



# Professional Diversity Network

Issuer Free Writing Prospectus  
Dated February 14, 2013  
Filed Pursuant to Rule 433  
Registration No. 333-181594



# Safe Harbor

This presentation contains forward-looking statements. All statements other than statements of historical facts contained in this presentation, including statements regarding Professional Diversity Network's ("PDN" or the "Company") future results of operations and financial position, including preliminary financial results for the nine months ended September 30, 2012, financial targets, business strategy, plans and objectives for future operations, are forward-looking statements. The Company has based these forward-looking statements largely on its current estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs as of the date of this presentation. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under the heading "Risk Factors" in the Company's preliminary prospectus and filings with the Securities and Exchange Commission (the "SEC"). Moreover, the Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for Company management to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in the Company's expectations.

The Company's preliminary prospectus and filings with the Securities and Exchange Commission are available to you and you should read the documents the Company has filed with the SEC for more complete information about the Company. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov).



# Free Writing Prospectus Statement

**This presentation highlights basic information about us and the offering. Because it is a summary, it does not contain all of the information that you should consider before investing.**

We have filed a registration statement (including a prospectus) with the SEC for the offering to which this presentation relates. The registration statement has not yet become effective. Before you invest, you should read the prospectus in the registration statement (including the risk factors described therein) and other documents we have filed with the SEC for more complete information about us and the offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). The preliminary prospectus, dated February 13, 2013, is available on the SEC Web site at

<http://www.sec.gov/Archives/edgar/data/1546296/000119312513055684/d466908ds1a.htm>.

Alternatively, we or any underwriter participating in the offering will arrange to send you the prospectus if you contact Aegis Capital Corp., Prospectus Department, 810 Seventh Avenue, 18th Floor, New York, NY 10019, telephone: 212-813-1010, e-mail: [prospectus@aegiscap.com](mailto:prospectus@aegiscap.com); or Merriman Capital, Inc., Prospectus Department, 600 California St., 9th Floor, San Francisco, CA 94108; telephone: (415) 248-5683.



# Offering Summary

Issuer	Professional Diversity Network
Offering Type	Initial Public Offering
Proposed Listing/Ticker	NasdaqCM: IPDN
Offering Size	1,820,000 shares (15% over-allotment option)
Expected Pricing Range	\$10 - \$12
Use of Proceeds	15% Sales and Marketing 25% Product Development 40% Strategic Acquisitions 20% Future growth opportunities which may include additional investments in sales and marketing, products and/or strategic acquisitions and for general working capital
Sole Book-runner	Aegis Capital Corp.
Co-Manager	Merriman Capital, Inc.



# Why PDN

- LinkedIn's Diversity Recruitment Alliance Partner
- Gross profit margins supporting an operating profit margin 45%, profitable the previous 6 years
- Online recruitment revenue growth is estimated to increase from \$2.54 billion in 2011 to 5.59 billion in 2014
- We estimate, based upon PDN management's opinion, online diversity recruitment spending to be \$350 Million in 2013
- Seasoned management team committed to the future success of the company
- Over 2,000,000 Registered Members across our networks
- The advent of a multicultural majority
- Cultural networking is empowered via authentic online engagement, intimacy, and trust



# PDN & LinkedIn Diversity Recruitment

The screenshot displays the iHispano website interface. At the top left is the iHispano logo. The navigation menu includes 'Jobs', 'People', 'Groups', 'Education', 'Join', 'Login', and 'For Employers'. Below the navigation is a search bar with a 'Search Jobs' dropdown, a 'Keywords' input field, a 'City, State' input field, and 'Go' and 'Advanced' buttons. The main content area features the iHispano logo and the tagline 'The Latino Professional Network'. A headline reads 'Connect with Companies that are Recruiting Latino Talent'. Below this, there are two promotional tiles: one for finding jobs that fit a profile with an image of a modern office, and another for new career opportunities featuring the LinkedIn & iHispano logo and a laptop with a 'Find out more' button. A link for 'Employers: Learn more' is positioned below the second tile. The bottom section is titled 'Put Our Latino Network to Work for You' and contains four tiles: 'Connect with employers who are hiring latino talent' (Find Organizations), 'Network with latino professionals' (Connect), 'Find new career opportunities' (Search Jobs), and 'Try our resources for professional development' (View Articles).



# Professional Networking Communities Harnessing the Natural Affinity of Culture and Race

-  **iHispano**
-  **A Mighty River**
-  **Out Professional Network**
-  **Military 2 Career**
-  **Womens Career Channel**
-  **Pro Able**
-  **Asian Career Network**



# PDN Affinity Networking Communities





# Professional Diversity Network Overview

## **Market Opportunity**

- Diversity recruitment has intensified as the nation transforms to a multicultural society
- Business necessity for a workforce that reflects the diversity of America
- Obama Administration diversity recruitment initiatives and enhanced compliance efforts of OFCCP

## **Profitable Product Solutions**

- Job Postings including compliance driven unlimited postings subscription pricing options
- Online Diversity Recruitment Media targeted using proprietary diverse job seeker data
- Diversity Talent Recruitment Online Professional Networking Communities for Corporations

## **Future High Growth Strategy**

- Leverage LinkedIn alliance
- Consolidate a highly fragmented industry sector
- As the nation becomes more diverse and diverse communities mature in education attainment and earning power, multicultural talent will become even more critical to corporate success
- Education 2 Career business unit generating \$1.4 million annually with growth opportunities by connecting diverse job seekers with employers



# Diversity Recruitment Products & Pricing

SMB – Government – Government Contractors – Enterprise Companies

## Job Postings

- \$395 for a single job posting
- \$950 to \$78,500 for subscription postings, based on number of employees
- \$1,450 to \$169,500 diversity best practices recruitment solution

## Recruitment Media

- \$9 CPM for Run of Network
- \$18 CPM for Run of Network targeted by industry and geography
- \$25 CPM for site specific recruitment media

## Diversity Recruitment email products

- Dedicated recruitment email marketing \$75 CPM
- Newsletter recruitment email marketing \$25 CPM
- Job Alert email banners targeted by industry and geography \$50 CPM

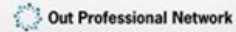


# Diversity Solution Example

Solution for a company with 18,000 employees:  
**\$59,500**

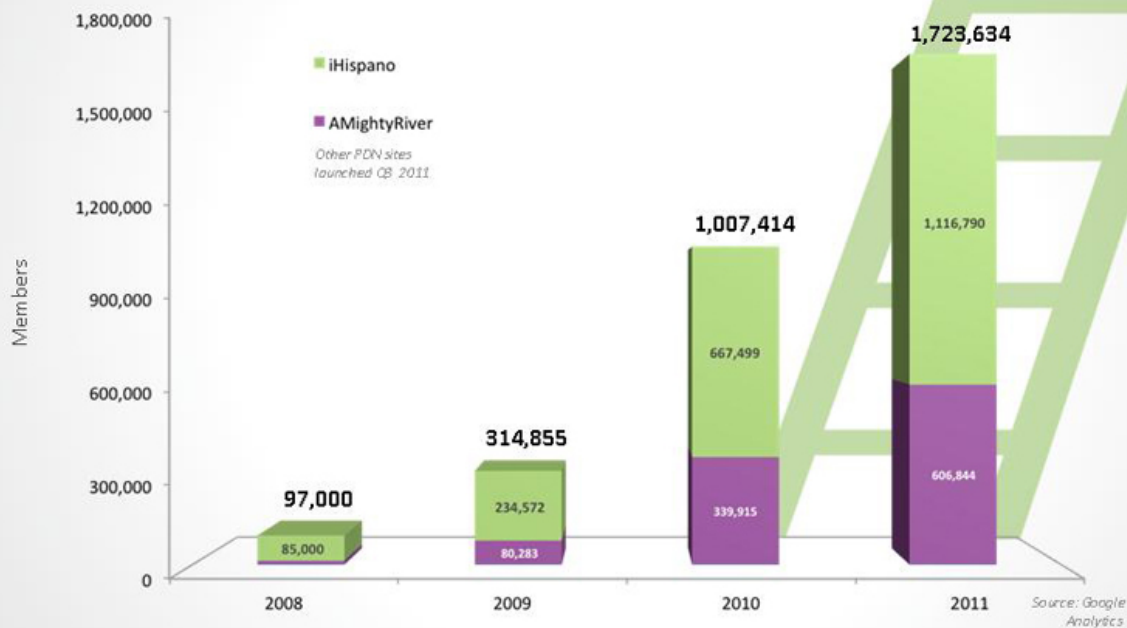
- Single Source Diversity Recruitment Strategy
- Seven Online Professional Diversity Networks
- Job Postings Integrated Into The Social Graph - Amplified with Semantic Matching
- Newsletter Recruitment email marketing
- Media impressions on the largest Ad Network available.
- 50+ Professional/Social Diversity Related Non-Profit Partnerships
- Diversity Recruitment Branding
- Diversity recruitment advertising distribution
- OFCCP Outreach Resource

## *Our Networks:*



**Professional Diversity Network** .....

# PDN Amplifies Cultural Professional Networking Membership Growth



# Market Drivers

What is the largest contributor to American workforce growth?



## Diversity

**“10.5 million workers will join the U.S.  
labor force from 2010 to 2020...**

***74% of them will be Hispanic”***





## The Federal Government requires diverse hiring practices by Federal agencies and Federal Contractor and Subcontractors.



August 18, 2011

By Order of The President of the United States

- Our Nation derives strength from the diversity of its population and from its commitment to equal opportunity for all. We are at our best when we draw on the talents of all parts of our society, and our greatest accomplishments are achieved when diverse perspectives are brought to bear to overcome our greatest challenges.
- A commitment to equal opportunity, diversity, and inclusion is critical for the Federal Government as an employer. By law, the Federal Government's recruitment policies should "endeavor to achieve a work force from all segments of society." (5 U.S.C. 2301(b)(1)). As the Nation's largest employer, the Federal Government has a special obligation to lead by example. Attaining a diverse, qualified workforce is one of the cornerstones of the merit-based civil service.
- To realize more fully the goal of using the talents of all segments of society, the Federal Government must continue to challenge itself to enhance its ability to recruit, hire, promote, and retain a more diverse workforce. Further, the Federal Government must create a culture that encourages collaboration, flexibility, and fairness to enable individuals to participate to their full potential.
- **By this order, I am directing executive departments and agencies (agencies) to develop and implement a more comprehensive, integrated, and strategic focus on diversity and inclusion as a key component of their human resources strategies.**



Professional Diversity Network .....



**94 of the Fortune 100  
feature diversity hiring  
on their online career center**





# Proven Solution

## Inclusion & Diversity at The McGraw-Hill Companies

"Diversity is a core value of The McGraw-Hill Companies, and our commitment to a diverse work environment spans generations. Today, our reputation for integrity, quality and innovation depends on our ability to transform the diverse experiences, perspectives and ideas of our employees into outstanding information services and analysis that meet the financial, education and business needs of our customers worldwide.

I believe that we are at our best when the men and women of The McGraw-Hill Companies work and thrive in a dynamic environment where inclusion is encouraged, differences are respected, and diversity is of paramount importance."

Harold McGraw III  
Chairman, President and CEO



*"The McGraw-Hill companies have worked with iHispano since 2005 to increase their diversity talent pipeline of candidates, and Professional Diversity Network is our go-to solution to build a diverse work environment."*

*-Peter Castillo  
Senior Director, Talent Acquisition*



# Product

What is the best way to  
recruit professionals today?



# Diversity Professional Networking

*Professional Networking is amplified within cultures, races and affinity groups*

## **The Professional Diversity Network**

- Single source diversity recruitment strategy
- Seven online professional diversity networks
- Diversity recruitment advertising distribution
- 50+ non-profits and organizations
- Job postings integrated into the social graph
- Diversity recruitment branding
- OFCCP recruitment component



# Professional Networking Platform Optimized for Mobile Devices



# PDN Affinity Networking Communities



**iHispano**



**A Mighty River**



**Out Professional Network**



**Military 2 Career**



**Womens Career Channel**



**Pro Able**



**Asian Career Network**



**Professional Diversity Network** .....

# Login Page

iHispano Jobs People Groups Education Join Login For Employers

Search Jobs Keywords Cicero, IL Go Advanced

If you have an account with any of our networks\* you can use the same login.

Login With

Sign in with LinkedIn

OR

Email

Password

Remember me

Login

[Forgot your password?](#)

Don't have an account?

Join

**\*Professional Diversity Networks**

iHispano	A Mighty River
Military 2 Career	Womens Career Channel
Asian Careers	Out Professional Network
Pro Able	

Support Terms of Service Partners Jobs by Industry For Employers

Blogs Privacy Policy Site Map Jobs by Company

Jobs by State ©2013 Professional Diversity Network



# Profile Page

The screenshot shows a LinkedIn profile page for Jim Kirsch on the iHispano platform. The page layout includes a top navigation bar with links for Jobs, People, Groups, Education, Me, Inbox, and Logout. A search bar is positioned below the navigation, with 'Search Jobs' as a dropdown menu, 'verizon' as the search term, 'Oceano, IL' as the location, and 'Go' and 'Advanced' buttons. The profile header features a profile picture of Jim Kirsch, his name, and the organization 'Professional Diversity Network'. To the right of the profile header is a sidebar with several action buttons: Privacy Settings, Import LinkedIn® Profile, Invite LinkedIn® Contacts, Upload Resume, Preview Profile, and Change Password/Email. The main content area is divided into sections: 'About Me' with a brief bio, 'Work Experience' with a plus sign, and a detailed entry for 'Professional Diversity Network - CEO' from June 2008 to Present. This entry includes a mission statement and a list of responsibilities. At the bottom of the profile, there is a section for 'City of Highland Park - Mayor pro tem - Councilman' from April 2004 to Present. A red advertisement for Verizon is visible on the right side of the profile page.

iHispano 10 Jobs People Groups Education Me Inbox Logout

Search Jobs verizon Oceano, IL Go Advanced

**Jim Kirsch**  
Professional Diversity Network

**About Me**

Extensive experience in both the public and private sectors applying my time and skills towards a socioeconomic mission of enhancing the quality of life for our national community.

**Work Experience**

**Professional Diversity Network - CEO**  
June, 2008 - Present

- Our Mission is to serve as the premier resource for connecting men and women of all nationalities and backgrounds to an online community that will assist them in realizing their goals as they grow their careers and their lives. By combining the elements of professional networking with the revolutionary tools of the Internet and the collective wisdom of the community, the Professional Diversity Network creates an uplifting and collaborative environment which allows the user to:
  - Lead Product Design Group
  - Chief Relationship Officer
  - Government Affairs
  - Business Development
  - Professional Diversity Network Features -
    - Mentor or Seek Advice
    - Build Professional Relationships
    - Find Business Opportunities
    - Share Social Experiences
    - Job Searches
    - Relationship Recruitment

**City of Highland Park - Mayor pro tem - Councilman**  
April, 2004 - Present

Privacy Settings  
Import LinkedIn® Profile  
Invite LinkedIn® Contacts  
Upload Resume  
Preview Profile  
Change Password/Email

Careers For Everything You Are  
verizon.com/jobs  
Search More



# Job Search

The screenshot shows a job search interface for iHispano. At the top, there is a navigation bar with links for Jobs, People, Groups, Education, Me, Inbox, and Logout. Below this is a search bar with the text 'Search Jobs', a dropdown menu showing 'verizon', a location field with 'Cicero, IL', and buttons for 'Go' and 'Advanced'. The main content area is divided into three tabs: 'Job Matches', 'Saved Jobs', and 'Job Alerts'. Under 'Job Matches', there are several job listings:

- 2013 Supply Chain Internship - Verizon Wireless**  
Verizon Wireless  
Basking Ridge, NJ  
Includes a row of profile pictures and a 'Save' button.
- Mgr-Marketing: ISO - My Verizon Mobile**  
Verizon Wireless  
Overland Park, KS  
Includes a row of profile pictures and a 'Save' button.
- Verizon Foundation Intern-(Dec 2013 grads or later)**  
Verizon Business  
Basking Ridge, NJ  
Includes a profile picture and a 'Save' button.
- Verizon Foundation Summer Intern- Employee Engagement (Dec 2013 grads or later)**  
Verizon Business  
Basking Ridge, NJ  
Includes a profile picture and a 'Save' button.
- Retail Account Executive - Verizon**  
Comcast Cable Communications  
Spokane, WA  
Includes a profile picture and a 'Save' button.

There are also two advertisements on the right side of the page:

- Verizon Wireless:** 'Careers For Everything You Are' with a 'Learn More' button and the URL 'verizon.com/jobs'.
- Safety-Kleen:** 'FIND THE PERFECT CAREER OPPORTUNITY HERE.' with a 'Search Now' button and the slogan 'PROFESSIONAL DIVERSITY PEOPLE MAKE GREEN WORK'.

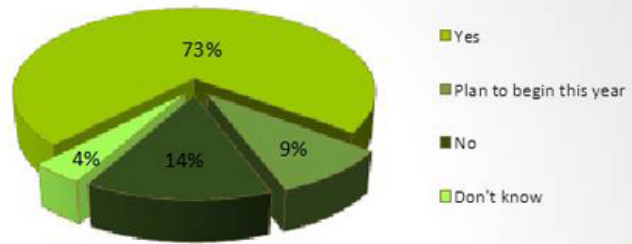




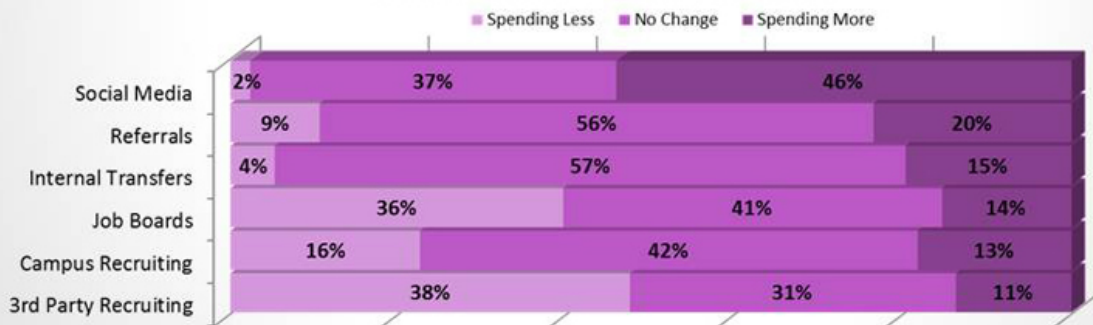
# Online Professional Networking Growth

- 89% of companies surveyed are using or planning to use social networking tools for recruitment
- Companies are increasing their spend on social networks for hiring

Companies Response on Using Social Networks for Hiring



Preference Pattern of Mediums for Recruitment



Source: Jobvite Social Recruiting Survey 2010



# PDN Product Platform

## *Diverse Professionals*



## *SMBs to Fortune 100 Companies*



# Management Team



**Jim Kirsch** -  
Chief Executive Officer

Past Affiliations:  
[iMaternity.com](#)  
[eSpecialty Brands](#)



**Rudy Martinez** -  
Executive Vice President  
& CEO of iHispano.com

Past Affiliations:  
[Trilogy Consulting](#)



**Kevin McFall** -  
EVP of  
AMightyRiver.com

Past Affiliations:  
[Red Clay Digital, LLC](#)  
[Zap2it.com](#)



**Ayan Kishore** -  
EVP of Operations  
& Technology

Past Affiliations:  
[Deloitte](#)  
[Careerimp](#)



**Tandelea Mercer** -  
EEOC compliance  
officer for the  
Department of Labor

Past Affiliations:  
[HCL Technologies](#)  
[NYC Dept. of Education](#)  
[Verizon](#)



**Myrna Newman** -  
Chief Financial Officer

Past Affiliations:  
[Atlas Material Testing, LLC](#)  
[Motient Corp.](#)  
[Heads & Threads International, LLC](#)



**Dan Sullivan** -  
Chief Revenue Officer

Past Affiliations:  
[Monster Worldwide](#)  
[Akzo Nobel](#)



**Chad Hoersten** -  
Chief Technology  
Officer

Past Affiliations:  
[Rockwell Automation](#)



Professional Diversity Network



# Board of Directors



**Stephen Pemberton** -  
VP & Chief Diversity  
Officer of Walgreens

Past Affiliations:  
**Monster Worldwide**



**Andrea Sáenz** -  
First Deputy Commissioner  
at Chicago Public Library

Past Affiliations:  
**U.S. Dept. of  
Education**



**Daniel Marovitz** -  
Founder &  
CEO of buzzumi

Past Affiliations:  
**Village  
Deutsche Bank**



**Barry Feierstein** -  
Chief Business Operating  
Officer at University of Phoenix

Past Affiliations:  
**SallieMae**



**Jim Kirsch** -  
Chief Executive Officer

Past Affiliations:  
**iMaternity.com  
eSpecialty Brands**



# Financial Highlights

## Financial Snapshot

For the Nine Months Ended September 30, 2012:

- Operating Margin – 45%
- Strong Cash Position - FCF 93.5%
- Highly Liquid - Current Ratio 12.9
- Solid Balance Sheet - Return on Assets 37.8
- Online recruitment market is estimated to increase from 2.54 billion in 2011 to 5.59 billion in 2014



# Financial Statements

Income Statement			
	9 Months Ended September 30, 2012	December 31, 2011	Dec. 31, 2010
Revenue	\$ 4,736,470	\$ 5,569,342	\$ 4,384,654
Operating Expenses	2,517,830	2,562,186	2,277,035
EBITDA	2,218,640	3,007,156	2,107,619
D&A	84,823	108,592	88,030
EBIT	\$ 2,133,817	\$ 2,898,564	\$ 2,019,589
Other (income) expense, net	120,747	152,912	154,282
Pro forma provision for income taxes	833,421	1,127,491	745,465
Net Income	\$ 1,179,649	\$ 1,618,161	\$ 1,119,842
Balance Sheet			
ASSETS	September 30, 2012	December 31, 2011	Dec. 31, 2010
Cash and Investments	\$ 2,152,265	\$ 2,629,587	\$1,710,444
Accounts Receivable & Prepaid Expenses	1,710,237	1,604,470	1,132,351
Long-Lived Assets	1,596,873	946,474	919,784
Total assets:	\$ 5,459,375	\$ 5,180,531	\$ 3,762,579
LIABILITIES			
Accounts payable and accrued expenses	\$ 299,883	\$ 404,674	\$ 128,393
Notes payable - members	1,477,428	1,491,488	1,513,036
Members' equity	3,678,085	3,315,014	2,122,654
Accumulated other comprehensive (income)/loss	3,979	(30,645)	(1,504)
Total liabilities and members' equity	\$ 5,459,375	\$ 5,180,531	\$ 3,762,579



# Capitalization Table

Professional Diversity Network	Pre-Money Shares Outstanding Fully Diluted*	Pro Forma % Fully Diluted*	Post Offering	Pro Forma % Post Offering
Debt	147,832	4.0%	-	0.0%
Common Stock	3,487,847	96.0%	3,635,679	66.64%
Warrants	-	0.0%	-	0.0%
Options	-	0.0%	-	0.0%
IPO Investors	-	-	1,820,000	33.36%
<b>Total Capitalization</b>	<b>3,635,679</b>	<b>100%</b>	<b>5,455,679</b>	<b>100%</b>

\* Promissory notes in the aggregate principal plus accrued interest of \$1,626,156 as of December 31, 2012.



# Professional Diversity Network Comps

Company	Profile	Symbol	Price	Market Cap (mm)	EV (mm)	P/S (TTM)	PE (TTM)	Earnings (TTM)
LinkedIn Corporation	Online professional network	LNKD	\$157.71	\$16,946	\$16,196	16.7	784.2	21.6
Monster Worldwide, Inc.	Online employment solutions	MWW	5.64	660	677	0.8	11.1	48*
Dice Holdings, Inc.	Web based recruiting	DHX	9.60	562	566	2.9	16.3	38.1
Market Leader, Inc.	SAS for real estate	LEDR	8.26	218	196	4.6	-	-
Zillow, Inc.	SAS for real estate	Z	38.97	1,303	1,109	9.5	223.9	6.3
Salesforce.com, inc	Cloud-based human resources	CRM	172.30	25,233	25,206	8.9	-	-
Workday, Inc.	Cloud-based human resources	WDAY	51.54	8,556	7,785	33.1	-	-
Move, Inc.	Online network of Websites	MOVE	9.61	378	351	1.8	80.1	5.6
<i>Median</i>						6.7	80.1	
<i>Mean</i>						9.8	223.12	

*\*Does not include one time non-recurring events from discontinued operations*

Source: CapitalIQ, as of February 8, 2013





# Use of Proceeds

- 15% Sales and Marketing – Grow affinity communities
- 25% Product Development – Continued product development
- 40% Strategic Acquisitions – Accretive strategic opportunities
- 20% Future growth opportunities – Additional allocations



# Investment Highlights

- PDN is a leader in the diversity recruitment space
- Positioned to consolidate fragmented diversity recruitment
- Gross profit margins supporting an operating profit margin 45%, profitable the previous 6 years
- Professional networking platform, social recruitment, leading technology
- Experienced management team committed to success
- Attractive valuation relative to peers





# Professional Diversity Network

