DICE HOLDINGS, INC.
Form 10-Q
April 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-33584

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer £ Accelerated filer R Non-accelerated filer £ Smaller Reporting Company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R

As of April 20, 2012, there were 64,361,260 shares of the registrant's common stock, par value $.01 per share, outstanding.

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PART I.
Item 1. Financial Statements
DICE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except per share data)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$62,766	$55,237
Investments	5,966	4,983
Accounts receivable, net of allowance for doubtful accounts of $1,515 and $1,515	18,780	20,684
Deferred income taxes—current	641	509
Prepaid and other current assets	2,810	2,190
Total current assets	90,963	83,603
Fixed assets, net	8,850	8,726
Acquired intangible assets, net	54,631	56,471
Goodwill	177,916	176,365
Deferred financing costs, net of accumulated amortization of $765 and $650	842	957
Other assets	306	256
Total assets	$333,508	$326,378
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$14,723	$14,599
Deferred revenue	69,698	60,887
Current portion of acquisition related contingencies	—	1,557
Current portion of long-term debt	4,000	4,000
Income taxes payable	3,592	2,929
Total current liabilities	92,013	83,972
Long-term debt	10,000	11,000
Deferred income taxes—non-current	16,586	17,167
Accrual for unrecognized tax benefits	4,078	3,869
Other long-term liabilities	1,153	1,154
Total liabilities	123,830	117,162
Commitments and contingencies (Note 7)		
Stockholders' equity		
Convertible preferred stock, $.01 par value, authorized 20,000 shares; no shares issued and outstanding	—	—
Common stock, $.01 par value, authorized 240,000; issued 70,366 and 69,364 shares, respectively; outstanding: 64,674 and 65,070 shares, respectively	704	694
Additional paid-in capital	287,563	285,153
Accumulated other comprehensive loss	(9,968)	(12,052)
Accumulated deficit	(12,882)	(21,501)
Treasury stock, 5,692 and 4,294 shares, respectively	(55,739)	(43,078)
Total stockholders' equity	209,678	209,216
Total liabilities and stockholders' equity	$333,508	$326,378

See accompanying notes to the condensed consolidated financial statements.

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DICE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
Revenues	$46,132	$40,089
Operating expenses:		
Cost of revenues	3,127	2,691
Product development	3,162	2,495
Sales and marketing	16,570	14,176
General and administrative	6,287	5,715
Depreciation	1,251	1,051
Amortization of intangible assets	1,840	2,539
Change in acquisition related contingencies	—	655
Total operating expenses	32,237	29,322
Operating income	13,895	10,767
Interest expense	(317)	(444)
Interest income	12	24
Income before income taxes	13,590	10,347
Income tax expense	4,971	3,760
Net income	$8,619	$6,587
Basic earnings per share	$0.13	$0.10
Diluted earnings per share	$0.13	$0.09
Weighted-average basic shares outstanding	64,118	65,342
Weighted-average diluted shares outstanding	67,371	70,092

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 March 31,	
	2012	2011
Net income	$8,619	$6,587
Foreign currency translation adjustment	2,080	(2,919)
Unrealized gains on investments, net of tax of $3 and $0	4	1
Total other comprehensive income (loss)	2,084	(2,918)
Comprehensive income	$10,703	$3,669

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)

	Three Months Ended March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	$8,619	$6,587
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	1,251	1,051
Amortization of intangible assets	1,840	2,539
Deferred income taxes	(710)	(782)
Amortization of deferred financing costs	115	117
Share based compensation	1,524	972
Change in acquisition related contingencies	—	655
Change in accrual for unrecognized tax benefits	209	106
Changes in operating assets and liabilities:		
Accounts receivable	2,063	(1,105)
Prepaid expenses and other assets	(651)	(921)
Accounts payable and accrued expenses	(109)	(3,186)
Income taxes receivable/payable	612	(755)
Deferred revenue	8,588	9,507
Other, net	16	8
Net cash flows from operating activities	23,367	14,793
Cash flows from investing activities:		
Purchases of fixed assets	(1,433)	(730)
Purchases of investments	(1,735)	—
Maturities and sales of investments	749	850
Net cash flows from investing activities	(2,419)	120
Cash flows from financing activities:		
Payments on long-term debt	(1,000)	(20,000)
Proceeds from sale of common stock	—	11,943
Purchase of treasury stock related to option exercises	—	(11,943)
Payments under stock repurchase plan	(12,117)	—
Payment of acquisition related contingencies	(1,557)	(230)
Proceeds from stock option exercises	634	2,809
Purchase of treasury stock related to vested restricted stock	(408)	(171)
Excess tax benefit over book expense from stock options exercised	257	4,522
Net cash flows from financing activities	(14,191)	(13,070)
Effect of exchange rate changes	772	1,285
Net change in cash and cash equivalents for the period	7,529	3,128
Cash and cash equivalents, beginning of period	55,237	43,030
Cash and cash equivalents, end of period	$62,766	$46,158

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 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 three month period ended March 31, 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 three month period ended March 31, 2012.

2. NEW ACCOUNTING STANDARDS

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This guidance amends U.S. GAAP to conform with measurement and disclosure requirements in International Financial Reporting Standards (“IFRS”). The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements, and they include those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. In addition, to improve consistency in application across jurisdictions, some changes in wording are necessary to ensure that U.S. GAAP and IFRS fair value measurement and disclosure requirements are described in the same way. This amended guidance is to be applied prospectively and is effective for fiscal years beginning after December 15, 2011. The Company adopted the amendments on January 1, 2012. The impact of these amendments on the Company's financial statements was not material, thus limited disclosures are included herein.
In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income. This update modifies the options for disclosure of the components of net income and comprehensive income. Companies now have the choice of a continuous statement or a two-schedule statement, in which all of the components of net income and comprehensive income are disclosed. Under the new guidance, the adjustments from net income to other comprehensive income are to be disclosed on the face of the financial statements. In December 2011, the FASB issued ASU 2011-12, which defers certain provisions of ASU 2011-05. ASU 2011-05’s provision requiring entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented was indefinitely deferred by ASU 2011-12. During the deferral period, entities are required to comply with all existing requirements for reclassification adjustments in Accounting Standards Codification (“ASC”) 220. These updates are effective for fiscal years and interim

periods beginning after December 15, 2011, with early adoption permitted. The Company adopted the updates on January 1, 2012 and disclosed the components of comprehensive income in a separate statement.
In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment. 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

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beginning after December 15, 2011, with early adoption permitted. The Company is evaluating the revised guidance and does not anticipate that adoption will 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, and accounts payable and accrued expenses approximate their fair values. The estimated fair value of long-term debt as of March 31, 2012 and December 31, 2011 was approximately $14.0 million and $15.0 million, respectively. 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 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 three month period ended March 31, 2012, bringing the contingent consideration to be paid in the future to zero at March 31, 2012.

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

	As of March 31, 2012			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$26,720	$—	$—	$26,720
Investments	—	5,966	—	5,966

	As of December 31, 2011			
	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	

	(Level 1)	(Level 2)	(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

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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 March 31,	
	2012	2011
Contingent consideration for acquisitions		
Balance at beginning of period	$1,557	$11,370
Cash payments	(1,557)	(230)
Change in estimates included in earnings	—	655
Balance at end of period	$—	$11,795

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 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 resulted in no impairment. 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 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):

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	As of March 31, 2012			
	Maturity	Gross Amortized Cost	Gross Unrealized Gain (Loss)	Estimated Fair Value
U.S. Government and agencies	Within one year	$754	$ 1	$755
U.S. Government and agencies	1 to 5 years	2,528	—	2,528
Certificates of deposit	Within one year	490	1	491
Certificates of deposit	1 to 5 years	2,184	8	2,192
Total		$5,956	$ 10	$5,966

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

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 March 31, 2012				
	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted-Average Amortization Period
Technology	$17,500	$(14,031)	$(61)	$3,408	3.8 years
Trademarks and brand names—Dice	39,000	—	—	39,000	Indefinite
Trademarks and brand names—Other	15,490	(8,067)	(498)	6,925	5.1 years
Customer lists	41,513	(37,699)	(724)	3,090	4.6 years
Candidate database	28,241	(25,987)	(46)	2,208	3.0 years
Acquired intangible assets, net	$141,744	$(85,784)	$(1,329)	$54,631	

	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 three months ended March 31, 2012. The total cost and accumulated amortization were reduced as shown in the tables above.

Based on the carrying value of the acquired finite-lived intangible assets recorded as of March 31, 2012, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

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April 1, 2012 through December 31, 2012	$3,634
2013	3,167
2014	2,850
2015	2,016
2016	934
2017 and thereafter	3,030

6. INDEBTEDNESS

Credit Agreement- In July 2010, the Company entered into a Credit Agreement (the "Credit Agreement"), which provides for a revolving facility of $70.0 million and a term facility of $20.0 million, with each facility maturing in January 2014. Borrowings under the Credit Agreement bear interest at the Company's option, at a LIBOR rate, Eurocurrency rate, or base rate plus a margin. The margin ranges from 2.75% to 3.50% on LIBOR and Eurocurrency loans and 1.75% to 2.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. Quarterly payments of $1.0 million of principal are required on the term loan facility. The revolving loans and term loan may be prepaid at any time without penalty, although payments of principal on the term loan facility result in permanent reductions to that facility.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio, consolidated fixed charge coverage ratio and a minimum liquidity requirement. 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. In February 2012, the Credit Agreement was amended to permit stock repurchases totaling an aggregate of $100 million from the date of the amendment through the expiration of the Credit Agreement. In addition, certain other covenants were amended to remove stock repurchases from the calculation under such covenants. As of March 31, 2012, the Company was in compliance with all of the financial and other covenants under our Credit Agreement.

The obligations under the Credit Agreement are guaranteed by two of the Company's wholly-owned subsidiaries, JobsintheMoney.com, Inc. and Targeted Job Fairs, Inc., and secured by substantially all of the assets of the Company and the guarantors and stock pledges from certain of the Company's foreign subsidiaries.

Debt issuance costs of approximately $1.6 million were incurred and are being amortized over the life of the loan. These costs are included in interest expense.

Repayments of $26.0 million on the revolving facility were made during the year ended December 31, 2011. Repayments during the three months ended March 31, 2012 totaled $1.0 million, reducing the balance outstanding at March 31, 2012 to $14.0 million. As of March 31, 2012, the revolving credit facility was undrawn.

The amounts borrowed under and terms of the Credit Agreement are as follows (dollars in thousands):

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	March 31, 2012	December 31, 2011
Amounts Borrowed:		
LIBOR rate loans	$14,000	$15,000
Total borrowed	$14,000	$15,000
Term loan facility	$14,000	$15,000
Revolving credit facility	—	—
Total borrowed	$14,000	$15,000
Maximum available to be borrowed under revolving facility	$70,000	$70,000
Interest rates:		
LIBOR option:		
Interest margin	2.75 %	2.75 %
Actual interest rates	2.99 %	3.04 %

Future maturities as of March 31, 2012 are as follows (in thousands):

April 1, 2012 through December 31, 2012	$3,000
2013	4,000
2014	7,000
Total minimum payments	$14,000

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 March 31, 2012 are as follows (in thousands):

April 1, 2012 through December 31, 2012	$1,139
2013	1,044
2014	969
2015	975
2016 and thereafter	3,973
Total minimum payments	$8,100

Rent expense was $498,000 and $439,000 for the three month periods ended March 31, 2012, and 2011, respectively and is included in General and Administrative expense on the Condensed Consolidated Statements of Operations.

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 March 31, 2012, the Company purchased approximately 1.4 million shares of its common stock on the open market. These shares were purchased at an average cost of $9.04 per share, for a total of approximately $12.3 million. Approximately $596,000 of share repurchases had not settled as of March 31, 2012, and this amount is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheet as of March 31, 2012. As of March 31, 2012, there was approximately $62.8 million remaining to purchase under the Stock Repurchase Plan II.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	March 31, 2012	December 31, 2011
Foreign currency translation adjustment, net of tax of $1,336 and $1,336	$(9,975)	$(12,055)
Unrealized gains on investments, net of tax of $3 and $0	7	3
Total accumulated other comprehensive loss, net	$(9,968)	$(12,052)

10. STOCK BASED COMPENSATION

During the three months ended March 31, 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 $972,000 during the periods ended March 31, 2012 and 2011, respectively. At March 31, 2012, there was $17.9 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

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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 March 31, 2012 and 2011, and the changes during the periods then ended is presented below:

	Three Months Ended March 31, 2012		Three Months Ended March 31, 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	773,000	$8.97	414,500	$14.50
Forfeited during the period	(6,750)	$12.78	—	$—
Vested during the period	(128,431)	$12.60	(29,000)	$6.08
Non-vested at end of period	1,188,069	$10.41	525,500	$12.86

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 March 31, 2012	Three Months Ended March 31, 2011
The weighted average fair value of options granted	$4.48	$6.34
Dividend yield	— %	— %
Weighted average risk free interest rate	0.84 %	2.16 %
Weighted average expected volatility	61.39 %	49.92 %
Expected life (in years)	4.6	4.6

A summary of the status of options granted as of March 31, 2012, and 2011, and the changes during the periods then ended is presented below:

	Three Months Ended March 31, 2012		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of period	8,826,199	$ 4.19	38,284,701
Granted	483,000	$ 8.97	