MOVE INC
Form 10-K
March 09, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

þ	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the fiscal year ended December 31, 2008
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the transition period from to

Commission file number: 000-26659
Move, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**95-4438337**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
30700 Russell Ranch Road Westlake Village, California	**91362**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant s telephone number, including area code:
(805) 557-2300

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.001 per share	The NASDAQ Stock Market LLC
Warrants to purchase Common Stock, par value $.001 per share	The NASDAQ Stock Market LLC

Securities Registered Pursuant to Section 12(g) of the Act:
None

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

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

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 þ No o

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

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

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Aggregate market value of voting common stock held by non-affiliates of the registrant as of June 30, 2008*	$ 132,297,836
Number of shares of common stock outstanding as of March 2, 2009	153,104,160

* Based on the closing price of the common stock of $2.33 per share on that date, as reported on The NASDAQ Stock Market and, for purposes of this computation only, the assumption that all of the registrant s directors, executive officers and beneficial owners of 10% or more of the registrant s common stock are affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

In accordance with General Instruction G(3) to Form 10-K, certain information in the registrant s definitive proxy statement to be filed with the Securities and Exchange Commission relating to the registrant s 2009 Annual Meeting of Stockholders is incorporated by reference into Part III.

MOVE, INC.

FORM 10-K
For the Fiscal Year Ended December 31, 2008

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This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements based on our current expectations, estimates and projections about our industry, beliefs, and certain assumptions made by us. Words such as believes, anticipates, estimates, expects, projections, may, potentia continue and words of similar import constitute forward-looking statements. The forward-looking statements contained in this report involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by these statements. These factors include those listed under Risk Factors, Business, Management s Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this Form 10-K, and the other documents we file with the Securities and Exchange Commission (SEC), including our reports on Form 8-K and Form 10-Q, and any amendments thereto. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements included in this Annual Report on Form 10-K are made only as of the date of this Annual Report. We cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, we expressly disclaim any intent or obligation to update any forward-looking statements to reflect subsequent events or circumstances.

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PART I

Item 1. *Business.*

OVERVIEW

Move, Inc. and its subsidiaries (Move , we , our or us) operate the leading online network of web sites for real estate search, finance, moving and home enthusiasts and provide an essential resource for consumers seeking the information and connections they need before, during and after a move. Our flagship consumer web sites are Move.com, REALTOR.com® and Moving.com. We also provide lead management software for real estate agents and brokers through our Top Producer® business. In 2008, we announced our decision to sell our Welcome Wagon® business, which provided local merchant and community information to new movers.

On our web sites we display comprehensive real estate property content, with over four million resale, new home and rental listings, as well as extensive move-related information and tools. We hold a significant leadership position over our competitors in terms of web traffic, attracting an average of 8.1 million consumers to our network per month in 2008 according to comScore Media Metrix, a substantial lead over the next leading real estate site. We also have strong relationships with the real estate industry, including content agreements with approximately 900 Multiple Listing Services (MLS) across the country and exclusive partnerships with the National Association of REALTORS® (NAR) and the National Association of Home Builders (NAHB).

Our vision is to revolutionize the American dream of home ownership. A home is the single largest investment in most people s lives, and we believe a tremendous opportunity exists to help transform the difficult process of finding a place to live into the emotional connection of home. Our mission is to be the most trusted source for real estate online.

The strategy for realizing our vision is built upon three pillars:

Build the leading real estate search experience: providing the greatest breadth and depth of property listings coupled with rich, timely neighborhood information in a superior, consumer-friendly search experience to enable us to be the most used real estate search engine and the most trusted consumer site.

Integrate proprietary home and listings-related content: integrating content such as neighborhood and community information to improve decision-making and the enjoyment of a home will enable us to convert real estate search users into recurring users and broaden our advertiser base.

Improve relevance and effectiveness of advertising: aggregating the largest audience of prospective and current homeowners and renters and understanding their behavior, demographics, needs and intent to allow us to deliver contextually relevant ads targeted to the right consumer at the right time.

We operate under two business segments: Real Estate Services and Consumer Media, which for the year ended December 31, 2008, represented approximately 90% and 10% of our revenue, respectively. For information regarding the results of operations of each of our segments, see Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Item 7 and Segment Information contained in Note 14 to our Consolidated Financial Statements in Item 8 of this Form 10-K.

We generate a substantial majority of our revenue from selling advertising and marketing solutions to real estate industry participants, including real estate agents, homebuilders and rental property owners, as well as to other local and national advertisers interested in reaching our consumer audience. Most of our revenue is derived from subscription-based services that allow our customers to easily budget for our services. Our sales force consists of a combination of internal phone-based account executives and field sales personnel.

We were incorporated in the State of Delaware in 1993 under the name of InfoTouch Corporation. In February 1999, we changed our corporate name to Homestore.com, Inc. In May 2002, we changed our name to Homestore, Inc. In June 2006, we changed our name to Move, Inc. See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations for a further description of our history. Our corporate headquarters are located in Westlake Village, California. Our phone number is (805) 557-2300. Our periodic and current reports

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are available, free of charge, on our web site, http://investor.move.com, as soon as possible after such material is electronically filed with, or furnished to, the SEC.

REAL ESTATE SERVICES

Real Estate Services incorporates all revenue and associated costs for products and services sold to real estate professionals, including real estate agents and brokers, new home builders, and rental owners or operators. We provide marketing solutions to help real estate professionals reach and connect with the highly targeted consumer audience we have attracted to our web sites. Real Estate Services is comprised of our REALTOR.com®, Top Producer® and Move® New Homes and Rentals businesses.

REALTOR.com®

The REALTOR.com® web site offers consumers a comprehensive suite of services, tools and content for all aspects of the residential real estate transaction. We display on REALTOR.com® listing content received from approximately 900 MLSs across the United States, resulting in a searchable database of approximately four million existing homes for sale. Half of our listings are updated every fifteen minutes providing the most comprehensive and timely content available on the Internet.

In addition to property listings and neighborhood profiles, we offer consumers information and tools designed to assist them in understanding the value of their home, preparing the home for sale, listing and advertising the home, home affordability, the offer process, applying for a loan and understanding the mortgage options available, closing the purchase and planning the move.

REALTOR.com® is the official web site of NAR, the largest trade association in the United States that represents residential and commercial real estate professionals, including brokers, agents, property managers, appraisers, counselors and others engaged in all aspects of the real estate industry. NAR had approximately 1.2 million members as of December 31, 2008. Under our agreement with NAR, we operate REALTOR.com®, and, as such, we present basic MLS property listings to consumers on the web site at no charge to real estate professionals.

We offer the following services to enable real estate professionals to manage their online content and branding presence and better connect with home buyers and sellers:

Showcase Listing Enhancements. When an agent or broker purchases the enhanced listing product they are then able to promote their listings by adding more photos, virtual tours, video and printable brochures to the basic listing. They can also personalize the listing by adding additional features such as custom copy, text effects, their own personal branding information, links to their personal web site and more. Enhanced listings are priced based on the size of a geographic market and the number of annual listings an agent may have, and are sold on an annual subscription basis. We sell enhanced listings directly to individual real estate agents as well as to real estate brokers who purchase enhanced listings on behalf of their agents. Our listing enhancement product represented approximately 39%, 35%, and 30% of our overall revenue from continuing operations for fiscal years 2008, 2007 and 2006, respectively;

Display ad products. We provide numerous opportunities for real estate professionals to promote individual properties, themselves or their company brand. These products are priced based on geographic market and are sold as three, six or twelve month subscriptions:

> Featured Homes™ allows agents or brokers to more prominently display a limited number of their property listings on the REALTOR.com® web site by presenting them first in certain searches of their respective zip codes;

Featured Agent^{tm}, Featured Company^{tm} and Featured Community^{tm} all provide the opportunity for agents or brokers to promote themselves and their services on REALTOR.com® in the form of banner advertising within a geographically targeted real estate audience; and

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Featured CMA^{tm} allows agents or brokers to present consumers with information about their local market conditions and, in the process, recognize the value of contacting them for professional consultation and assistance.

Our Featured Homes product represented approximately 11%, 13%, and 13% of our overall revenue from continuing operations for fiscal years 2008, 2007 and 2006, respectively; and

Web sites. We design, host, and maintain personal and corporate web sites for real estate professionals. We offer a series of template web sites designed specifically for agents and brokers, which are sold on an annual subscription basis. The Enterprise, our media design and production business unit, designs and builds customized web sites for brokerage customers seeking web sites with specialized features and expanded functionality. Such websites can display listings for a broker s local market using Internet Data Exchange (IDX) protocols and technology. We support IDX data feeds in approximately 311 markets.

Top Producer®

Our primary Top Producer product, 7i^{tm} , is the leading customer relationship management (CRM) software designed specifically for real estate agents. Top Producer s 7i web-based application features client management, appointment and task scheduling, Internet lead distribution and follow-up, prospecting automation, comparative market analysis, customer presentations and mobile data synchronization. Products are co-branded for some of the country s largest franchise brands, such as RE/MAX, Keller Williams, Coldwell Banker, Century 21, ERA, GMAC and Real Estate One. We believe that our ability to assist real estate professionals in managing relationships with their customers enables us to better distinguish the value of our media properties. During 2008, we introduced 8i , an upgraded version of our product that provides greater ease of use, performance and better custom branding. All current users have the ability to upgrade to this expanded offering at no additional charge.

The Top Producer CRM software is offered exclusively as a web-based application that is purchased through an initial annual subscription. We currently have over 55,000 subscribers using the web-based CRM software. Our 7i and 8i products represented approximately 11%, 12% and 12% of our overall revenue from continuing operations for fiscal year 2008, 2007 and 2006, respectively.

We also offer Market Snapshot^{tm} and Market Builder^{tm}, products that allow real estate professionals to effortlessly provide real-time MLS market updates and trend analysis to their online prospects and clients. Market Snapshot and Market Builder are currently purchased through an annual subscription and are available on a standalone basis, or bundled with 7i or 8i and other Top Producer products.

Move® New Homes

The Move New Homes channel of Move.com is the official new homes listing site of the National Association of Home Builders. We aggregate and display new home listings nationwide. We display these listings at no charge to consumers. The primary services we offer home builders to enhance and promote their listings are the following:

Showcase Listings. Showcase Listings allow home builders to promote their listings by giving them priority placement, adding enhanced property descriptions, highlighting unique property amenities, displaying multiple photos, elevations and plans, offering interactive floor plans, along with additional features. Showcase Listings are sold on a monthly subscription basis; and

Featured Listings. Featured Listings allow home builders to obtain priority placement for their listings on the search results page. The Featured Listings displayed in the top positions are based on consumer-defined criteria and the relevancy of listing detail to those criteria. Featured Listings are offered on a cost-per-click basis.

Move® Rentals

We aggregate and display rental listings nationwide. We display these listings at no charge to consumers. We offer the following services to enable rental property owners and managers to enhance and promote their listings:

Showcase Listings. Showcase Listings allow rental property owners and managers to promote their listings by giving them priority placement, adding enhanced property descriptions, highlighting unique property amenities, displaying multiple photos, offering interactive floor plans along with additional features. Showcase Listings are sold on a monthly subscription basis; and

Featured Listings. Featured Listings allow rental property owners and managers to obtain priority placement for their listings on the search results page. The Featured Listings displayed in the top positions are based on consumer-defined criteria and the relevancy of listing detail to those criteria. Featured Listings are offered on a cost-per-click basis.

CONSUMER MEDIA

Our Consumer Media segment now consists solely of our Media business which provides advertising products and lead generation tools including display, text-link and rich media advertising positions, directory products, price quote tools and content sponsorships on our Move.com and other related web sites, as well as lead generation products for professional moving, truck rental, and self-storage businesses on our Moving.com web site. In the second quarter of 2008, we announced our intention to sell the Welcome Wagon® business, formerly in this segment, and, as such, the results have been classified as discontinued operations for all periods presented.

Media

Our Media business provides advertisers such as mortgage companies, home improvement retailers, moving service providers and other consumer product and service companies with an efficient way to target consumers in the move cycle. We offer these advertising customers a variety of products and services across the entire Move network of web sites, particularly in our Finance, Moving and Home & Garden content areas on Move.com. These products and services include graphical display advertisements, text links, sponsorships and directories. Pricing models include cost per thousand impressions (CPM), cost-per-click and subscription based sponsorships of specific content areas.

We also provide consumers with quotes from moving companies, truck rental companies and self-storage facilities, as well as other move-related information, on our Moving.com web site. The majority of revenue for Moving.com is derived from cost-per-lead products.

COMPETITION

We face competition in each segment of our business.

Real Estate Services

We compete with a variety of online companies and web sites providing real estate content that sell classified advertising opportunities to real estate professionals and sell advertising opportunities to other advertisers seeking to reach consumers interested in products and services related to the home and real estate. We also compete with web sites that attract consumers by offering rebates for home purchases or rental leases, and then charge the real estate professional who performed the transaction a referral fee for the introduction. However, these sites generally have a limited amount of real estate content and an even more limited directory of qualified REALTORS®.

Our primary competitors for online real estate advertising dollars include Yahoo! Real Estate, Tree.com (formerly Lending Tree and RealEstate.com), Market Leader, Inc. (formerly HouseValues.com), HomeGain (a division of Classified Ventures, LLC), Trulia, Zillow and Google. In addition, our Move® Rentals web site faces competition from ApartmentGuide.com, Rent.com, ForRent.com and Apartments.com, and our Move® New Homes web site competes directly with NewHomeGuide.com and NewHomeSource.com. Our Move.com web site also faces competition from general interest consumer web sites that offer home, moving and finance content, including ServiceMagic, Inc. (a division of InterActive Corp), and Living Choices (a division of Network Communications, Inc.).

The barriers to entry for web-based services and businesses are low. While we believe we would have an advantage on listing content for some time over other online businesses, we may not be able to maintain that advantage, and existing or future competitors could create other products and services that could be more attractive to consumers than our products and services.

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Newspapers and home/apartment guide publications are the two primary offline competitors of our media offerings. We compete with newspapers and home/apartment guide publications for the advertising dollars spent by real estate professionals to advertise their offerings. In addition, newspapers and the publishers of home/apartments guides, including Classified Ventures, Inc., PRIMEDIA Inc., and Network Communications, Inc., have extended their media offerings to include an Internet presence. We believe that the effectiveness of print publications continues to decline and we will continue to work to demonstrate the value of our online offerings to shift more real estate advertising dollars online.

Our Top Producer® business faces competition from First American s subsidiary, MarketLinx, Inc., and Fidelity National Information Solutions, Inc. which offers competing solutions to real estate professionals. Top Producer also competes with horizontal customer relationship management offerings such as Microsoft Corporation s Outlook solution, Best Software Inc. s ACT! solution, Salesforce.com and FrontRange Solution, Inc. s GoldMine product. Some providers of real estate web site solutions, such as ALa Mode, Inc., also offer contact management features which compete with products from Top Producer. Certain Internet media companies such as HomeGain and Market Leader are providing drip marketing solutions that incorporate aspects of lead management, which over time could pose a competitive threat to Top Producer.

Consumer Media

Our Moving.com business competes with other web sites that offer comparable products, such as 123movers.com and VanLines.com.

SEASONALITY

Our traffic generally declines on all our web sites during the fourth quarter due to weather and the holiday season when consumers are less likely to search for real estate. Historically, this has caused revenue from our Media business to decline in the fourth quarter, as this business includes revenue models that are directly tied to traffic levels.

This seasonal decline in traffic can also negatively impact the revenue from our Featured products in both New Homes and Rentals as that revenue is generated on a cost-per-click basis.

GEOGRAPHIC REGIONS

We derive all of our revenue from our operations in North America.

INFRASTRUCTURE AND TECHNOLOGY

We seek to maintain and enhance our market position with consumers and real estate professionals by building proprietary systems and consumer features into our web sites, such as search engines for real estate listings and the technologies used to aggregate real estate content. We regard many elements of our web sites and underlying technologies as proprietary, and we attempt to protect these elements and underlying technologies by relying on trademark, service mark, patent, copyright and trade secret laws, restrictions on disclosure and other methods. See Intellectual Property below.

Our web sites are designed to provide fast, secure and reliable high-quality access to our services, while minimizing the capital investment needed for our computer systems. We have made, and expect to continue to make, technological improvements designed to reduce costs and increase the attractiveness to the consumer and the efficiency of our systems. We expect that enhancements to our web sites, and our products and services, will come from internally and externally developed technologies.

Our systems supporting our web sites must accommodate a high volume of user traffic, store a large number of listings and related data, process a significant number of user searches and deliver frequently updated information. Significant increases in utilization of these services could potentially strain the capacity of our computers, causing slower response times or outages. Through 2008, our systems have been able to respond to increased content and more frequent updates to the content on the sites as well as higher consumer demand. We host all of our web sites, as well as custom broker web pages and the on-line subscription product for Top Producer® in Phoenix, Arizona. See

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Risk Factors Internet Industry Risks for a more complete description of the risks related to our computer infrastructure and technology.

INTELLECTUAL PROPERTY

We regard substantial elements of our web sites and underlying technology as proprietary. We attempt to protect our intellectual property by relying on a combination of trademark, service mark, patent, copyright and trade secret laws, restrictions on disclosure, and other methods.

Despite our precautions, our intellectual property is subject to a number of risks that may materially adversely affect our business, including, but not limited to, the following:

- it may be possible for a third party to copy or otherwise obtain and use our proprietary information without authorization, or to develop similar technology independently;
- we could lose the use of the REALTOR.com® trademark or the REALTOR.com® domain name, or be unable to protect the other trademarks or web site addresses that are important to our business, and therefore would need to devote substantial resources toward developing an independent brand identity;
- we could be subject to litigation with respect to our intellectual property rights or those of third parties providing us with content or other licensed material;
- we may be required to license additional technology and information from others, which could require substantial expenditures by us; and
- legal standards relating to the validity, enforceability and scope of protection of proprietary rights in Internet-related businesses are uncertain and continue to evolve, and we can give no assurance regarding our ability to protect our intellectual property and other proprietary rights.

See Risk Factors Risks Related to Our Business for a more complete description of the risks related to our intellectual property.

EMPLOYEES

As of December 31, 2008, we had 1,181 active full-time equivalent employees, of which, 166 were employed by our Welcome Wagon® business which we are currently marketing for sale and which is classified as a discontinued operation. We consider our relations with our employees to be good. No employee is represented by a collective bargaining agreement and we have never had a work stoppage. We believe that our future success will depend in part on our ability to attract, integrate, retain and motivate highly qualified personnel and upon the continued service of our senior management and key technical personnel. See Risk Factors Risks Related to Our Business.

AVAILABLE INFORMATION

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as well as our proxy statements and other information, with the SEC. In most cases, those documents are available, without charge, on our web site at http://investor.move.com as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, without charge, from Move, Inc., Investor Relations, 30700 Russell Ranch Road, Westlake Village, CA 91362. You may also read and copy these documents at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549 under our SEC file number (000-26659), and you may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In most cases, these documents are available over the Internet from the SEC s web site at http://www.sec.gov.

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Item 1A. *Risk Factors.*

You should consider carefully the following risk factors and other information included or incorporated by reference in this Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem to be currently immaterial also may impair our business operations. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected.

Risks Related to our Business

We have a history of net losses and could incur net losses in the future.

Except for modest net income of $1.0 million in 2007, $22.1 million in 2006, and $0.5 million in 2005, we have incurred net losses every year since 1993 including net losses of $27.6 million and $7.9 million for the years ended December 31, 2008 and 2004, respectively. We have an accumulated deficit of approximately $2.0 billion. Current market conditions around residential real estate make it difficult to project if we will become consistently profitable in the future. Furthermore, we have been making significant changes to our organizational structure and our business models. While these changes are being implemented with the belief that they will strengthen our business and our market position in the long run, there can be no assurance that these changes will generate additional revenue or a more efficient cost structure, which will be needed to return to profitability.

The emergence of competitors for our services may adversely impact our business.

Our existing and potential competitors include web sites offering real estate related content and services as well as general purpose online services, and traditional media such as newspapers, magazines and television that may compete for advertising dollars. The real estate search services market in which our Real Estate Services division operates is becoming increasingly competitive. A number of competitors have emerged or intensified their focus on the real estate market, including Yahoo! Real Estate, Tree.com (formerly Lending Tree and RealEstate.com), Market Leader, Inc. (formerly HouseValues.com), HomeGain (a division of Classified Ventures, LLC), ApartmentGuide.com, Rent.com, ForRent.com, Apartments.com, NewHomeGuide.com, NewHomeSource.com and more recently Trulia, Google, and Zillow as well as general interest consumer web sites that offer home, moving and finance content, including ServiceMagic, Inc. (a division of InterActive Corp), and Living Choices (a division of Network Communications, Inc.).

The barriers to entry for web-based services and businesses are low. In addition, parties with whom we have listing and marketing agreements could choose to develop their own Internet strategies or competing real estate sites. Many of our existing and potential competitors have longer operating histories in the Internet market, greater name recognition, larger consumer bases and significantly greater financial, technical and marketing resources than us. The rapid pace of technological change constantly creates new opportunities for existing and new competitors and it can quickly render our existing technologies less valuable. Developments in the real estate search services market may also encourage additional competitors to enter that market. See *We may not be able to continue to obtain more listings from MLSs and real estate brokers than other web site operators* below.

We cannot predict how, if at all, our competitors may respond to our initiatives. We also cannot provide assurance that our offerings will be able to compete successfully against these competitors or new competitors that enter our markets.

We may not be able to continue to obtain more listings from MLSs and real estate brokers than other web site operators.

We believe that the success of REALTOR.com® depends, in part, on displaying a larger and more current database of existing homes for sale than other web sites. We obtain these listings through agreements with MLSs that have fixed terms, typically 12 to 36 months. At the end of the term of each agreement, the MLS could choose not to renew their agreement with us. There are no assurances the MLSs will continue to renew their agreements to provide listing data to us. If they choose not to renew their relationship with us, then REALTOR.com® could become less attractive to consumers and thus, less attractive to our advertising customers.

Individual real estate brokers, using IDX technology from their local MLS, can display on their web sites listings from all participating brokers in the market covered by the MLS. In the past, the NAR had guidelines in place for MLSs that allowed a broker to prevent MLSs from providing such broker s listing data to other brokers web sites. In a civil antitrust lawsuit brought against NAR in 2005, the United States Department of Justice (DOJ) challenged this policy by alleging that it is in violation of federal antitrust laws. In 2008, the NAR and the DOJ reached an agreement regarding NAR s multiple listing policy as it pertains to the display of listings from the MLSs on brokers virtual office web sites (VOWs). As a result, NAR has required all MLSs to adopt new VOW policies by February 15, 2009. Under the new policies, MLS participants will no longer be allowed to opt-out of having their listings shown on the VOWs of other participants, thus a real estate broker operating a VOW would be permitted to display listings from all MLS participants on its web site. These VOW policies do not apply to REALTOR.com®. The NAR s new VOW policies could make it easier for other web sites operators to aggregate listing data for display over the Internet in a manner comparable to REALTOR.com®. This could impact how consumers and customers value our content and product offerings on the REALTOR.com® web site.

Our quarterly financial results are subject to significant fluctuations.

Our quarterly results of operations have varied in the past and may vary significantly in the future. We have made significant investments in our businesses and incurred restructuring charges as we have made adjustments to our business model. As we change business models, we could experience a decline in quarterly revenue. If revenue from these initiatives falls below our expectations, we may not be able to reduce our spending or change our pricing models rapidly in response to the shortfall. Fluctuations in our quarterly results could also adversely affect the price of our common stock.

Other factors that could affect our quarterly operating results include those described elsewhere in this Form 10-K, and include:

- the level at which real estate agents, brokers, homebuilders and rental owners renew the arrangements through which they obtain our services;
- a continued downturn in the residential real estate market and the impact on advertising;
- the amount of advertising sold on our web sites and the timing of payments for this advertising; and
- the costs from pending litigation, including the cost of settlements.

Negative conditions in the global credit markets may continue to impair the liquidity of a portion of our investment portfolio.

As of December 31, 2008, our long-term investments included $111.8 million of high-grade (AAA rated) student loan auction rate securities issued by student loan funding organizations, which loans are 97% guaranteed under FFELP (Federal Family Education Loan Program). These auction rate securities (ARS) were intended to provide liquidity via an auction process that resets the interest rate, generally every 28 days, allowing investors to either roll over their holdings or sell them at par. In February 2008, auctions for the investments in these securities failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful, the securities mature, or a buyer is found outside of the auction process. Maturity dates for these ARS investments range from 2030 to 2047 with principal distributions occurring on certain securities prior to maturity. We do not have a need to access these funds for operational purposes for the foreseeable future. Subject to an arbitration proceeding described in Note 23 Commitments and Contingencies Legal Proceedings to our Consolidated Financial Statements in Item 8 of this Form 10-K, we currently have the intent to hold these ARS investments until their fair value recovers, until they reach maturity or until they can be sold in a market that facilitates orderly transactions. We have classified the ARS investment balance as Long-term Investments because of the inability to determine when these investments will become liquid. We have also modified our current investment strategy and increased our investments in more liquid money market and treasury bill investments. During the year ended December 31, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately $17.6 million which we deemed as temporary and included in Other Comprehensive Income.

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The valuation of our investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes in credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

If the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required in future periods to record additional unrealized losses in other comprehensive income (loss) or depending on the circumstances existing at the time, such losses may be considered other than temporary and recorded as a component of net income (loss).

The mortgage, financial and credit markets have been and continue to experience unprecedented disruption, which have had, and are expected to continue to have, an adverse effect on our business, financial condition and results of operations.

The ongoing global financial crisis affecting the banking system and financial markets has resulted in a severe tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in credit and equity markets. This financial crisis could impact our business in a number of ways.

The U.S. residential real estate market is currently in a significant downturn due to downward pressure on housing prices, credit constraints inhibiting home buyers and an exceptionally large inventory of unsold homes. We cannot predict when the market and related economic forces will return the U.S. residential real estate industry to normal conditions.

Until market conditions improve, our customers ability to continue advertising on our sites could be adversely impacted.

We could be required to expend substantial amounts in connection with continuing indemnification obligations to a purchaser of one of our businesses.

As part of the sale in 2002 of our ConsumerInfo division to Experian Holdings, Inc. (Experian), $10.0 million of the purchase price was put in escrow to secure our indemnification obligations (the Indemnity Escrow). The Indemnity Escrow was scheduled to terminate in the third quarter of 2003, but prior to the scheduled termination, Experian demanded indemnification from us for claims made against Experian or its subsidiaries by several parties in civil actions and by the Federal Trade Commission (FTC), including allegations of unfair and deceptive advertising in connection with ConsumerInfo s furnishing of credit reports and providing Advice for Improving Credit that appeared on its web site both before, during and after our ownership of ConsumerInfo. Under the stock purchase agreement pursuant to which we sold ConsumerInfo to Experian (the Stock Purchase Agreement), we could have elected to defend against the claims, but because the alleged conduct occurred both before and after our sale to Experian, we elected to rely on Experian to defend them, which they did. Substantially all of those claims have now been resolved.

Under the terms of the Stock Purchase Agreement, our maximum potential liability for claims by Experian is capped at $29.25 million less the balance in escrow, which amount was approximately $8.5 million on December 31, 2008. During 2008, Experian demanded $29.25 million in indemnity payments. We denied liability for that sum and a bifurcated arbitration proceeding ensued to resolve the dispute. The parties have agreed to settle the dispute, the economic terms of which are that Experian will receive $7.4 million from the escrow and we will receive the balance of the escrow. Further, the parties agreed to execute a mutual release of all claims which, among other things, will have the legal effect of terminating our indemnification obligations and make Experian solely responsible for any unresolved third party claims for which indemnity could have been sought by Experian against us under the Stock Purchase Agreement. The parties are currently in the process of documenting this settlement agreement.

We are and may continue to be involved in litigation and other disputes.

Our business and operations may subject us to claims, litigation and other proceedings brought by private parties and governmental authorities. We are currently involved in several matters, which are described in Note 23, Commitments and Contingencies Legal Proceedings, to our Consolidated Financial Statements in Item 8 in this Form 10-K.

Litigation may also result from other companies owning or obtaining patents or other intellectual property rights that could prevent, limit or interfere with our ability to provide our products and services. In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights, including in the Internet industry, and companies in the Internet market are increasingly making claims alleging infringement of their intellectual property rights. We have in the past and are currently involved in intellectual property-related litigation, and we may be involved in these and other disputes in the future, to protect our intellectual property or as a result of an alleged infringement of the intellectual property of others. Any such lawsuit, including those we are currently defending, may result in significant monetary damages against us that could have an adverse effect on our results of operations and our financial position. Moreover, even those intellectual property disputes that are ultimately resolved in our favor, are time-consuming and expensive to resolve and divert management s time and attention. In addition to subjecting us to monetary damages, any intellectual property dispute could force us to do one or more of the following:

- stop selling, incorporating or using services that use the challenged intellectual property;
- pay significant sums to obtain a license to the relevant intellectual property that we are alleged to infringe; and
- redesign those services that use technology that is the subject of an infringement claim.

If we are forced to take any of the foregoing actions, such actions could have an adverse effect on our results of operations and our financial position. Pursuant to our operating agreement with NAR, we may also be required to indemnify NAR and other third parties for liabilities arising from the infringement or alleged infringement of third parties intellectual property rights, and these indemnification obligations could have an adverse effect on our results of operations and our financial position.

We rely on intellectual property and proprietary rights.

We regard substantial elements of our web sites and underlying technology as proprietary. Despite our precautionary measures, third parties may copy or otherwise obtain and use our proprietary information without authorization, or develop similar technology independently. Any legal action that we may bring to protect our proprietary information could be unsuccessful, expensive and distract management from day-to-day operations.

Other companies may own, obtain or claim trademarks that could prevent or limit or interfere with use of the trademarks we use. The REALTOR.com® web site address and trademark and the REALTOR® trademark are important to our business and are licensed to us by NAR. If we were to lose the REALTOR.com® domain name or the use of these trademarks, our business would be harmed and we would need to devote substantial resources toward developing an independent brand identity.

Legal standards relating to the validity, enforceability and scope of protection of proprietary rights in Internet-related businesses are uncertain and evolving, and we can give no assurance regarding the future viability or value of any of these proprietary rights.

Our Series B Preferred Stock could make it more difficult for us to raise additional capital.

In November 2005, we sold to Elevation Partners, L.P. and Elevation Employee Side Fund, LLC (together, Elevation) an aggregate of 100,000 shares of our Series B Convertible Participating Preferred Stock (the Series B Preferred

Stock) for an aggregate purchase price of $100 million. For so long as the holders of Series B Preferred Stock hold at least one-sixth of these 100,000 shares of Series B Preferred Stock, we are generally not permitted, without obtaining the consent of holders representing at least a majority of the then outstanding shares of Series B Preferred Stock, to create or issue any equity securities that rank senior or on a parity with the Series B Preferred Stock with respect to dividend rights or rights upon our liquidation. In addition, our stockholders agreement with Elevation limits the amount of debt we can incur. If we need to raise additional capital through public or private financing, strategic relationships or other arrangements to execute our business plan, we would be restricted in the type of equity securities that we could offer and the amount of debt we can incur without the consent of Elevation. We cannot offer any assurances that we would be able to obtain that consent. If we were unable to obtain Elevation s consent, we may not be able to raise additional capital in the amounts needed to fund our business or on terms that are desirable.

Our relationship with the NAR is an important part of our business plan and our business could be harmed if we were to lose the benefits of this agreement.

The REALTOR.com® trademark and web site address and the REALTOR® trademark are owned by NAR. NAR licenses these trademarks to our subsidiary RealSelect under a license agreement, and RealSelect operates the REALTOR.com® web site under an operating agreement with NAR. Our operating agreement with NAR contains restrictions on how we can operate the REALTOR.com® web site. For example, we can only enter into agreements with entities that provide us with real estate listings, such as MLSs, on terms approved by NAR. In addition, NAR can require us to include on REALTOR.com® real estate related content that it has developed.

Our operating agreement with NAR, as amended, also contains a number of provisions that restrict how we operate our business. For example:

we would need to obtain the consent of NAR if we want to acquire or develop another service that provides real estate listings on an Internet site or through other electronic means; any consent from NAR, if obtained, could be conditioned on our agreeing to conditions such as paying fees to NAR or limiting the types of content or listings on the web sites or service or other terms and conditions;

we are restricted in the type and subject matter of, and the manner in which we display, advertisements on the REALTOR.com® web site;

NAR has the right to approve how we use its trademarks, and we must comply with its quality standards for the use of these marks; and

we must meet performance standards relating to the availability time of the REALTOR.com® web site.

NAR also has significant influence over our corporate governance, including the right to have one representative as a member of our board of directors (out of a current total of 10) and two representatives as members of our RealSelect s subsidiary s board of directors (out of a current total of 8). RealSelect also cannot take certain actions, including amending its certificate of incorporation or bylaws, pledging its assets and making changes in its executive officers or board of directors, without the consent of at least one of NAR s representatives on its board of directors.

Although the REALTOR.com® operating agreement is a perpetual agreement and it does not contain provisions that allow us to terminate, NAR may terminate it for a variety of reasons. These include:

the acquisition of us or RealSelect by another party without NAR s consent;

if traffic on the REALTOR.com® site falls below 500,000 unique users per month;

a substantial decrease in the number of property listings on our REALTOR.com® site; and

a breach of any of our other obligations under the agreement that we do not cure within 30 days of being notified by NAR of the breach.

If our operating agreement with NAR were terminated, we would be required to transfer a copy of the software that operates the REALTOR.com® web site and provide copies of our agreements with data content providers, such as real estate brokers or MLSs, to NAR. NAR would then be able to operate the REALTOR.com® web site itself or with another third party.

We must dedicate significant resources to market our subscription products and services to real estate professionals.

Real estate agents are generally independent contractors rather than employees of brokers and typically spend a majority of their time outside the office. As a result, it is often necessary for us to communicate with them on an individual basis. This results in relatively high fixed costs associated with our inside and field-based sales activities. In addition, since we offer services to both real estate brokers and agents, we are often required to contact them separately when marketing our products and services.

Our future success depends largely on our ability to attract, retain and motivate qualified personnel.

Our future success depends on our ability to attract, retain and motivate highly skilled technical, managerial and sales personnel, senior management and other key personnel. The loss of the services of key employees would likely have a significantly detrimental effect on our business. Several of our key senior management have employment agreements that we believe will assist in our ability to retain them. However, many other key employees do not have employment agreements. Competition for qualified personnel in our industry and geographical locations is intense. Attracting and retaining qualified personnel with experience in the real estate industry, a complex industry that requires a unique knowledge base, is an additional challenge for us. We can give no assurance that we will be successful in attracting, integrating, retaining and motivating a sufficient number of qualified employees to conduct our business in the future. The loss of services of any of our key personnel, excessive turnover of our work force, the inability to retain and attract qualified personnel in the future or delays in hiring required personnel may have an adverse effect on our business, operating results or financial condition.

Our net operating loss carry forwards could be substantially limited if we experience an ownership change as defined in the Internal Revenue Code.

At December 31, 2008, we had gross net operating losses carry forwards (NOLs) for federal and state income tax purposes of approximately $934.6 million and $351.3 million, respectively, and we could generate NOLs in future years. The federal NOLs will begin to expire in 2018. Approximately $20.1 million of the state NOLs expired in 2008 and the state NOLs will continue to expire from 2009 to 2027. Gross net operating loss carry forwards for both federal and state tax purposes may be subject to an annual limitation under relevant tax laws.

Utilization of the NOLs may also be subject to an annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as determined by Section 382 of the Internal Revenue Code of 1986, as amended (the Code), as well as similar state limitations. These ownership changes may limit the amount of NOLs that can be utilized annually to offset future federal taxable income. Section 382 of the Code contains rules that limit the ability of a company that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock over a three-year period, to utilize its NOLs and certain built-in losses recognized in years after the ownership change. These rules impact any ownership changes among stockholders owning directly or indirectly 5% or more of the stock of a company and any change in ownership arising from a new issuance of stock by the company.

If we undergo an ownership change for purposes of Section 382 of the Code as a result of future transactions involving our common stock, including purchases or sales of stock between 5% stockholders, our ability to use our NOLs and to recognize certain built-in losses would be subject to the limitations under Section 382. Depending on the resulting limitation, a significant portion of our NOLs could expire before we would be able to recognize the benefit of using them. Our inability to utilize our NOLs could have a negative impact on our results of operations.

Delaware law, our certificate of incorporation and bylaws, and other agreements contain provisions that could discourage a takeover.

Delaware law, our certificate of incorporation and bylaws, our operating agreement with NAR, other agreements with business partners and our stockholders agreement with Elevation could have the effect of delaying or preventing a third party from acquiring us, even if a change in control would be beneficial to our stockholders. For example, our stockholders are unable to act by written consent or to fill any vacancy on the Board of Directors. Our stockholders cannot call special meetings of stockholders for any purpose, including removing any director or the entire Board of Directors without cause. Certain terms of the Series B Preferred Stock could also discourage a third party from acquiring us. Upon a change in control, we would be required to make an offer to repurchase all of the outstanding shares of Series B Preferred Stock for total cash consideration generally equal to 101% of the liquidation preference ($100 million plus all accrued and unpaid dividends) plus, under certain circumstances, 101% of a portion of the dividends which would have accrued had the Series B Preferred Stock remained outstanding. In addition, NAR could terminate the REALTOR.com® operating agreement if we are acquired and they do not consent to the acquisition.

Real Estate Industry Risks

Our business is dependent on the strength of the real estate industry, which is both cyclical and seasonal and is affected by general economic conditions.

The real estate industry traditionally has been cyclical. Economic swings in the real estate industry may be caused by various factors. When interest rates are high or general national and global economic conditions are or are perceived to be weak, there is typically less sales activity in real estate. A decrease in the current level of sales of real estate and products and services related to real estate could adversely affect demand for our products and services. In addition, reduced traffic on our web sites could cause our subscription and advertising revenue to decline, which would adversely affect our business.

During recessionary periods, there tends to be a corresponding decline in demand for real estate, generally and regionally, that could adversely affect certain segments of our business. Such adverse effects typically are a general decline in rents and sales prices, a decline in leasing activity, a decline in the level of investments in, and the value of real estate, and an increase in defaults by tenants under their respective leases. All of these, in turn, adversely affect revenue for fees and brokerage commissions, which are derived from property sales, annual rental payments, and property management fees which may or may not influence advertising.

Purchases of real property and related products and services are particularly affected by negative trends in the general economy. The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer and business spending, and the overall economy, as well as regional and local economic conditions in markets where we operate, including interest rates, taxation policies, availability of credit, employment levels, wage and salary levels and fears of terrorist attacks or threats of war.

We could also experience seasonality in our business as we offer new products and new pricing models. The real estate industry, in most areas of the United States, generally experiences a decrease in activity during the winter months and traffic on our web sites generally declines during the fourth quarter, which can negatively affect revenue from our products that are directly tied to such traffic.

We have risks associated with changing legislation in the real estate industry.

Real estate is a heavily regulated industry in the U.S., including regulation under the Fair Housing Act, the Real Estate Settlement Procedures Act and state advertising laws. In addition, states could enact legislation or regulatory policies in the future, which could require us to expend significant resources to comply. These laws and related regulations may limit or restrict our activities. As the real estate industry evolves in the Internet environment, legislators, regulators and industry participants may advocate additional legislative or regulatory initiatives. Should existing laws or regulations be amended or new laws or regulations be adopted, we may need to comply with additional legal requirements and incur resulting costs, or we may be precluded from certain activities. For instance, our Move® Rentals business required us to qualify and register as a real estate agent/broker in the State of California. To date, we have not spent significant resources on lobbying or related government issues. Any need to significantly increase our lobbying or related activities could substantially increase our operating costs.

Internet Industry Risks

Our operations depend upon our ability to maintain and protect our computer systems.

Temporary or permanent outages of our computers or software equipment could have an adverse effect on our business. Although we have not experienced any material outages to date, we currently do not have fully redundant systems for our web sites and other services at an alternate site. Therefore, our systems are vulnerable to damage from break-ins, unauthorized access, vandalism, fire, earthquakes, power loss, telecommunications failures and similar events. Although we maintain insurance against fires, earthquakes and general business interruptions, the amount of coverage, while adequate to replace assets and compensate for losses incurred, may not be adequate to compensate for the disruption it causes our customers and consumers, which could affect our future revenues and traffic.

Experienced computer programmers seeking to intrude or cause harm, or hackers, may attempt to penetrate our network security from time to time. Although we have not experienced any material security breaches to date, if a hacker were to penetrate our network security, they could misappropriate proprietary information or cause interruptions in our services. We might be required to expend significant capital and resources to protect against, or to alleviate, problems caused by hackers. We also may not have a timely remedy against a hacker who is able to penetrate our network security. In addition to purposeful security breaches, the inadvertent transmission of computer viruses could expose us to litigation or to a risk of loss.

We depend on continued improvements to our computer network.

Any failure of our computer systems that causes interruption or slower response time of our web sites or services could result in a smaller number of users of our web sites or the web sites that we host for real estate professionals. If sustained or repeated, these performance issues could reduce the attractiveness of our web sites to consumers and our subscription products and services to real estate professionals, providers of real estate-related products and services and other Internet advertisers. Increases in the volume of our web site traffic could also strain the capacity of our existing computer systems, which could lead to slower response times or system failures. This would cause the number of real property search inquiries, advertising impressions, other revenue producing offerings and our informational offerings to decline, any of which could hurt our revenue growth and our brand loyalty. We may need to incur additional costs to upgrade our computer systems in order to accommodate increased demand if our systems cannot handle current or higher volumes of traffic. We may not be able to project accurately the rate, timing or cost of any increases in our business, or to expand and upgrade our systems and infrastructure to accommodate any increases in a timely manner.

We could face liability for information on our web sites and for products and services sold over the Internet.

We provide third-party content on our web sites, particularly real estate listings. We could be exposed to liability with respect to this third-party information. Persons might assert, among other things, that by directly or indirectly providing a link to web sites operated by third parties, we should be liable for copyright or trademark infringement or other wrongful actions by the third parties operating those web sites. They could also assert that our third-party information contains errors or omissions, and consumers could seek damages for losses incurred if they rely upon incorrect information.

We enter into agreements with other companies under which we share with these other companies revenue resulting from advertising or the purchase of services through direct links to or from our web sites. These arrangements may expose us to additional legal risks and uncertainties, including local, state, federal and foreign government regulation and potential liabilities to consumers of these services, even if we do not provide the services ourselves. We cannot offer any assurance that any indemnification provided to us in our agreements with these parties, if available, will be adequate.

Even if these claims do not result in liability to us, we could incur significant costs in investigating and defending against these claims. Our general liability insurance may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that may be imposed.

Item 1B. ***Unresolved Staff Comments.***

None.

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Item 2. *Properties:*

We maintain the following principal facilities:

	Location	Square Feet	Lease Expiration
Principal executive and corporate office(C)(R)(M)	Westlake Village, CA	137,762	2010
Technology facility(C)(R)(M)	Phoenix, AZ	8,114	2017
Operations and customer service center(R)(M)	Scottsdale, AZ	46,182	2013
Product development and marketing(C)(R)(M)	Campbell, CA	29,767	2013
Welcome Wagon(R)(D)	Plainview, NY	48,148	2015
Top Producer®(R)	Richmond, Canada	47,114	2011
Enterprise(R)	Milwaukee, WI	16,817	2010
Sales offices(M)	Manhattan, NY	6,000	2012

(C Corporate) (R Real Estate Services) (M Consumer Media) (D Discontinued Operations)

We believe that our existing facilities and office space are adequate to meet current requirements.

Item 3. *Legal Proceedings.*

From time to time, we are party to various litigation and administrative proceedings relating to claims arising from our operations in the ordinary course of business. See the disclosure regarding litigation included in Note 22, Settlements of Disputes and Litigation Settlement of Securities Class Action Lawsuit and Potential Obligations and Settlement and Resolution of Other Litigation, and Note 23, Commitments and Contingencies Legal Proceedings, to our Consolidated Financial Statements contained in Item 8 of this Form 10-K, which are incorporated herein by reference. As of the date of this Form 10-K and except as set forth herein, we are not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on our business, results of operations, financial condition or cash flows.

Item 4. *Submission of Matters to a Vote of Security Holders.*

We did not submit any matters to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 2008.

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PART II

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

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol MOVE. The following table shows the high and low sale prices of the common stock as reported for the periods indicated.

	High	Low
2007		
First Quarter	$ 6.69	$ 5.22
Second Quarter	5.59	3.80
Third Quarter	4.55	2.36
Fourth Quarter	3.08	2.20
2008		
First Quarter	3.22	1.62
Second Quarter	3.47	2.23
Third Quarter	3.16	2.00
Fourth Quarter	2.33	0.64
2009		
First Quarter (up until March 2, 2009)	1.94	1.32

As of March 2, 2009, there were approximately 3,088 record holders of our common stock. Because many of these shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividends

We have never declared or paid any cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future, except for an annual dividend of $0.08 to be paid on the one share of our Series A preferred stock held by NAR. We are obligated to pay dividends on our Series B Preferred Stock of 3.5% per year, paid quarterly. For the first five years the Series B Preferred Stock is outstanding, the dividend will be paid in-kind in shares of Series B Preferred Stock. See Note 16, Series B Convertible Preferred Stock, to our Consolidated Financial Statements contained in Item 8 of the Form 10-K for information regarding restrictions on our ability to pay dividends.

Stock Repurchases

There were no purchases of shares under our stock repurchase program for the year ended December 31, 2008 and the program expired on September 17, 2008.

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities by Move, Inc. during the year ended December 31, 2008 that have not previously been reported in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2008 regarding compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) (In thousands)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (c) (In thousands)
Equity compensation plans approved by security holders	27,092	$ 3.31	13,451
Equity compensation plans not approved by security holders	8,205	$ 2.73	7,697
Total	35,297	$ 3.17	21,148

Equity Compensation Plan Information

Each of the above plans provides that the number of shares with respect to which options may be granted, and the number of shares of common stock subject to an outstanding option, shall be proportionately adjusted in the event of a subdivision or consolidation of shares or the payment of a stock dividend on common stock, and the purchase price per share of outstanding options shall be proportionately revised.

The Move, Inc. 1999 Stock Incentive Plan, a security-holder approved plan, contains a provision for an automatic increase in the number of shares available for issuance each January 1 (until January 1, 2009) by an amount equal to 4.5% of the total number of outstanding shares as of the preceding December 31; provided that the aggregate number of shares that qualify as Incentive Stock Options (as defined in the plan) must not exceed 20.0 million shares. On January 1, 2009, 6,888,682 additional shares became available under the plan.

Non-Shareholder Approved Plans

Options are granted from the Move, Inc. 2002 Stock Incentive Plan, a plan established in January 2002 to attract and retain qualified personnel. No more than 40% of the available securities granted under this plan may be awarded to our directors or executive officers. Option grants under this plan are non-qualified stock options and generally have a four-year vesting schedule and a 10-year life.

Other non-shareholder approved plans include the following plans assumed in connection with prior acquisitions: The 1997-1998 Stock Incentive Plan of Cendant Corporation, the Cendant Corporation Move.com Group 1999 Stock

Option Plan, as amended and restated effective as of March 21, 2000, the Move.com, Inc. 2000 Stock Incentive Plan, the HomeWrite Incorporated 2000 Equity Incentive Plan, the ConsumerInfo.com, Inc. 1999 Stock Option Plan, the iPlace 2000 Stock Option Plan, the eNeighborhoods, Inc. 1998 Stock Option Plan, the Qspace, Inc. 1999 Stock Option Plan, the iPlace, Inc. 2001 Equity Incentive Plan and The Hessel Group, Inc. 2000 Stock Option Plan. Each of these plans (i) was intended to attract, retain and motivate employees, (ii) was administered by the Board of Directors or by a committee of the Board of Directors of such entities, and (iii) provided that options granted thereunder would be exercisable as determined by such Board of Directors or committee, provided that no option would be exercisable after the expiration of 10 years after the grant date. We granted 1,726,000 options under these plans in 2007, but we did not grant any option under these plans in 2008 or 2006. Options outstanding as of December 31, 2008 pursuant to compensation plans assumed in connection with prior acquisitions, in the aggregate, total 1,777,691 and the weighted average exercise price of those option shares is $4.81.

For additional information regarding our equity compensation plans, see Note 15, Stock Plans, to our Consolidated Financial Statements contained in Item 8 of this Form 10-K.

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Item 6. *Selected Financial Data*

You should read the following selected consolidated financial data together with the Consolidated Financial Statements and related notes included in Part II Item 8. Financial Statements and Supplementary Data and Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K.

The consolidated statement of operations data for the years ended December 31, 2008, 2007 and 2006 and the consolidated balance sheet data as of December 31, 2008 and 2007 are derived from our audited Consolidated Financial Statements included in Part II Item 8. Financial Statements and Supplementary Data of this Form 10-K. The consolidated statement of operations data for the years ended December 31, 2005 and 2004 and the consolidated balance sheet data as of December 31, 2006, 2005 and 2004 have been derived from audited Consolidated Financial Statements not included in this Form 10-K. Pursuant to Statement of Financial Accounting Standards (SFAS) No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), our Consolidated Financial Statements for all periods presented reflects the classification of our Welcome Wagon, Homeplans, Wyldfyre and CFT divisions as discontinued operations.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands, except per share amounts)				
Consolidated Statement of Operations Data:					
Revenue(1)	$ 242,069	$ 248,919	$ 238,752	$ 202,653	$ 168,263
Cost of revenue(1)	46,041	42,908	41,154	33,284	31,211
Gross profit	196,028	206,011	197,598	169,369	137,052
Operating expenses:					
Sales and marketing(1)	93,531	89,954	86,765	70,151	68,840
Product and web site development(1)	26,342	34,656	31,969	21,257	15,111
General and administrative(1)	75,945	71,434	68,865	71,861	58,071
Amortization of intangible assets	756	761	699	1,296	5,601
Restructuring charges(1)	4,412		(278)	(1,331)	1,316
Impairment of long-lived assets(1)	1,670	4,824			
Litigation settlement		3,900		1,750	2,168
Total operating expenses	202,656	205,529	188,020	164,984	151,107
Operating income (loss) from continuing operations	(6,628)	482	9,578	4,385	(14,055)
Interest income, net	5,687	9,852	7,250	2,351	673
Other income, net	1,091	1,493	17,274	530	935
Income (loss) from continuing operations before income taxes	150	11,827	34,102	7,266	(12,447)
Provision for income taxes	(549)	(501)	(134)		
Income (loss) from continuing operations	(399)	11,326	33,968	7,266	(12,447)
Gain on disposition of discontinued operations				855	7,294
Loss from discontinued operations(1)	(27,165)	(10,345)	(11,863)	(7,576)	(2,733)

Net income (loss)	(27,564)	981	22,105	545	(7,886)
Convertible preferred stock dividend and related accretion	(5,108)	(4,977)	(4,859)	(408)	
Net income (loss) applicable to common stockholders	$ (32,672)	$ (3,996)	$ 17,246	$ 137	$ (7,886)
Basic income (loss) per share applicable to common stockholders					
Continuing operations	$ (0.04)	$ 0.04	$ 0.19	$ 0.05	$ (0.09)
Discontinued operations	(0.18)	(0.07)	(0.08)	(0.05)	0.03
Basic income (loss) per share applicable to common stockholders	$ (0.22)	$ (0.03)	$ 0.11	$ 0.00	$ (0.06)
Diluted income (loss) per share applicable to common stockholders					
Continuing operations	$ (0.04)	$ 0.04	$ 0.18	$ 0.04	$ (0.09)
Discontinued operations	(0.18)	(0.07)	(0.07)	(0.04)	0.03
Diluted income (loss) per share applicable to common stockholders	$ (0.22)	$ (0.03)	$ 0.11	$ 0.00	$ (0.06)
Shares used in calculation of income (loss) per share					
Basic	151,952	154,524	151,170	147,175	136,518
Diluted	151,952	154,524	163,394	182,548	136,518

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(1) The following chart summarizes the stock-based compensation and charges that have been included in the following captions for the periods presented:

	Year Ended December 31, 2008	2007	2006	2005	2004
	(In thousands)				
Cost of revenue	$ 144	$ 130	$ 140	$	$
Sales and marketing	758	1,309	1,765	291	301
Product and web site development	566	1,181	1,339		
General and administrative	9,231	11,083	11,262	824	518
Impairment of long-lived assets		570			
Total from continuing operations	10,699	14,273	14,506	1,115	819
Total from discontinued operations	135	514	1,169		
Total stock-based compensation and charges	$ 10,834	$ 14,787	$ 15,675	$ 1,115	$ 819

	December 31, 2008	2007	2006	2005	2004
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and short-term investments	$ 108,935	$ 175,613	$ 157,848	$ 152,322	$ 59,859
Total assets	292,007	282,528	285,949	249,026	150,504
Obligation under capital lease	339	2,167	4,071	1,005	2,765
Series B convertible preferred stock	106,297	101,189	96,212	91,349	
Total stockholders equity	$ 67,839	$ 104,477	$ 101,452	$ 61,924	$ 57,393

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

You should read the following discussion in conjunction with our audited Consolidated Financial Statements for the years ended December 31, 2008, 2007 and 2006 and related notes included in Part II Item 8. Financial Statements and Supplementary Data of this Form 10-K.

Overview

Our History

We were incorporated in 1993 under the name of InfoTouch Corporation with the objective of establishing an interactive network of real estate kiosks for consumers to search for homes. In 1996, we began to develop the technology to build and operate real estate related Internet sites. In 1996, we entered into a series of agreements with NAR and several investors and transferred technology and assets to a newly-formed subsidiary, which ultimately became RealSelect, Inc. RealSelect, Inc. in turn entered into a number of formation agreements with, and issued cash and common stock representing a 15% ownership interest in RealSelect, Inc. to, NAR in exchange for the rights to operate the REALTOR.com® web site and pursue commercial opportunities relating to the listing of real estate on the Internet. That 15% ownership in RealSelect, Inc. was exchanged for stock in a new parent company, Homestore.com, Inc., in August 1999. Our initial operating activities primarily consisted of recruiting personnel, developing our web site content and raising our initial capital and we began actively marketing our advertising products and services to real estate professionals in January 1997. We changed our name to Homestore, Inc. in May 2002 and to Move, Inc. in June 2006.

Our Business

Move, Inc. and its subsidiaries (Move , we , our or us) operate the leading online network of web sites for real estate search, finance, moving and home enthusiasts and is the essential resource for consumers seeking the information and connections they need before, during and after a move. Our flagship consumer web sites are Move.com, REALTOR.com® and Moving.com. We also provide lead management software for real estate agents and brokers through our Top Producer® business.

On our web sites we display comprehensive real estate property content, with over four million resale, new home and rental listings, as well as extensive move-related information and tools. We hold a significant leadership position over our competitors in terms of web traffic, attracting an average of 8.1 million consumers to our network per month in 2008 according to comScore Media Metrix, a substantial lead over the next leading real estate site. The total minutes on our sites exceeded the total of the next six competitors combined. We also have strong relationships with the real estate industry, including content agreements with approximately 900 Multiple Listing Services (MLS) across the country and exclusive partnerships with the National Association of REALTORS® (NAR) and the National Association of Home Builders (NAHB).

Our vision is to revolutionize the American dream of home ownership. A home is the single largest investment in most people s lives, and we believe a tremendous opportunity exists to help transform the difficult process of finding a place to live into the emotional connection of home. Our mission is to be the most trusted source for real estate online.

Business Trends and Conditions

In recent years, our business has been, and we expect will continue to be, influenced by a number of macroeconomic, industry-wide and product-specific trends and conditions:

> *Market and economic conditions.* In recent years, the U.S. economy has experienced low interest rates, and volatility in the equities markets. Through 2005, housing starts remained strong, while the supply of apartment housing generally exceeded demand. For a number of years prior to 2007, owning a home became much more attainable for the average consumer due to the availability of flexible mortgage options, which required minimal down payments and provided low interest rates. During this period, home builders spent less on advertising, given the strong demand for new houses, and homeowners who were looking to sell a home only had to list it at a reasonable price in most areas of the U.S. to sell in 60 days or less. Conversely, demand for rental units declined and apartment owners did not spend as much money on advertising, as they have sought to achieve cost savings during the difficult market for rentals. These trends had an impact on our ability to grow our business.

Beginning in the second half of 2006, the market dynamics seemed to reverse. Interest rates rose and mortgage options began to decline. The housing market became saturated with new home inventory in many large metropolitan markets and the available inventory of resale homes began to climb as demand softened. The impact of the rise in interest rates caused demand for homes to decline substantially by mid-2007. In the second half of 2007, the availability of mortgage financing became very sparse. The lack of liquidity coupled with increased supply of homes and declining prices had a significant impact on real estate professionals, our primary customers.

Throughout 2008, market conditions continued to decline and in late September, the stock market declines negatively impacted the liquidity of the markets in general and have contributed to the decline in consumer spending. With the exception of very few markets, new home starts have ground to a halt. Consumer confidence has declined and while mortgage rates have appeared to decline slightly, the credit standards are perceived to be the tightest they have been in the last 15 years. The combination of these factors has had a negative impact on the demand for homes.

These changing conditions resulted in fewer home purchases and forced many real estate professionals to reconsider their marketing spend. In 2006, we saw many customers begin to shift their dollars from conventional offline channels, such as newspapers and real estate guides, to the Internet. We saw many brokers move their spending online and many home builders increased their marketing spend to move existing inventory, even as they slowed their production and our business grew as a result. However, as the slow market continued into 2008, it has caused our rate of growth to decline. While the advertising spend by many of the large agents and brokers online appears steady, some of the medium and smaller brokers and agents have reduced expenses to remain in business and this may cause our growth rate to decline further and possibly experience a decline in revenue as we move into 2009.

Evolution of Our Product and Service Offerings and Pricing Structures.

Real Estate Services segment: Our Real Estate Services began as a provider of Internet applications to real estate professionals. It became apparent that our customers valued the media exposure that the Internet offered them, but not all of the technology that we were offering. Many of our customers objected to our proposition that they purchase our templated web site in order to gain access to our networks. In addition, we were charging a fixed price to all customers regardless of the market they operated in or the size of their business.

We responded to our customers needs and revamped our service offerings. We began to price our REALTOR.com® services based on the size of the market and the number of properties the customer displayed. For many of our customers this change led to substantial price increases over our former technology pricing. This change was reasonably well-accepted by our customers.

In 2006, we changed the business model for our New Homes and Rentals businesses. Prior to that time, we charged homebuilders and rental owners to list their properties on our HomeBuilder.com® and RENTNET® web sites. When we launched the Move.com web site on May 1, 2006, we replaced our new home site, HomeBuilder.com, and our apartment rental site, RENTNET, with Move.com. In conjunction with this change, we began to crawl the web to display any new home and apartment listing for no charge. We continued to obtain revenue from enhanced listings, including our Showcase Listing and Featured Listing products, as well as other forms of advertising on the sites. Featured Listings, which appear above the algorithmically-generated search results, are priced on a fixed cost-per-click basis. When we launched the Move.com web site, existing listing subscription customers were transitioned into our new products having comparable value for the duration of their existing subscription. While the consumer was provided with significantly more content, the number of leads to our paying customers declined.

In today s market, our real estate professional customers are facing a decline in their business and have to balance their marketing needs with their ability to pay. As a result, they are demanding products that perform and provide measurable results for their marketing spend. We are evaluating customer feedback and balancing that with the need for an improved consumer experience and have modified our products and our pricing to be responsive to both.

Consumer Media segment: The decline in consumer confidence and the resulting decline in consumer spending has caused many of our traditional consumer advertisers to reduce their spending. These economic conditions have caused the decline in our revenue in this segment to continue. It could take considerable time before this segment yields meaningful growth, if at all. Significant growth will require that we introduce new targeted products that are responsive to advertisers demands and are presented to consumers much more timely.

This market decline has also impacted our Welcome Wagon® business, causing us to decide in the second quarter of 2008 to market this business for sale. The results of operations of Welcome Wagon have been classified as discontinued operations for all periods presented.

Acquisitions and Dispositions

In the second quarter of 2008, we decided to divest our Welcome Wagon® business, which had been reported as part of our Consumer Media segment. We are actively marketing the business for sale and expect to complete a transaction in 2009.

In the fourth quarter of 2007, we decided to divest our Homeplans business, which had been reported as part of our Consumer Media segment. In the second quarter of 2008, we closed the sale of the business for a sales price of approximately $1 million in cash. The transaction did not result in any significant gain or loss on disposition.

On February 21, 2006, we acquired certain assets and assumed certain liabilities of Moving.com, Inc. from TMP Directional Marketing, LLC for approximately $9.6 million in cash. Moving.com connects consumers with moving companies, van lines, truck rental providers and self storage facilities. The acquisition has been accounted

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for as a purchase. The acquisition cost has been allocated to the assets acquired based on their respective fair values. We integrated Moving.com s product offering into our new Move offering in 2006.

Pursuant to SFAS No. 144, our Consolidated Financial Statements for all periods presented reflects the classification of our Welcome Wagon® and Homeplans divisions as discontinued operations. Accordingly, the revenue, operating expenses, and cash flows of these divisions have been excluded from the respective captions in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows and have been reported as Loss from discontinued operations, net of applicable income taxes of zero; and as Net cash provided by (used in) discontinued operations. Total revenue and loss from discontinued operations are reflected below (in thousands):

	For the Year Ended December 31,		
	2008	2007	2006
Revenue	$ 31,452	$ 44,250	$ 51,632
Total operating expenses	(41,027)	(51,521)	(63,495)
Restructuring charges	(1,584)		
Impairment of long-lived assets	(16,006)	(3,074)	
Loss from discontinued operations	$ (27,165)	$ (10,345)	$ (11,863)

The carrying amounts of the major classes of assets and liabilities of the discontinued operations are as follows (in thousands):

	December 31, 2007
Total current assets	$ 6,524
Property and equipment, net	2,736
Goodwill and other assets	15,157
Total assets of discontinued operations	$ 24,417
Total current liabilities of discontinued operations	5,429
Total liabilities of discontinued operations	$ 5,429

Critical Accounting Policies, Estimates and Assumptions

Our discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, uncollectible receivables, valuation of investments, intangible and other long-lived assets, stock-based compensation and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our Consolidated Financial Statements: revenue recognition; valuation allowances, specifically the allowance for doubtful accounts; valuation of investments; valuation of goodwill, identified intangibles and other long-lived assets; stock-based compensation; and legal contingencies.

Management has discussed the development and selection of the following critical accounting policies, estimates and assumptions with the Audit Committee of our Board of Directors and the Audit Committee has reviewed these disclosures.

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Revenue Recognition

We derive our revenue primarily from two sources (i) advertising revenue for running online advertising on our web sites and (ii) software revenue, which includes software licenses.

As described below, significant management judgments and estimates must be made and used in connection with the revenue recognized in any accounting period.

We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition , and Emerging Issues Task Force Issue (EITF) 00-21, Revenue Arrangements with Multiple Deliverables . Revenue is recognized only when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectibility is reasonably assured.

We assess collection based on a number of factors, including past transaction history with the customer and the credit worthiness of the customer. We do not request collateral from our customers. If we determine that collection of a fee is not reasonably assured, we defer the fee and recognize revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash. Cash received in advance is recorded as deferred revenue until earned.

Advertising Revenue We primarily sell online advertising. Online advertising revenue includes three revenue streams: (i) impression based, (ii) fixed fee subscriptions and (iii) variable, performance based agreements. The impressions based agreements range from spot purchases to 12 month contracts. The impression based revenue is recognized based upon actual impressions delivered and viewed by a user in a period. The fixed fee subscription revenue is recognized ratably over the period in which the services are provided. We measure performance related to advertising obligations on a monthly basis prior to the recording of revenue.

Software Revenue We generally license our software product on a monthly subscription basis. Our hosting arrangements require customers to pay a fixed fee and receive service over a period of time, generally one year. Revenue is recognized ratably over the service period.

Allowance for Doubtful Accounts

Our estimate for the allowance for doubtful accounts related to trade receivables is based on two methods. The amounts calculated from each of these methods are combined to determine the total amount to be reserved. First, we evaluate specific accounts where we have information that the customer may have an inability to meet its financial obligations. In these cases, we use our judgment, based on the best available facts and circumstances, and record a specific reserve for that customer against amounts due to reduce the receivable to the amount that is expected to be collected. These specific reserves are reevaluated and adjusted as additional information is received that impacts the amount reserved. Second, an additional reserve is established for all customers based on a range of percentages applied to aging categories. These percentages are based on historical collection and write-off experience. If circumstances change (i.e., higher than expected defaults or an unexpected material adverse change in a major customer s ability to meet its financial obligation to us) our estimates of the recoverability of amounts due to us could be reduced or increased by a material amount.

Valuation of Long-term Investments

On January 1, 2008, we adopted the provision of SFAS No. 157, Fair Value Measurement, which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date. Our Long-term Investments consist of ARS investments which are not currently trading and therefore do not have a readily determinable market value. We used a discounted cash flow model to estimate the fair value of these

ARS investments as of December 31, 2008. The assumptions used in preparing the discounted cash flow model includes estimates for interest rates, timing and amount of cash flows and expected holding period of the ARS. If any of the assumptions used in the discounted cash flow model change significantly, the fair value of our ARS investments may differ materially in the future from that recorded in the current period. We believe the fair value accounting associated with our investments is a critical accounting policy because it requires the use of complex judgment in its application.

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Valuation of Goodwill, Identified Intangibles and Other Long-lived Assets

Under the Financial Accounting Standards Board s (FASB) Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, goodwill is not amortized, but is tested for impairment at a reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value amount. Events or circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, significant declines in our stock price for a sustained period or significant underperformance relative to expected historical or projected future operating results.

In testing for a potential impairment of goodwill, we first compare the estimated fair value of each reporting unit with book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the respective reporting unit is less than book value, then we are required to compare the carrying amount of the goodwill with its implied fair value. The estimate of implied fair value of goodwill may require independent valuations of certain internally generated and unrecognized intangible assets such as our subscriber base, software and technology and patents and trademarks. If the carrying amount of our goodwill exceeds the implied fair value of that goodwill, an impairment loss would be recognized in an amount equal to the excess.

Stock-Based Compensation

On January 1, 2006, we adopted the provision of SFAS No. 123 (revised 2004), Share-Based Payment (SFAS 123R) which requires that compensation expense be measured and recognized at an amount equal to the fair value of share-based payments granted under compensation arrangements. We calculated the fair value of stock options by using the Black-Scholes option-pricing model. The determination of the fair value of share-based awards at the grant date requires judgment in developing assumptions, which involve a number of variables. These variables include, but are not limited to, the expected stock-price volatility over the term of the awards, the expected dividend yield and the expected stock option exercise behavior. Additionally, judgment is also required in estimating the number of share-based awards that are expected to forfeit. Our computation of expected volatility is based on a combination of historical and market-based implied volatility. The expected term of options granted was derived from an analysis of optionees historical post-vest exercise behavior.

If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. We believe the accounting for stock-based compensation is a critical accounting policy because it requires the use of complex judgment in its application.

Legal Contingencies

We are currently involved in certain legal proceedings, as discussed in Note 23, Commitments and Contingencies Legal Proceedings to our Consolidated Financial Statements in Item 8 of this Form 10-K. For those matters where we have reached agreed-upon settlements, we have estimated the amount of those settlements and accrued the amount of the settlement in our financial statements. Because of the uncertainties related to both the amount and range of loss on the remaining pending litigation, we are unable to make a reasonable estimate of the liability that could result from an unfavorable outcome. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operations and financial position.

Results of Operations

We have a limited operating history and our business model has been modified over the past three years. In addition, we appointed a new Chief Executive Officer in January 2009. Our prospects should be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of

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development, particularly companies in new and rapidly evolving markets such as the Internet. To address these risks, we must, among other things, be able to continue to:

- execute our business model, including changes to that model;
- respond to highly competitive developments;
- attract, retain and motivate qualified personnel;
- implement and successfully execute our marketing plans;
- continue to upgrade our technologies;
- develop new distribution channels; and
- improve our operational and financial systems.

We were able to generate moderate growth in 2006 and 2007, but our revenue declined slightly in 2008. Although our revenue grew significantly in our early history, you should not consider our historical growth indicative of future revenue levels or operating results. We have achieved net income in a few recent quarters in 2006 and 2007, but we did not achieve net income in any quarter of 2008 and we may not be able to do so in the future. A more complete description of other risks relating to our business is set forth in Part I Item 1A. Risk Factors of this Form 10-K. Pursuant to SFAS No. 144, our Consolidated Financial Statements for all periods presented reflects the classification of our Homeplans and Welcome Wagon® divisions as discontinued operations.

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Consolidated Statement of Operations Data:			
Revenue	$ 242,069	$ 248,919	$ 238,752
Cost of revenue(1)	46,041	42,908	41,154
Gross profit	196,028	206,011	197,598
Operating expenses:			
Sales and marketing(1)	93,531	89,954	86,765
Product and web site development(1)	26,342	34,656	31,969
General and administrative(1)	75,945	71,434	68,865
Amortization of intangible assets	756	761	699
Restructuring charges	4,412		(278)
Impairment of long-lived assets(1)	1,670	4,824	
Litigation settlement		3,900	
Total operating expenses	202,656	205,529	188,020
Operating income (loss) from continuing operations	(6,628)	482	9,578
Interest income, net	5,687	9,852	7,250
Other income, net	1,091	1,493	17,274

Income from continuing operations before income taxes		150		11,827		34,102
Provision for income taxes		(549)		(501)		(134)
Income (loss) from continuing operations		(399)		11,326		33,968
Loss from discontinued operations(1)		(27,165)		(10,345)		(11,863)
Net income (loss)		(27,564)		981		22,105
Convertible preferred stock dividend and related accretion		(5,108)		(4,977)		(4,859)
Net income (loss) applicable to common stockholders	$	(32,672)	$	(3,996)	$	17,246

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(1) The following chart summarizes the stock-based compensation and charges that have been included in the following captions for the periods presented:

	Year Ended December 31, 2008	2007	2006
	(In thousands)		
Cost of revenue	$ 144	$ 130	$ 140
Sales and marketing	758	1,309	1,765
Product and web site development	566	1,181	1,339
General and administrative	9,231	11,083	11,262
Impairment of long-lived assets		570	
Total for continuing operations	10,699	14,273	14,506
Total for discontinued operations	135	514	1,169
Total stock-based compensation and charges	$ 10,834	$ 14,787	$ 15,675

	Year Ended December 31, 2008	2007	2006
	(In thousands)		
As a Percentage of Revenue:			
Revenue	100%	100%	100%
Cost of revenue	19	17	17
Gross profit	81	83	83
Operating expenses:			
Sales and marketing	39	36	37
Product and web site development	11	14	13
General and administrative	31	29	29
Amortization of intangible assets			
Restructuring charges	2		
Impairment of long-lived assets	1	2	
Litigation settlement		2	
Total operating expenses	84	83	79
Operating income (loss) from continuing operations	(3)		4
Interest income, net	2	4	3
Other income, net	1		7
Income from continuing operations before income taxes		4	14
Provision for income taxes			

Income (loss) from continuing operations		4	14
Loss from discontinued operations	(11)	(4)	(5)
Net income (loss)	(11)		9
Convertible preferred stock dividend and related accretion	(2)	(2)	(2)
Net income (loss) applicable to common stockholders	(13)%	(2)%	7%

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For the Years Ended December 31, 2008 and 2007

Revenue

Revenue decreased $6.8 million, or 3%, to $242.1 million for the year ended December 31, 2008, compared to $248.9 million for the year ended December 31, 2007. The decrease in revenue was due to decreases of $3.3 million in the Real Estate Services segment and $3.5 million in the Consumer Media segment. These changes by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue increased $3.1 million, or 7%, to $46.0 million for the year ended December 31, 2008, compared to $42.9 million for the year ended December 31, 2007. The increase was primarily due to higher product fulfillment costs of $3.3 million and increased depreciation expense of $1.1 million, partially offset by a decrease of $1.1 million in software maintenance costs and other cost decreases of $0.2 million.

Gross margin percentage decreased to 81% for the year ended December 31, 2008, compared to 83% for the year ended December 31, 2007.

Operating Expenses

Sales and Marketing. Sales and marketing expenses increased $3.6 million, or 4%, to $93.5 million for the year ended December 31, 2008, compared to $89.9 million for the year ended December 31, 2007. The increase was primarily due to increases in sales compensation costs of $5.7 million partially offset by decreases in online distribution costs of $1.7 million and other cost decreases of $0.4 million.

Product and Web Site Development. Product and web site development expenses decreased $8.3 million, or 24%, to $26.3 million for the year ended December 31, 2008, compared to $34.6 million for the year ended December 31, 2007. The overall decrease was primarily due to a decrease in consulting costs of $5.7 million, a decrease in personnel related costs of $2.3 million and other cost decreases of $0.3 million.

General and Administrative. General and administrative expenses increased $4.5 million, or 6%, to $75.9 million for the year ended December 31, 2008, compared to $71.4 million for the year ended December 31, 2007. The increase was primarily due to an increase in outside legal fees of $6.7 million related to patent and other litigation partially offset by decreases in personnel related costs of $2.2 million, $1.8 million of which represented non-cash stock-based compensation.

Amortization of Intangible Assets. Amortization of intangible assets was $0.8 million for the years ended December 31, 2008 and 2007.

Restructuring Charges. During the third and fourth quarters of 2008, the Company s Board of Directors approved restructuring and integration plans with the objective of eliminating duplicate resources and redundancies and implementing a new operating structure to lower total operating expenses. As a result of these plans, the Company incurred a restructuring charge from continuing operations of $4.4 million. Included in these charges were lease charges of $3.0 million related to the consolidation of our operations in Westlake Village, California and the vacancy of a portion of the leased facility and severance and other personnel related costs of $1.4 million associated with a reduction in workforce. There were no restructuring charges for the year ended December 31, 2007.

Impairment of long-lived assets. There was a $1.7 million impairment charge from continuing operations for the year ended December 31, 2008 primarily due to an impairment charge of $1.8 million associated with previously capitalized costs for software development. In addition, the Company was able to negotiate a favorable release from certain maintenance obligations related to long-lived assets impaired in 2007 resulting in a reduction to its impairment charges of approximately $0.1 million. There was a $4.8 million impairment charge from continuing operations for the year ended December 31, 2007 primarily due to a $4.2 million charge associated with certain software costs. In addition, due to the loss of a specific contract and the associated revenue streams, certain long-lived assets associated with the issuance of warrants were determined to be impaired. The Company recorded an additional impairment charge of $0.6 million for the year ended December 31, 2007 for this impairment.

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Litigation Settlement. There were no litigation settlement charges for the year ended December 31, 2008. The Company recorded litigation settlement charges of $3.9 million for the year ended December 31, 2007. These settlements are discussed in Note 22, Settlements of Disputes and Litigation to the audited Consolidated Financial Statements contained in Item 8 of this Form 10-K.

Stock-based Compensation and Charges. The following chart summarizes the stock-based compensation and charges that have been included in the following captions for each of the periods presented (in thousands):

	Year Ended December 31,	
	2008	**2007**
Cost of revenue	$ 144	$ 130
Sales and marketing	758	1,309
Product and web site development	566	1,181
General and administrative	9,231	11,083
Impairment of long-lived assets		570
Total from continuing operations	$ 10,699	$ 14,273

Stock-based compensation and charges decreased for the year ended December 31, 2008 primarily due to the vesting of significantly fewer stock options in the current year compared to prior year and an increase in the assumed forfeiture rates due to increased employee turnover trends. Additionally, for the year ended December 31, 2007, there were one time charges for stock options and restricted stock issued to a new executive officer in 2007 that were immediately vested and impairment of long-lived assets associated with warrants. As of December 31, 2008, there was $24.1 million of unrecognized compensation cost related to non-vested stock option awards granted under the Company s plans. Substantially all of that cost is expected to be recognized over a weighted average period of 2.3 years.

Interest Income, Net

Interest income, net, decreased $4.2 million to $5.7 million for the year ended December 31, 2008, compared to $9.9 million for the year ended December 31, 2007, primarily due to decreases in interest yields on short-term and long-term investments and interest expense related to new short-term borrowings in 2008 under our line of credit.

Other Income, Net

Other income, net, decreased $0.4 million to $1.1 million for the year ended December 31, 2008, compared to $1.5 million for the year ended December 31, 2007, primarily due to a decrease in other income recognized from the revaluation of an embedded derivative liability resulting from the issuance of convertible preferred stock in December 2005.

Income Taxes

As a result of historical net operating losses, the Company would not generally expect to record a provision for income taxes. However, during the year ended December 31, 2006, the Company recorded certain indefinite lived intangible assets as a result of a purchase transaction which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A deferred tax provision in the amount of $0.1 million and $0.2 million was recorded during the years ended December 31, 2008 and 2007, respectively, as a result of this permanent difference which cannot be offset against net operating loss carryforwards due to its indefinite life. A current tax provision of $0.1 million and $0.2 million was also recorded during the years ended December 31, 2008 and 2007, respectively, due to federal alternative minimum taxes incurred as a result of the utilization of net operating losses against taxable income. An additional current tax provision of $0.2 million was recorded for the years ended December 31, 2008 and 2007 due to the release of acquired net operating loss carryforwards which were recorded against Goodwill. An additional $0.2 million tax provision was recorded in the year ended December 31, 2008 for state and local income taxes.

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At December 31, 2008, the Company had gross net operating loss carryfowards (NOLs) for federal and state income tax purposes of approximately $934.6 million and $351.3 million, respectively. The federal NOLs will begin to expire in 2018. Approximately $20.1 million of the state NOLs expired in 2008 and the state NOLs will continue to expire from 2009 until 2027. Gross net operating loss carryforwards for both federal and state tax purposes may be subject to an annual limitation under relevant tax laws. We have provided a full valuation allowance on our deferred tax assets, consisting primarily of net operating loss carryforwards, due to the likelihood that we may not generate sufficient taxable income during the carryforward period to utilize the net operating loss carryforwards.

Segment Information

Segment information is presented in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. This standard is based on a management approach, which requires segmentation based upon our internal organization and disclosure of revenue and operating expenses based upon internal accounting methods. Our management evaluates performance and allocates resources based on two segments consisting of Real Estate Services for those products and services offered to industry professionals trying to reach new movers and manage their relationships with them and Consumer Media for those products and services offered to other advertisers who are trying to reach those consumers in the process of a move. This is consistent with the data that is made available to our management to assess performance and make decisions.

The expenses presented below for each of the business segments include an allocation of certain corporate expenses that are identifiable and benefit those segments and are allocated for internal management reporting purposes. The unallocated expenses are those corporate overhead expenses that are not directly attributable to a segment and include: corporate expenses, such as finance, legal, executive, facilities, corporate brand marketing, certain corporate technology costs including internal business systems, and human resources; amortization of intangible assets; litigation settlement charges; impairment charges; stock-based charges; and acquisition and restructuring charges. There is no inter-segment revenue. Assets and liabilities are not fully allocated to segments for internal reporting purposes.

Summarized information by segment as excerpted from internal management reports is as follows (in thousands):

	Year Ended December 31, 2008				Year Ended December 31, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	$ 217,233	$ 24,836	$	$ 242,069	$ 220,546	$ 28,373	$	$ 248,919
Cost of revenue	38,394	6,554	1,093	46,041	34,677	5,875	2,356	42,908
Gross profit (loss)	178,839	18,282	(1,093)	196,028	185,869	22,498	(2,356)	206,011
Sales and marketing	75,956	12,026	5,549	93,531	71,114	13,578	5,262	89,954
Product and web site development	21,763	1,750	2,829	26,342	27,030	5,994	1,632	34,656
General and administrative	27,851	4,015	44,079	75,945	27,782	4,358	39,294	71,434
Amortization of intangible assets			756	756			761	761
Restructuring charges	301	188	3,923	4,412				
Litigation settlement							3,900	3,900

Impairment of long-lived assets			1,670	1,670			4,824	4,824
Total operating expenses	125,871	17,979	58,806	202,656	125,926	23,930	55,673	205,529
Operating income (loss) from continuing operations	$ 52,968	$ 303	$ (59,899)	$ (6,628)	$ 59,943	$ (1,432)	$ (58,029)	$ 482

Real Estate Services

Real Estate Services consists of products and services that promote and connect real estate professionals to consumers through our REALTOR.com®, Move.com and SeniorHousingNet.com web sites, in addition to the customer relationship management applications for REALTORS® offered through the TOP PRODUCER®

business. The Company s revenue is derived from a variety of advertising and software services, including enhanced listings, company and property display advertising, customer management software and web site sales which are sold to those businesses interested in reaching the Company s targeted audience or those professionals interested in being more effective in managing their contact with consumers.

Real Estate Services revenue decreased $3.3 million, or 2%, to $217.2 million for the year ended December 31, 2008, compared to $220.5 million for the year ended December 31, 2007. The revenue decrease was primarily generated by a significant decrease in our HomeBuilder.com® business resulting from the downturn in the housing market. There were modest declines in the REALTOR.com® business primarily due to decreased Featured Homes™ revenue as a direct result of reduced purchasing by one large broker customer, partially offset by increased enhanced listing revenues and Featured CMA™ revenues. There were also modest declines in the Rentals business due to decreased featured listings revenues. These decreases were partially offset by an increase in revenue from our Top Producer® product offerings. Real Estate Services revenue represented approximately 90% of total revenue for the year ended December 31, 2008, compared to 89% of total revenue for the year ended December 31, 2007.

Real Estate Services expenses increased $3.7 million, or 2%, to $164.3 million for the year ended December 31, 2008, compared to $160.6 million for the year ended December 31, 2007. There was a $4.8 million increase in sales and marketing costs primarily due to a $4.1 million increase in sales compensation costs and $0.7 million in other cost increases and a $3.7 million increase in cost of sales due to a $1.8 million increase in product fulfillment costs associated with improvements to the Featured Community™ products, a $1.0 million increase in depreciation expense associated with the new Top Producer 8i content management software, and a $0.9 million increase in personnel related costs. There was also a $0.3 million restructuring charge and other cost increases of $0.2 million. These increases were partially offset by a $5.3 million decrease in product and web site development costs primarily due to reduced personnel related and consulting costs.

Real Estate Services generated operating income of $53.0 million for the year ended December 31, 2008, compared to $59.9 million for the year ended December 31, 2007 primarily due to the decreased revenues and increased costs discussed above. We will continue to seek increased revenue through new product offerings and new market opportunities.

Consumer Media

Consumer Media consists of on-line advertising products and lead generation tools including display, text-link and rich advertising positions, directory products, price quote tools and content sponsorships which we sell to those businesses interested in reaching our targeted audience. As described in the Acquisitions and Dispositions section above, we sold our Homeplans business and have decided to divest our Welcome Wagon® business and, as a result, the operating results of these businesses have been reclassified as discontinued operations for all periods presented.

Consumer Media revenue decreased $3.5 million, or 12%, to $24.8 million for the year ended December 31, 2008, compared to $28.3 million for the year ended December 31, 2007. The decrease was primarily generated by a decline in our online display revenue due to reduced revenue per impression as a result of declining market demand for online advertising. Consumer Media s revenue represented approximately 10% of total revenue for the year ended December 31, 2008, compared to 11% of total revenue for the year ended December 31, 2007.

Consumer Media expenses decreased $5.3 million, or 18%, to $24.5 million for the year ended December 31, 2008, compared to $29.8 million for the year ended December 31, 2007. The decrease was primarily due to a $4.2 million decrease in product and web site development costs due to lower personnel related and consulting costs and a $1.6 million decrease in sales and marketing costs due to lower online distribution costs, partially offset by other costs increases of $0.5 million.

Consumer Media generated operating income of $0.3 million for the year ended December 31, 2008, compared to an operating loss of $1.4 million for the year ended December 31, 2007 primarily due to factors outlined above. We continue to seek increased revenue through new product offerings and new market opportunities.

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Unallocated

Unallocated expenses increased $1.9 million, or 3%, to $59.9 million for the year ended December 31, 2008, compared to $58.0 million for the year ended December 31, 2007. The increase was primarily due to a $6.7 million increase in outside legal costs associated with patent and other litigation, a $3.9 million restructuring charge, a $2.6 million increase in facilities costs related to new facilities in Northern California and Arizona and a $1.2 million increase in product and web site development costs for unallocated projects. These increases were partially offset by a $3.9 million decrease in litigation settlement charges, a $3.2 million decrease in impairment charges, a $2.5 million decrease in general and administrative primarily due to reduced personnel related costs, a $2.0 million decrease in consulting costs, a $0.8 million decrease in software maintenance costs and other cost decreases of $0.1 million.

For the Years Ended December 31, 2007 and 2006

Revenue

Revenue increased $10.2 million, or 4%, to $248.9 million for the year ended December 31, 2007, compared to $238.7 million for the year ended December 31, 2006. The increase in revenue was due to an increase of $12.2 million in the Real Estate Services segment partially offset by a decrease of $2.0 million in the Consumer Media segment. These changes by segment are explained in the segment information below.

Cost of revenue increased $1.8 million, or 4%, to $42.9 million for the year ended December 31, 2007, compared to $41.1 million for the year ended December 31, 2006. The increase was primarily due to a $1.8 million increase in hosting and web content costs, a $1.2 million increase in depreciation expense due to the acquisition of new technology equipment for the data center and other cost increases of $1.3 million, partially offset by a $1.5 million decrease in facilities costs due to the relocation of the data center and a $1.0 million decrease in product fulfillment costs.

Gross margin percentage remained relatively stable at 83% for the years ended December 31, 2007 and December 31, 2006, respectively.

Operating Expenses

Sales and Marketing. Sales and marketing expenses increased $3.2 million, or 4%, to $90.0 million for the year ended December 31, 2007, compared to $86.8 million for the year ended December 31, 2006. The increase was primarily due to a $2.3 million increase in personnel related costs, a $0.9 million increase in consulting costs, a $0.6 million increase in online distribution costs and other cost increases of $0.1 million, partially offset by decreases in other marketing costs of $0.7 million.

Product and Web Site Development. Product and web site development expenses increased $2.7 million, or 8%, to $34.7 million for the year ended December 31, 2007, compared to $32.0 million for the year ended December 31, 2006. The overall increase was primarily due to a $2.5 million increase in consulting costs to improve the product offerings in the REALTOR.com® and Top Producer® businesses and other cost increases of $0.2 million.

General and Administrative. General and administrative expenses increased $2.6 million, or 4%, to $71.4 million for the year ended December 31, 2007, compared to $68.8 million for the year ended December 31, 2006. The increase was primarily due to an increase of $4.8 million in personnel related costs, $1.2 million of which represented one-time severance costs for a key executive, an increase of $1.2 million in insurance costs as a result of a one-time refund received in the year ended December 31, 2006, a $0.8 million charge taken for lease termination costs, and other cost increases of $0.9 million. These increases were partially offset by a $4.6 million decrease in consulting costs,

$3.2 million of which was due to the completion of the relocation of our data center in the year ended December 31, 2006, and a $0.5 million decrease in non-cash stock-based compensation due to the reversal of $4.0 million in previously recognized compensation expense associated with restricted stock unit grants, partially offset by additional expense due to one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested and new stock option grants.

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Amortization of Intangible Assets. Amortization of intangible assets was $0.8 million for the year ended December 31, 2007 and $0.7 million for the year ended December 31, 2006.

Restructuring Charges. There were no restructuring charges for the year ended December 31, 2007. The Company recorded a $0.3 million reduction to our restructuring charges for the year ended December 31, 2006 as a result of the early buy-out of the remaining lease obligation in Canada.

Impairment of long-lived assets. There was a $4.8 million impairment charge from continuing operations for the year ended December 31, 2007 primarily due to a $4.2 million charge associated with certain software costs. In addition, due to the loss of a specific contract and the associated revenue streams, certain long-lived assets associated with the issuance of warrants were determined to be impaired. The Company recorded an additional impairment charge of $0.6 million for the year ended December 31, 2007 for this impairment. There were no impairment of long-lived assets for the year ended December 31, 2006.

Litigation Settlement. The Company recorded litigation settlement charges of $3.9 million for the year ended December 31, 2007. There were no litigation settlement charges for the year ended December 31, 2006. These settlements are discussed in Note 22, Settlements of Disputes and Litigation to our audited Consolidated Financial Statements contained in Item 8 of this Form 10-K.

Stock-based Compensation and Charges. The following chart summarizes the stock-based compensation and charges that have been included in the following captions for each of the periods presented (in thousands):

	Year Ended December 31,	
	2007	**2006**
Cost of revenue	$ 130	$ 140
Sales and marketing	1,309	1,765
Product and web site development	1,181	1,339
General and administrative	11,083	11,262
Impairment of long-lived assets	570	
Total from continuing operations	$ 14,273	$ 14,506

Stock-based compensation and charges decreased for the year ended December 31, 2007 primarily due to the reversal of previously recognized expense for restricted stock units, partially offset by one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested and new stock option grants.

Interest Income, Net

Interest income, net, increased $2.6 million to $9.9 million for the year ended December 31, 2007, compared to $7.3 million for the year ended December 31, 2006, primarily due to increases in short-term investment balances and higher interest rates on those balances.

Other Income, Net

Other income, net, decreased $15.8 million to $1.5 million for the year ended December 31, 2007, compared to $17.3 million for the year ended December 31, 2006, primarily due to a realized gain on sale of investments of $15.7 million for the year ended December 31, 2006 resulting from the sale of certain marketable securities that had previously been permanently impaired and written off during the year ended December 31, 2001.

Income Taxes

As a result of historical net operating losses, the Company would not generally expect to record a provision for income taxes. However, during the year ended December 31, 2006, the Company recorded certain indefinite lived intangible assets as a result of a purchase transaction which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A deferred tax provision in the amount of $0.2 million and

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$0.1 million was recorded during the years ended December 31, 2007 and 2006, respectively, as a result of this permanent difference which cannot be offset against net operating loss carryforwards due to its indefinite life. A current tax provision of $0.2 million was recorded during the year ended December 31, 2007 due to federal alternative minimum taxes incurred as a result of the utilization of net operating losses against taxable income. An additional current tax provision of $0.2 million was recorded for the year ended December 31, 2007 due to the release of acquired net operating loss carryforwards which was recorded against Goodwill.

Segment Information

Summarized information by segment as excerpted from internal management reports is as follows (in thousands):

	Year Ended December 31, 2007				**Year Ended December 31, 2006**			
	Real Estate Services	**Consumer Media**	**Unallocated**	**Total**	**Real Estate Services**	**Consumer Media**	**Unallocated**	**Total**
Revenue	$ 220,546	$ 28,373	$	$ 248,919	$ 208,339	$ 30,413	$	$ 238,752
Cost of revenue	34,677	5,875	2,356	42,908	33,323	4,675	3,156	41,154
Gross profit (loss)	185,869	22,498	(2,356)	206,011	175,016	25,738	(3,156)	197,598
Sales and marketing	71,114	13,578	5,262	89,954	69,915	12,963	3,887	86,765
Product and web site development	27,030	5,994	1,632	34,656	25,083	2,657	4,229	31,969
General and administrative	27,782	4,358	39,294	71,434	30,113	3,478	35,274	68,865
Amortization of intangible assets			761	761			699	699
Restructuring charges							(278)	(278)
Litigation settlement			3,900	3,900				
Impairment of long-lived assets			4,824	4,824				
Total operating expenses	125,926	23,930	55,673	205,529	125,111	19,098	43,811	188,020
Operating income (loss) from continuing operations	$ 59,943	$ (1,432)	$ (58,029)	$ 482	$ 49,905	$ 6,640	$ (46,967)	$ 9,578

Real Estate Services

Real Estate Services consists of products and services that promote and connect real estate professionals to consumers through our REALTOR.com®, New Homes and Rentals on Move.com and SeniorHousingNet.com web sites, in addition to our customer relationship management applications for REALTORS® offered through our TOP PRODUCER® business. During the second quarter of 2006, we launched Move.com as a real estate listing and move-related search site. Shortly after its launch, Move.com replaced HomeBuilder.com® and RENTNET.com and we began promoting those under the Move® brand. Our revenue is derived from a variety of advertising and software services, including enhanced listings, company and property display advertising, customer management software and web site sales which we sell to those businesses interested in reaching our targeted audience or those professionals interested in being more effective in managing their contact with consumers.

Real Estate Services revenue increased $12.2 million, or 6%, to $220.5 million for the year ended December 31, 2007, compared to $208.3 million for the year ended December 31, 2006. The revenue increase was primarily generated by an increase in our REALTOR.com® business driven by increased Company Showcase Listing Enhancement revenue and increased Featured Homes™ revenue, partially offset by a decrease in Virtual Tour revenue. Additionally, there was an increase in our Top Producer® business primarily due to continued growth in our 7i™ subscriber base and increased revenue from the Top Website™ and Top Marketer™ products which were launched during the year ended December 31, 2006. These increases were partially offset by a decrease in revenue from our Rentals business. Real Estate Services revenue represented approximately 89% of total revenue for the year ended December 31, 2007, compared to 87% of total revenue for the year ended December 31, 2006.

Real Estate Services expenses increased $2.2 million, or 1%, to $160.6 million for the year ended December 31, 2007, compared to $158.4 million for the year ended December 31, 2006. The increase was primarily due to a $1.9 million increase in product and development costs related to increased consulting and personnel costs, a $1.4 million increase in cost of sales related to increased hosting and web content costs and a $1.2 million increase in sales and marketing costs due to increased sales compensation from the increased revenues, partially offset by a $2.3 million decrease in general and administrative costs primarily due to decreased personnel related costs, including a $0.3 million decrease in non-cash stock-based compensation primarily due to a $1.3 million reversal of previously recognized expense associated with restricted stock units partially offset by additional stock option grants.

Real Estate Services generated operating income of $59.9 million for the year ended December 31, 2007, compared to $49.9 million for the year ended December 31, 2006 primarily due to the increased revenues discussed above.

Consumer Media

Consumer Media consists of on-line advertising products and lead generation tools including display, text-link and rich advertising positions, directory products, price quote tools and content sponsorships which we sell to those businesses interested in reaching our targeted audience. As described in the Acquisitions and Dispositions section above, we sold our Homeplans business and have decided to divest our Welcome Wagon® business and, as a result, the operating results of these businesses have been reclassified as discontinued operations for all periods presented.

Consumer Media revenue decreased $2.0 million, or 7%, to $28.4 million for the year ended December 31, 2007, compared to $30.4 million for the year ended December 31, 2006. The decrease was primarily generated by a decline in our online advertising revenue, partially offset by an increase in revenues from the Moving.com business resulting from a full year of revenue as the business was purchased on February 21, 2006. Consumer Media s revenue represented approximately 11% of total revenue for the year ended December 31, 2007, compared to 13% of total revenue for the year ended December 31, 2006.

Consumer Media expenses increased $6.0 million, or 25%, to $29.8 million for the year ended December 31, 2007, compared to $23.8 million for the year ended December 31, 2006. The increase was due to a $3.3 million increase in product and web site development costs primarily due to increased personnel related and consulting costs, a $1.2 million increase in cost of goods sold primarily due to increased hosting and imaging costs, a $0.9 million increase in general and administrative costs due primarily to a $1.5 million increase in personnel related costs and other cost increases of $0.3 million, partially offset by a $0.9 million decrease in bad debt expense, and a $0.6 million increase in sales and marketing primarily due to increased online distribution costs.

Consumer Media generated an operating loss of $1.4 million for the year ended December 31, 2007, compared to operating income of $6.6 million for the year ended December 31, 2006 primarily due to factors outlined above.

Unallocated

Unallocated expenses increased $11.1 million, or 24%, to $58.0 million for the year ended December 31, 2007, compared to $46.9 million for the year ended December 31, 2006. The increase was primarily due to one-time costs associated with a $4.8 million impairment charge and a $3.9 million litigation settlement. The remaining increase was associated with an increase of $5.6 million in personnel related costs, $1.5 million of which represented one-time severance costs for key executives, an increase of $1.2 million in insurance costs as a result of a one-time refund received in the year ended December 31, 2006, a $0.8 million charge taken for lease termination costs, a $0.5 million increase in depreciation expense related to equipment for the Company s new data center, and other cost increases of $1.0 million. These increases were partially offset by a $6.2 million decrease in consulting costs, $3.2 million of which was due to the completion of the relocation of our data center in the year ended December 31, 2006 and a $0.5 million decrease in non-cash stock-based compensation due to the reversal of $2.5 million in previously recognized compensation expense associated with restricted stock unit grants, partially offset by additional expense due to one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested and new stock option grants.

Liquidity and Capital Resources

Net cash provided by continuing operating activities of $8.9 million for the year ended December 31, 2008 was attributable to net loss from continuing operations of $0.4 million plus non-cash expenses including depreciation, amortization of intangible assets, changes in market value of embedded derivative liability, provision for doubtful accounts, stock-based compensation and charges, impairment of long-lived assets and other non-cash items, aggregating to $24.8 million, offset by changes in operating assets and liabilities of approximately $15.5 million.

Net cash provided by continuing operating activities of $28.4 million for the year ended December 31, 2007 was attributable to net income from continuing operations of $11.3 million plus non-cash expenses including depreciation, amortization of intangible assets, changes in market value of embedded derivative liability, provision for doubtful accounts, stock-based compensation and charges, impairment of long-lived assets and other non-cash items, aggregating to $29.3 million, offset by changes in operating assets and liabilities of approximately $12.2 million.

Net cash used in investing activities of continuing operations of $5.2 million for the year ended December 31, 2008 was primarily attributable to purchases of short-term investments of $96.9 million, proceeds from sales of property and equipment of $0.2 million, partially offset by maturities of short-term investments of $96.4 million and capital expenditures of $5.9 million. The actual cash provided by investing activities was $5.7 million, as the $96.9 million and $96.4 million of investment activity reflect the gross sales and purchases of investments which is a classification requirement.

Net cash provided by investing activities of continuing operations of $15.2 million for the year ended December 31, 2007 was primarily attributable to maturities of short-term investments of $86.6 million, proceeds from the sale of marketable equity securities of $15.7 million, proceeds from the surrender of a life insurance policy of $5.2 million, and proceeds from the sales of property and equipment of $0.3 million, partially offset by purchases of short-term investments of $73.5 million, capital expenditures of $18.5 million and the purchase of intangible assets of $0.6 million. The actual cash provided by investing activities was $2.1 million, as the $86.6 million and $73.5 million of investment activity reflect the gross sales and purchases of investments which is a classification requirement.

Net cash provided by financing activities of $66.1 million for the year ended December 31, 2008 was primarily attributable to proceeds from a drawdown on a revolving line of credit of $64.7 million, the exercise of stock options of $3.1 million and a reduction in restricted cash balances of $0.1 million, partially offset by payments on capital lease obligations of $1.8 million.

Net cash used in financing activities of $7.9 million for the year ended December 31, 2007 was primarily attributable to $10.0 million in repurchases of company stock and $1.9 million in capital lease payments, partially offset by $3.1 million due to the exercise of stock options and warrants and a reduction in restricted cash balances of $0.9 million.

We have generated positive operating cash flows in each of the last three years. We have no material financial commitments other than those under capital and operating lease agreements and our operating agreement with NAR.

Our contractual obligations as of December 31, 2008 are as follows (in thousands):

	Payments Due by Period				
	Total Payments Due	Due in One Year or Less	Due in One to Three Years	Due in Three to Five Years	Over Five Years
Capital lease obligations	$ 345	$ 345	$	$	$
Operating lease obligations	24,390	8,509	9,094	5,062	1,725
Other purchase obligations	8,281	1,656	3,312	3,313	

Total	$	33,016	$	10,510	$	12,406	$	8,375	$	1,725

Other purchase obligations represent payments required under our operating agreement with NAR. Obligations for the years ending 2009 and beyond are calculated based on amounts paid in prior years adjusted for the Annual Consumer Price Index for the period ending in the prior calendar year. Obligations disclosed above only include estimated payments over the next five years as this agreement has an indefinite term.

In addition, we have commitments of approximately $0.4 million to purchase property, plant and equipment, software licenses and consulting services as of December 31, 2008.

As of December 31, 2008, our long-term investments included $111.8 million of high-grade (AAA rated) student loan auction rate securities issued by student loan funding organizations, which loans are 97% guaranteed under FFELP (Federal Family Education Loan Program). These ARS were intended to provide liquidity via an auction process that resets the interest rate, generally every 28 days, allowing investors to either roll over their holdings or sell them at par. In February 2008, auctions for the investments in these securities failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful, the securities mature or a buyer is found outside of the auction process. Maturity dates for these ARS investments range from 2030 to 2047 with principal distributions occurring on certain securities prior to maturity. We do not have a need to access these funds for operational purposes for the foreseeable future. Subject to an arbitration proceeding as discussed in Note 23 Commitments and Contingencies Legal Proceedings to our Consolidated Financial Statements in Item 8 of this Form 10-K, we currently have the intent to hold these ARS investments until their fair value recovers, until they reach maturity or until they can be sold in a market that facilitates orderly transactions. As of December 31, 2008, we classified $111.8 million of the ARS investment balance as Long-term Investments because of the inability to determine when our investments in ARS would become liquid. We have also modified our current investment strategy and increased our investments in more liquid money market and treasury bill investments. During the year ended December 31, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately $17.6 million which we deemed as temporary and included in Other Comprehensive Income.

The valuation of our investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes in credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

If the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required in future periods to record additional unrealized losses in other comprehensive income (loss) or depending on the circumstances existing at the time, such losses may be considered other than temporary and recorded as a component of net income (loss).

On May 8, 2008, we entered into a revolving line of credit providing for borrowings of up to $64.8 million with a major financial institution. Outstanding balances are due on May 7, 2009. The line of credit is secured by our ARS investment balances and outstanding borrowings will bear interest at the Federal Funds Rate plus 2.1% (2.24% as of December 31, 2008). The available borrowings may not exceed 50% of the par value of our ARS investment balances and could be limited further if the quoted market value of these securities drop below 70% of par value. On September 4, 2008, as a result of our concerns about the fluctuating credit markets, we drew down $64.7 million under the line of credit to increase our cash position and preserve our financial flexibility. As of December 31, 2008, there was $64.7 million in outstanding borrowings against this line of credit.

In August 2008, we announced our plans to review our overall operating structure and a process to lower our total operating expenses. Our objective was to reduce annual operating expenses by $20.0 million by the end of 2008, the full effect of which was not expected to be realized until 2009. However, we were successful in completing this process by December 2008. These actions have resulted in a restructuring charge of $4.4 million being taken in the current period.

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose Move to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to Move.

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Recent Accounting Developments

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations , and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent.
SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. We have not yet determined the effect that the adoption of SFAS No. 141(R) or SFAS No. 160 will have on our consolidated financial statements.

In April 2008, the FASB issued SFAS No. 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142. The intent of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the assets under SFAS No. 141(R), and other guidance under GAAP. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and early adoption is prohibited. We have not yet determined the effect that the adoption of FSP 142-3 will have on our consolidated financial statements.

In June 2008, the EITF reached a consensus on EITF No. 07-5, Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity s Own Stock (EITF 07-5). EITF 07-5 addresses the determination of whether an instrument (or embedded feature) is indexed to an entity s own stock. EITF 07-5 would require the entity to account for embedded conversion options as derivatives and record them on the balance sheet as a liability with subsequent fair value changes recorded in the income statement. EITF 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and early adoption is prohibited. We have not yet determined the effect that the adoption of EITF 07-5 will have on our consolidated financial statements, particularly with respect to our Convertible Preferred Stock. See Note 16 Series B Convertible Preferred Stock to our Consolidated Financial Statements in Item 8 of this Form 10-K for a description of our Convertible Preferred Stock.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We are exposed to market risk primarily in the area of changes in United States interest rates and conditions in the credit markets. We do not have any material foreign currency or other derivative financial instruments. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes. We attempt to increase the safety and preservation of our invested principal funds by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in investment grade securities.

As of December 31, 2008, our long-term investments included $111.8 million of high-grade (AAA rated) student loan auction rate securities issued by student loan funding organizations, which loans are 97% guaranteed under FFELP (Federal Family Education Loan Program). These ARS were intended to provide liquidity via an auction process that resets the interest rate, generally every 28 days, allowing investors to either roll over their holdings or sell them at par. In February 2008, auctions for the investments in these securities failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful, the securities mature or a buyer is found outside of the auction process. Maturity dates for these ARS investments range from 2030 to 2047 with principal distributions occurring on certain securities prior to maturity. We do not have a need to access these funds for operational purposes for the foreseeable future. Subject to an arbitration proceeding as discussed in Note 23 Commitments and Contingencies Legal Proceedings to our Consolidated Financial Statements in Item 8 of this Form 10-K, we currently have the intent to hold these ARS investments until their fair value recovers, until they reach maturity or until they can be sold in a market that facilitates orderly transactions. As of December 31, 2008, we classified $111.8 million of the ARS investment balance as Long-term Investments because of the inability to determine when our investments in ARS would become liquid. We have also modified our current investment strategy and increased our investments in more liquid money market and treasury bill investments. During the year ended December 31, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately $17.6 million which we deemed as temporary and included in Other Comprehensive Income.

The valuation of our investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes in credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

If the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required in future periods to record additional unrealized losses in other comprehensive income (loss) or depending on the circumstances existing at the time, such losses may be considered other than temporary and recorded as a component of net income (loss).

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Move, Inc.

We have audited the accompanying consolidated balance sheets of Move, Inc. as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Move, Inc. at December 31, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Move, Inc. s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
March 4, 2009

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MOVE, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 108,935	$ 45,713
Short-term investments		129,900
Accounts receivable, net of allowance for doubtful accounts of $3,716 and $3,687 at December 31, 2008 and 2007, respectively	12,833	15,645
Assets of discontinued operations		24,417
Other current assets	11,399	10,111
Total current assets	133,167	225,786
Property and equipment, net	21,934	29,930
Long-term investments	111,800	
Goodwill, net	16,969	17,181
Intangible assets, net	3,933	5,011
Restricted cash	3,209	3,369
Other assets	995	1,251
Total assets	$ 292,007	$ 282,528
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 4,051	$ 4,337
Accrued expenses	22,747	28,446
Obligation under capital leases	339	1,894
Deferred revenue	23,991	34,975
Line of credit	64,700	
Liabilities of discontinued operations		5,429
Total current liabilities	115,828	75,081
Obligation under capital leases		273
Other non-current liabilities	2,043	1,508
Total liabilities	117,871	76,862
Commitments and contingencies (Note 23)		
Series B convertible preferred stock	106,297	101,189
Stockholders Equity:		
Series A convertible preferred stock		
Common stock, $.001 par value; 500,000 shares authorized, 153,082 and 151,355 shares issued and outstanding at December 31, 2008 and December 31,	153	151

2007, respectively				
Additional paid-in capital		2,089,964		2,076,074
Accumulated other comprehensive income		(17,183)		675
Accumulated deficit		(2,005,095)		(1,972,423)
Total stockholders equity		67,839		104,477
Total liabilities and stockholders equity	$	292,007	$	282,528

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

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MOVE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2008	2007	2006
	(In thousands, except per share amounts)		
Revenue	$ 242,069	$ 248,919	$ 238,752
Cost of revenue	46,041	42,908	41,154
Gross profit	196,028	206,011	197,598
Operating expenses:			
Sales and marketing	93,531	89,954	86,765
Product and web site development	26,342	34,656	31,969
General and administrative	75,945	71,434	68,865
Amortization of intangible assets	756	761	699
Restructuring charges	4,412		(278)
Impairment of long-lived assets	1,670	4,824	
Litigation settlement		3,900	
Total operating expenses	202,656	205,529	188,020
Operating income (loss) from continuing operations	(6,628)	482	9,578
Interest income, net	5,687	9,852	7,250
Other income, net	1,091	1,493	17,274
Income from continuing operations before income taxes	150	11,827	34,102
Provision for income taxes	(549)	(501)	(134)
Income (loss) from continuing operations	(399)	11,326	33,968
Loss from discontinued operations	(27,165)	(10,345)	(11,863)
Net income (loss)	(27,564)	981	22,105
Convertible preferred stock dividend and related accretion	(5,108)	(4,977)	(4,859)
Net income (loss) applicable to common stockholders	$ (32,672)	$ (3,996)	$ 17,246
Basic income (loss) per share applicable to common stockholders			
Continuing operations	$ (0.04)	$ 0.04	$ 0.19
Discontinued operations	(0.18)	(0.07)	(0.08)
Basic income (loss) per share applicable to common stockholders	$ (0.22)	$ (0.03)	$ 0.11
Diluted income (loss) per share applicable to common stockholders			
Continuing operations	$ (0.04)	$ 0.04	$ 0.18
Discontinued operations	(0.18)	(0.07)	(0.07)

Diluted income (loss) per share applicable to common stockholders	$	(0.22)	$	(0.03)	$	0.11
Shares used in calculation of income (loss) per share applicable to common stockholders:						
Basic		151,952		154,524		151,170
Diluted		151,952		154,524		163,394

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

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MOVE, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Deferred Stock-Based Charges	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders Equity
	Shares	Amount	Shares	Amount						
	(In thousands)									
Balance at December 31, 2005		$	149,201	$ 149	$ 2,047,456	$	$ (351)	$ 343	$ (1,985,673)	$ 61,924
Comprehensive income (loss):										
Net income										