquisitions becoming fully amortized.

**Change in Acquisition Related Contingencies**

There was no expense for acquisition related contingencies for the six month period ended June 30, 2012. In February 2012, a payment of \$1.6 million related to the WorldwideWorker acquisition was made to the seller. As of June 30, 2012, all earn-out payments from the WorldwideWorker and Rigzone acquisitions have been completed.

**Operating Income**

Operating income for the six month period ended June 30, 2012 was \$29.6 million compared to \$23.2 million for the same period in 2011, an increase of \$6.3 million or 27.2%. The increase was primarily the result of the increase in revenues from the Tech & Clearance and Energy segments and lower amortization expense. This increase was partially offset by higher operating costs in all areas of the business, most notably sales and marketing and product development.

**Interest Expense**

	Six Months Ended June 30,		Increase	Percent	
	2012	2011		Change	
	(in thousands, except percentages)				
Interest expense	\$ 1,369	\$ 786	\$ 583	74.2	%
Percentage of revenues	1.4	% 0.9	%		

Interest expense for the six month period ended June 30, 2012 was \$1.4 million compared to \$786,000 for the same period in 2011, an increase of \$583,000 or 74.2%. The increase was due to the restructuring of debt during the three month period ended June 30, 2012 to a \$155 million revolving credit facility. Unamortized deferred financing costs from the prior agreement of \$765,000 were written off during the period, increasing interest expense. Partially offsetting this increase was lower interest expense due to lower borrowings during the current period as compared to the prior period.

**Income Taxes**

	Six Months Ended June 30,		
	2012	2011	
	(in thousands, except percentages)		
Income before income taxes	\$28,261	\$22,511	
Income tax expense	10,188	8,182	
Effective tax rate	36.0	% 36.3	%

The effective income tax rate was 36.0% and 36.3% for the six month period ended June 30, 2012 and June 30, 2011, respectively. Tax expense in the current period included derecognizing the benefits of a tax position based on the settlement of a federal tax examination. However, the current period's effective tax rate on ordinary income was lower than the prior period's due to a decrease in permanent differences related to acquisition-related contingencies.

**Liquidity and Capital Resources****Non-GAAP Measures**

We have provided certain non-GAAP financial information as additional information for our operating results. These measures are not in accordance with, or an alternative for measures in accordance with GAAP and may be different from similarly titled non-GAAP measures reported by other companies. We believe the presentation of non-GAAP measures, such as Adjusted EBITDA, and free cash flow, provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations.

**Adjusted EBITDA**

Adjusted EBITDA is a non-GAAP metric used by management to measure operating performance. Management uses



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Adjusted EBITDA as a performance measure for internal monitoring and planning, including preparation of annual budgets, analyzing investment decisions and evaluating profitability and performance comparisons between us and our competitors. We also uses this measure to calculate amounts of performance based compensation under the senior management incentive bonus program. Adjusted EBITDA, as defined in our Credit Agreement, represents net income (loss) plus (to the extent deducted in calculating such net income (loss)) interest expense, income tax expense, depreciation and amortization, non-cash stock option expenses, losses resulting from certain dispositions outside the ordinary course of business, certain writeoffs in connection with indebtedness, impairment charges with respect to long-lived assets, expenses incurred in connection with an equity offering, extraordinary or non-recurring non-cash expenses or losses, transaction costs in connection with the Credit Agreement up to \$250,000, deferred revenues written off in connection with acquisition purchase accounting adjustments, writeoff of non-cash stock compensation expense, and business interruption insurance proceeds, minus (to the extent included in calculating such net income (loss)) non-cash income or gains, interest income, and any income or gain resulting from certain dispositions outside the ordinary course of business.

We also consider Adjusted EBITDA, as defined above, to be an important indicator to investors because it provides information related to our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and to fund future growth as well as to monitor compliance with financial covenants. We present Adjusted EBITDA as a supplemental performance measure because we believe that this measure provides our board of directors, management and investors with additional information to measure our performance, provide comparisons from period to period and company to company by excluding potential differences caused by variations in capital structures (affecting interest expense) and tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and to estimate our value.

We present Adjusted EBITDA because covenants in our Credit Agreement contain ratios based on this measure. Our Credit Agreement is material to us because it is one of our primary sources of liquidity. If our Adjusted EBITDA were to decline below certain levels, covenants in our Credit Agreement that are based on Adjusted EBITDA may be violated and could cause a default and acceleration of payment obligations under our Credit Agreement. See Note 6 “Indebtedness” for additional information on the covenants for our Credit Agreement.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our profitability or liquidity.

We understand that although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our liquidity or results as reported under GAAP. Some limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments on your debt;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

To compensate for these limitations, management evaluates our liquidity by considering the economic effect excluded expense items independently as well as in connection with its analysis of cash flows from operations and through the use of other financial measures, such as capital expenditure budget variances, investment spending levels and return on capital analysis.

A reconciliation of Adjusted EBITDA for the six months ended June 30, 2012 and 2011 (in thousands) follows:



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	For the six months ended June 30,	
	2012	2011
Reconciliation of Net Income to Adjusted EBITDA:		
Net income	\$ 18,073	\$ 14,329
Interest expense	1,369	786
Interest income	(56	) (55
Income tax expense	10,188	8,182
Depreciation	2,526	2,164
Amortization of intangible assets	3,535	4,929
Change in acquisition related contingencies	—	1,982
Non-cash stock compensation expense	3,015	2,149
Other income	—	(44
Adjusted EBITDA	\$ 38,650	\$ 34,422
Reconciliation of Operating Cash Flows to Adjusted EBITDA:		
Net cash provided by operating activities	\$ 34,195	\$ 38,239
Interest expense	1,369	786
Amortization of deferred financing costs	(967	) (232
Interest income	(56	) (55
Income tax expense	10,188	8,182
Deferred income taxes	1,520	881
Change in accrual for unrecognized tax benefits	(186	) (106
Change in accounts receivable	(3,538	) (717
Change in deferred revenue	(5,860	) (10,488
Changes in working capital and other	1,985	(2,068
Adjusted EBITDA	\$ 38,650	\$ 34,422

## Free Cash Flow

We define free cash flow as net cash provided by operating activities. We believe free cash flow is an important non-GAAP measure as it provides useful cash flow information regarding our ability to service, incur or pay down indebtedness or repurchase our common stock. We use free cash flow as a measure to reflect cash available to service our debt as well as to fund our expenditures. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities is that free cash flow does not represent the total increase or decrease in the cash balance from operations for the period since it includes cash used for capital expenditures during the period and is adjusted for acquisition related payments within operating cash flows.

We have summarized our free cash flow for the six months ended June 30, 2012 and 2011 (in thousands).

	For the six months ended June 30,	
	2012	2011
Net cash provided by operating activities	\$ 34,195	\$ 38,239
Purchases of fixed assets	(3,054	) (3,495
Free cash flow	\$ 31,141	\$ 34,744

## Cash Flows

We have summarized our cash flows for the six month periods ended June 30, 2012 and 2011 (in thousands).

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	Six Months Ended June 30,	
	2012	2011
Cash from operating activities	\$34,195	\$38,239
Cash from investing activities	(3,790	) (1,895
Cash from financing activities	(35,040	) (14,104

We have financed our operations primarily through cash provided by operating activities. At June 30, 2012, we had cash, cash equivalents and investments of \$56.5 million compared to \$60.2 million at December 31, 2011.

Investments are comprised of highly liquid debt instruments of the U.S. government and government agencies and certificates of deposit. Cash and cash equivalents held in non-U.S. jurisdictions totaled approximately \$47.9 million at June 30, 2012. This cash is indefinitely reinvested in those jurisdictions. Cash balances and cash generation in the U.S., along with the unused portion of our revolving credit facility, is sufficient to maintain liquidity and meet our obligations without being dependent on our foreign cash and earnings.

Our principal sources of liquidity are cash, cash equivalents and investments, as well as the cash flow that we generate from our operations. In addition, we had \$140.0 million in borrowing capacity under our Credit Agreement at June 30, 2012. We believe that our existing cash, cash equivalents, investments, cash generated from operations and available borrowings under our Credit Agreement will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and the foreseeable future thereafter. However, it is possible that one or more lenders under the revolving portion of the Credit Agreement may refuse or be unable to satisfy their commitment to lend to us or we may need to refinance our debt and be unable to do so. In addition, our liquidity could be negatively affected by a decrease in demand for our products and services. We may also make acquisitions and may need to raise additional capital through future debt financings or equity offerings to the extent necessary to fund such acquisitions, which we may not be able to do on a timely basis or on terms satisfactory to us or at all.

Operating Activities

Net cash from 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 the effect of changes in working capital. Net cash provided by operating activities was \$34.2 million and \$38.2 million for the six month periods ended June 30, 2012 and 2011, respectively. The cash provided by operating activities during these periods decreased primarily due to a slow down in sales during the second quarter of 2012 compared to the second quarter of 2011. Cash inflow from operations is dependent on the amount and timing of billings and cash collection from our customers. Additionally, the timing of tax payments impacted cash flow from operations.

Investing Activities

During the six month period ended June 30, 2012, cash used by investing activities was \$3.8 million compared to cash used of \$1.9 million in the six month period ended June 30, 2011. Cash used by investing activities in the six month period ended June 30, 2012 was primarily attributable to \$3.1 million to purchase fixed assets and \$1.7 million for the purchase of investments, partially offset by \$999,000 for sales of investments. Cash used by investing activities in the six month period ended June 30, 2011 was primarily attributable to \$3.5 million of cash used to purchase fixed assets and \$250,000 for purchases of investments, offset by a net amount of \$1.9 million of sales of investments.

Financing Activities

Cash used for financing activities during the six month period ended June 30, 2012 and 2011 was \$35.0 million and \$14.1 million, respectively. The cash used during the current year period was primarily due to \$34.1 million of payments to repurchase the Company's common stock, as well as \$1.1 million in costs related to the restructuring of our debt. During the six month period ended June 30, 2011, the cash used was primarily due to \$24.0 million of debt payments, partially offset by stock option exercises of \$4.1 million and the excess tax benefit from stock options exercised of \$6.2 million.

Credit Agreement

In June 2012, we entered into our Credit Agreement which provides for a revolving facility of \$155.0 million, maturing in June 2017. The facility may be prepaid at any time without penalty.

Borrowings under the Credit Agreement bear interest at the Company's option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio.

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The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of June 30, 2012, the Company was in compliance with all of the financial and other covenants under our Credit Agreement. Refer to Note 6 “Indebtedness” in our condensed consolidated financial statements.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**Commitments and Contingencies**

The following table presents certain minimum payments due under contractual obligations with minimum firm commitments as of June 30, 2012:

	Payments by period				
	Total	July 1, 2012 through December 31, 2012	2013-2014	2015	Thereafter
	(in thousands)				
Credit Agreement	\$ 15,000	\$ —	\$ —	\$ —	—\$ 15,000
Operating lease obligations	10,479	1,048	3,100	1,517	4,814
Total contractual obligations	\$ 25,479	\$ 1,048	\$ 3,100	\$ 1,517	\$ 19,814

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

Our principal commitments consist of obligations under operating leases for office space and equipment and long-term debt. The company entered into a lease for office space in London through July 2018 to replace existing office space. Future minimum payments increased by \$3.4 million for this lease. As of June 30, 2012, we had \$15.0 million outstanding under our Credit Agreement. Interest payments are due quarterly or at varying, specified periods (to a maximum of three months) based on the type of loan (LIBOR or base rate loan) we choose. See Note 6 “Indebtedness” in our condensed consolidated financial statements for additional information related to our revolving facility.

Future interest payments on our revolving facility are variable due to our interest rate being based on a LIBOR rate or a base rate. Assuming an interest rate of 2.00% (the rate in effect on June 30, 2012) on our current borrowings, interest payments are expected to be \$533,000 for July through December 2012, \$2.1 million in 2013-2014, \$2.1 million in 2015-2016, and \$533,000 in 2017.

As of June 30, 2012, we recorded approximately \$4.1 million of unrecognized tax benefits as liabilities, 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 June 30, 2012 are \$4.1 million of tax benefits that if recognized, would affect the effective tax rate. The Company believes it is reasonably possible that as much as \$2.4 million of its unrecognized tax benefits may be recognized in the next 12 months as a result of a lapse of the statute of limitations.

**Recent Accounting Pronouncements**

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Condensed Consolidated Financial Statements included in Item 1 of this Form 10-Q.

**Cyclicality**

The labor market and certain of the industries that we serve have historically experienced short-term cyclicality.





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However, we believe that the economic and strategic value provided by online career websites has led to an overall increase in the use of these services during the most recent labor market cycle. That increased usage has somewhat lessened the impact of cyclicity on our businesses as compared to traditional offline competitors.

Any slowdown in recruitment activity that occurs will negatively impact our revenues and results of operations. Alternatively, a decrease in the unemployment rate or a labor shortage, including as a result of an increase in job turnover, 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. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

The significant increase in the unemployment rate and general reduction in recruitment activity experienced in 2008 through 2009 is an example of how economic conditions can negatively impact our revenues and results of operations. During 2010 and the first half of 2011, we saw improvement in recruitment activity, resulting in revenue and customer growth. In the second half of 2011 and first half of 2012, we saw more difficult market conditions in our financial services segment and a less urgent recruiting environment for technology professionals. If a slowdown in recruitment activity does occur, our revenues and results of operations will be negatively impacted.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

#### Foreign Exchange Risk

We conduct business serving 19 markets, in five languages across Europe, Asia, Australia, and North America using the eFinancialCareers name. Rigzone also conducts business outside the United States. For the six month periods ended June 30, 2012 and 2011, approximately 21% and 24% of our revenues, respectively, were earned outside the U.S. and collected in local currency. We are subject to risk for exchange rate fluctuations between such local currencies and the pound sterling and between local currencies and the U.S. dollar and the subsequent translation of the pound sterling to U.S. dollars. We currently do not hedge currency risk. A decrease in foreign exchange rates during a period would result in decreased amounts reported in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Comprehensive Income, and of Cash Flows. For example, if foreign exchange rates between the pound sterling and U.S. dollar decreased by 1.0%, the impact on our revenues during the six months ended June 30, 2012 would have been a decrease of approximately \$171,000.

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 June 30, 2012 and December 31, 2011, our translation adjustment, net of tax, decreased stockholders' equity by \$11.5 million and \$12.1 million, respectively. The change from December 31, 2011 to June 30, 2012 is primarily attributable to the position of the U.S. dollar against the pound sterling.

#### Interest Rate Risk

We have interest rate risk primarily related to borrowings under our Credit Agreement. Borrowings under our Credit Agreement bear interest, at our option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on the LIBOR loans and 0.75% to 1.50% on the base rate, as determined by our most recent consolidated leverage ratio. As of June 30, 2012, we had outstanding borrowings of \$15.0 million under our Credit Agreement. If interest rates increased by 1.0%, interest expense in the remainder of 2012 on our current borrowings would increase by approximately \$75,000.

We also have interest rate risk related to our portfolio of investments and money market accounts. Our investments and money market accounts will produce less income than expected if market interest rates fall.

### Item 4. Controls and Procedures

Evaluation of Disclosure Controls and 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 by the Exchange Act and 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 (“CEO”) and Chief Financial Officer (“CFO”) for the period covered by this report. Based on such

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evaluations, our CEO and CFO have concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

## 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 June 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

## Item 1. 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.

## Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

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

During the three months ended June 30, 2012, purchases of the Company's common stock pursuant to the Stock Repurchase Plans were as follows:

Period	(a) Total Number of Shares Purchased [1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2]
April 1 through April 30, 2012	488,000	\$9.55	488,000	\$58,167,816
May 1 through May 31, 2012	1,045,892	10.01	1,045,892	47,702,538
June 1 through June 30, 2012	765,995	9.49	765,995	40,435,438

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Total	2,299,887	\$9.74	2,299,887
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[1] No shares of the Company's common stock were purchased other than through a publicly announced plan or program.

[2] The Stock Repurchase Plan I concluded on March 8, 2012, and the Stock Repurchase Plan II commenced on such date.

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Item 6. Exhibits

4.1*	Credit Agreement dated as of June 14, 2012, among Dice Holdings, Inc., Dice Inc. and Dice Career Solutions, Inc., as Borrowers, the various lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, Keybank National Association as documentation agent, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint bookrunners, and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Keybank National Association as joint lead arrangers.
10.1	Dice Holdings, Inc. 2012 Omnibus Equity Award Plan (incorporated by reference from Exhibit 10.1 to the Company's Registration Statement on Form S-8 (File No. 333-182756) filed on July 19, 2012).
31.1*	Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Scot W. Melland, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Michael P. Durney, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith.

\*\* XBRL information is deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under such sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 25, 2012

DICE HOLDINGS, INC.

Registrant

/S/ SCOT W. MELLAND

Scot W. Melland

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

/S/ MICHAEL P. DURNEY

Michael P. Durney, CPA

Senior Vice President, Finance and Chief Financial

Officer

(Principal Financial Officer)

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