

MOVE INC
Form 10-Q
August 08, 2008

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

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

For the quarterly period ended June 30, 2008

or

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

For the transition period from _____ to _____

Commission File Number 000-26659

Move, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

95-4438337

*(I.R.S. Employer
Identification No.)*

**30700 Russell Ranch Road
Westlake Village, California**

(Address of Principal Executive Offices)

91362

(Zip Code)

(805) 557-2300

(Registrant's Telephone Number, including Area Code:)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See 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 Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

At August 4, 2008, the registrant had 152,134,889 shares of its common stock outstanding.

INDEX

	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	3
<u>Condensed Consolidated Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
<u>Item 2.</u>	16
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3.</u>	27
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	27
<u>Item 4.</u>	27
<u>Controls and Procedures</u>	27
<u>PART II OTHER INFORMATION</u>	
<u>Item 1.</u>	28
<u>Legal Proceedings</u>	28
<u>Item 1A.</u>	28
<u>Risk Factors</u>	28
<u>Item 2.</u>	28
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	28
<u>Item 3.</u>	29
<u>Defaults Upon Senior Securities</u>	29
<u>Item 4.</u>	29
<u>Submission of Matters to a Vote of Security Holders</u>	29
<u>Item 5.</u>	29
<u>Other Information</u>	29
<u>Item 6.</u>	30
<u>Exhibits</u>	30
<u>SIGNATURES</u>	31
<u>EXHIBIT 31.1</u>	
<u>EXHIBIT 31.2</u>	
<u>EXHIBIT 32.1</u>	
<u>EXHIBIT 32.2</u>	

Move®, REALTOR.com®, HomeBuilder.com®, RENTNET.com™, Top Producer®, Welcome Wagon®, and Moving.com™ are our trademarks or are exclusively licensed to us. This quarterly report on Form 10-Q contains trademarks of other companies and organizations. REALTOR® is a registered collective membership mark that may be used only by real estate professionals who are members of the National Association of REALTORS® and subscribe to its code of ethics.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****MOVE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2008 (Unaudited)	December 31, 2007
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,200	\$ 45,713
Short-term investments	20,266	129,900
Accounts receivable, net	13,151	15,645
Other current assets	13,373	10,111
Assets held for sale	21,659	24,417
Total current assets	96,649	225,786
Property and equipment, net	29,203	29,930
Long-term investments	121,000	
Goodwill, net	17,181	17,181
Intangible assets, net	4,317	5,011
Restricted cash	3,193	3,369
Other assets	696	1,251
Total assets	\$ 272,239	\$ 282,528
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 3,108	\$ 4,337
Accrued expenses	28,988	28,446
Obligations under capital leases	1,165	1,894
Deferred revenue	33,928	34,975
Liabilities held for sale	4,261	5,429
Total current liabilities	71,450	75,081
Obligations under capital leases		273
Other liabilities	1,385	1,508
Total liabilities	72,835	76,862
Commitments and contingencies (see note 16)		

Edgar Filing: MOVE INC - Form 10-Q

Series B convertible preferred stock	103,726	101,189
Stockholders' equity:		
Series A convertible preferred stock		
Common stock	152	151
Additional paid-in capital	2,082,613	2,076,074
Accumulated other comprehensive income	(7,809)	675
Accumulated deficit	(1,979,278)	(1,972,423)
Total stockholders' equity	95,678	104,477
Total liabilities and stockholders' equity	\$ 272,239	\$ 282,528

The accompanying notes are an integral part of these unaudited
Condensed Consolidated Financial Statements.

Table of Contents

MOVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	(In thousands, except per share amounts)			
	(Unaudited)			
Revenue	\$ 61,437	\$ 62,533	\$ 123,379	\$ 122,976
Cost of revenue	11,214	10,598	22,649	20,589
 Gross profit	 50,223	 51,935	 100,730	 102,387
 Operating expenses:				
Sales and marketing	23,140	22,275	47,266	45,077
Product and web site development	6,802	9,223	13,689	17,998
General and administrative	19,433	14,528	41,604	32,750
Amortization of intangible assets	197	189	394	370
 Total operating expenses	 49,572	 46,215	 102,953	 96,195
 Operating income (loss) from continuing operations	 651	 5,720	 (2,223)	 6,192
Interest income, net	1,521	2,503	3,578	4,816
Other income (expense), net	109	(372)	180	402
 Income from continuing operations before income taxes	 2,281	 7,851	 1,535	 11,410
Provision for income taxes	162	169	203	253
 Income from continuing operations	 2,119	 7,682	 1,332	 11,157
Loss from discontinued operations	(3,076)	(2,018)	(5,650)	(4,098)
 Net income (loss)	 (957)	 5,664	 (4,318)	 7,059
 Convertible preferred stock dividend and related accretion	 (1,272)	 (1,241)	 (2,537)	 (2,473)
 Net income (loss) applicable to common stockholders	 \$ (2,229)	 \$ 4,423	 \$ (6,855)	 \$ 4,586
 Basic income (loss) per share applicable to common stockholders: (see note 11)				
Continuing operations	\$ 0.01	\$ 0.04	\$ (0.01)	\$ 0.06
Discontinued operations	(0.02)	(0.01)	(0.04)	(0.03)
 Basic net income (loss) per share applicable to common stockholders	 \$ (0.01)	 \$ 0.03	 \$ (0.05)	 \$ 0.03

Edgar Filing: MOVE INC - Form 10-Q

Diluted income (loss) per share applicable to common stockholders: (see note 11)

Continuing operations	\$ 0.01	\$ 0.04	\$ (0.01)	\$ 0.05
Discontinued operations	(0.02)	(0.01)	(0.04)	(0.02)

Diluted net income (loss) per share applicable to common stockholders

\$ (0.01)	\$ 0.03	\$ (0.05)	\$ 0.03
-----------	---------	-----------	---------

Shares used to calculate basic and diluted net income (loss) per share applicable to common stockholders: (see note 11)

Basic	151,551	154,885	151,383	154,614
Diluted	158,292	165,499	151,383	166,657

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Table of Contents

MOVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended	
	June 30,	
	2008	2007
	(In thousands)	
	(Unaudited)	
Cash flows from operating activities:		
Income from continuing operations	\$ 1,332	\$ 11,157
Adjustments to reconcile income from continuing operations to net cash provided by continuing operating activities:		
Depreciation	5,512	4,722
Amortization of intangible assets	394	370
Provision for doubtful accounts	440	435
Loss (gain) on sales of property and equipment	51	(336)
Stock-based compensation and charges	5,503	5,420
Change in market value of embedded derivative liability	(155)	(98)
Other non-cash items	283	11
Changes in operating assets and liabilities:		
Accounts receivable	2,116	914
Other assets	(2,865)	(3,797)
Accounts payable and accrued expenses	(760)	2,534
Deferred revenue	(1,092)	(1,662)
Net cash provided by continuing operating activities	10,759	19,670
Net cash used in discontinued operating activities	(4,366)	(1,199)
Net cash provided by operating activities	6,393	18,471
Cash flows from investing activities:		
Purchases of property and equipment	(5,130)	(12,538)
Proceeds from sales of marketable equity securities		15,743
Proceeds from surrender of life insurance policy		5,200
Proceeds from sales of property and equipment	31	336
Purchases of intangible assets		(418)
Maturities of short-term investments	1,800	36,350
Purchases of short-term investments	(21,552)	(43,475)
Net cash (used in) provided by continuing investing activities	(24,851)	1,198
Net cash provided by (used in) discontinued investing activities	799	(63)
Net cash (used in) provided by investing activities	(24,052)	1,135
Cash flows from financing activities:		
Proceeds from exercise of stock options	972	2,708

Edgar Filing: MOVE INC - Form 10-Q

Restricted cash	176	993
Payments on capital lease obligations	(1,002)	(935)
Net cash provided by financing activities	146	2,766
Change in cash and cash equivalents	(17,513)	22,372
Cash and cash equivalents, beginning of period	45,713	14,873
Cash and cash equivalents, end of period	\$ 28,200	\$ 37,245

The accompanying notes are an integral part of these unaudited
Condensed Consolidated Financial Statements.

5

Table of Contents**MOVE, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****1. Business**

Move, Inc. and its subsidiaries (the Company) 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. The Company's flagship consumer web sites are Move.comSM, REALTOR.com[®] and Moving.comTM. The Company also provides lead management software for real estate agents and brokers through our Top Producer[®] business.

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.

2. Basis of Presentation

The Company's unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including those for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X issued by the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and note disclosures required by GAAP for complete financial statements. These statements are unaudited and, in the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary for a fair presentation have been included. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2007, which was filed with the SEC on February 29, 2008. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year.

3. Significant Accounting Policies

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurement (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-b, Effective Date of FASB Statement No. 157, which provides a one-year deferral of the effective date of SFAS 157 for non-financial assets and liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. In accordance with this interpretation, the Company has adopted the provisions of SFAS 157 with respect to its financial assets and liabilities that are measured at fair value within its financial statements as of January 1, 2008 (See Note 7 Fair Value Measurements). The provisions of SFAS 157 have not been applied to non-financial assets and liabilities. The Company is currently assessing the impact, if any, of this deferral on its Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment to FASB Statement No. 115 (SFAS 159), which permits an entity to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Under SFAS 159, entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. The Company adopted SFAS 159 as of January 1, 2008 and has elected not to apply the fair value option provided under this statement, therefore, the adoption of SFAS 159 has not had an impact on the Company's Consolidated Financial Statements.

4. Recent Accounting Development

In December 2007, the FASB issued SFAS No. 141 (revised), Business Combinations (SFAS 141R), which replaces SFAS No. 141, Business Combinations. Under the standard, an acquiring entity is required to record assets acquired and liabilities assumed in a business combination at fair value on the date of acquisition. Earn-out payments and other forms of contingent consideration are also required to be recorded at fair value on the acquisition date. The standard also requires fair value measurements to be used when recording non-controlling interests and contingent liabilities. In addition, the standard requires all costs associated with the business combination, including restructuring costs, to be expensed as incurred. For the Company, SFAS 141R is effective prospectively for business combinations having an acquisition date on or after January 1, 2009, with the exception of the accounting for valuation allowances

on deferred taxes and acquired contingencies. SFAS 141R amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to January 1, 2009 would also apply the provisions of SFAS 141R. The

Table of Contents

Company is currently evaluating the potential impact of SFAS 141R on its Consolidated Financial Statements.

5. Discontinued Operations

In the fourth quarter of 2007, the Company decided to divest its Homeplans business, which had been reported as part of its Consumer Media segment. On April 15, 2008, the Company closed the sale of the business for a purchase price of approximately \$1.0 million in cash. The transaction did not result in any significant gain or loss on disposition.

In the second quarter of 2008, the Company decided to divest its Welcome Wagon® business, which had been reported as part of its Consumer Media segment. The Company is actively marketing the business for sale and expects to complete a transaction in 2008.

Pursuant to SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), the Company's Consolidated Financial Statements for all periods presented reflects the reclassification of its Homeplans and Welcome Wagon® divisions as discontinued operations. Accordingly, the revenue, costs and 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
Revenue	\$ 7,842	\$ 11,093	\$ 17,553	\$ 21,680
Total operating expenses	10,918	13,111	23,077	25,778
Impairment of long-lived assets			126	
Loss from discontinued operations	\$ (3,076)	\$ (2,018)	\$ (5,650)	\$ (4,098)

The carrying amounts of the major classes of assets and liabilities held for sale are as follows (in thousands):

	June 30, 2008	December 31, 2007
Total current assets	\$ 5,603	\$ 6,524
Property and equipment, net	2,303	2,736
Goodwill and other assets	13,753	15,157
Total assets	\$ 21,659	\$ 24,417
Total current liabilities	4,261	5,429
Total liabilities	\$ 4,261	\$ 5,429

6. Short-term and Long-term Investments

The following table summarizes the Company's short-term and long-term investments (in thousands):

	June 30, 2008	December 31, 2007
	Adjusted Cost	Adjusted Cost
	Net Unrealized Gain/(Loss)	Net Unrealized Gain/(Loss)

			Carrying Value				Carrying Value	
Short-term investments:								
Treasury bills	\$ 20,052	\$ 14	\$ 20,066	\$	\$		\$	
Corporate auction rate securities	200		200	129,900			129,900	
Total short-term investments	\$ 20,252	\$ 14	\$ 20,266	\$ 129,900	\$	\$	\$ 129,900	
Long-term investments:								
Corporate auction rate securities	\$ 129,400	\$ (8,400)	\$ 121,000	\$	\$		\$	
Total long-term investments	\$ 129,400	\$ (8,400)	\$ 121,000	\$	\$		\$	

The Company's long-term investments consist primarily 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. All purchases of these auction rate securities were in compliance with the Company's investment policy. The recent uncertainties in the credit markets have affected all of the Company's holdings in ARS investments and auctions for the Company's investments in these securities have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and

Table of Contents

the Company will not be able to access these funds until a future auction of these investments is successful 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. The Company currently has the ability and the intent to hold these ARS investments until maturity or until they can be sold in a market that facilitates orderly transactions. As of June 30, 2008, the Company has classified \$121.0 million of the ARS investment balance as Long-term Investments because of the Company's inability to determine when these investments in ARS will become liquid. The Company has also modified its current investment strategy and increased its investments in more liquid money market and treasury bill investments.

The Company reviews its potential investment impairments in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and the related guidance issued by the FASB and SEC in order to determine the classification of the impairment as temporary or other-than-temporary. A temporary impairment charge results in an unrealized loss being recorded in the other comprehensive income (loss) component of stockholder's equity. An other-than-temporary impairment charge is recorded as a realized loss in the Condensed Consolidated Statement of Operations and reduces net income (loss) for the applicable accounting period. The differentiating factors between temporary and other-than-temporary impairment are primarily the length of the time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value.

The Company's ARS investments were measured at fair value as of June 30, 2008, and an unrealized loss of \$8.4 million for the six-month period ended June 30, 2008 was included in other comprehensive income (as previously disclosed in the Company's Form 10-Q for the quarter ended March 31, 2008). See Note 7 *Fair Value Measurements* for additional information concerning fair value measurement of the Company's ARS investments.

7. Fair Value Measurements

On January 1, 2008, the Company adopted the methods of fair value as described in SFAS No. 157 which refines the definition of fair value, provides a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The statement establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels, which are described below:

Level 1 inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or vary substantially).

Level 3 inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

Financial assets and liabilities included in our financial statements and measured at fair value as of June 30, 2008 are classified based on the valuation technique level in the table below:

	Fair Value Measurement at June 30, 2008			
	Total	Level 1	Level 2	Level 3
Description:				
Assets:				
Cash and cash equivalents (1)	\$ 28,200	\$ 28,200	\$	\$
Short-term investments (2)	20,266	20,266		
Long-term investments (3)	121,000			121,000

Total assets at fair value	\$ 169,466	\$ 48,466	\$	\$ 121,000
----------------------------	------------	-----------	----	------------

Liabilities:

Embedded derivative liability (4)	\$ 856	\$	\$	\$ 856
-----------------------------------	--------	----	----	--------

(1) Cash and cash equivalents consist primarily of money market funds for which we determine fair value through quoted market prices.

(2) Short-term investments consist primarily of treasury bills (\$20.1 million) with original maturity dates of one month or less for which we determine fair value through quoted market prices.

(3) Long-term investments consist of student loan, FFELP-backed, ARS issued by student loan funding organizations.

Table of Contents

Typically the fair value of ARS investments approximates par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments at the maximum contractual rate, these investments are not currently trading and therefore do not have a readily determinable market value. The Company used a discounted cash flow model to determine the estimated fair value of its investment in ARS as of June 30, 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. Based on this assessment of fair value, the Company determined there was a decline in the fair value of its ARS investments of \$8.4 million which was deemed temporary and is included within comprehensive other income for the six-month period ended June 30, 2008 (as previously disclosed in the Company's Form 10-Q for the quarter ended March 31, 2008).

- (4) The embedded derivative liability, which is included within other liabilities, represents the value associated with the right of the holders of Series B Preferred Stock to receive additional guaranteed dividends in the event of a change of control. There is no current observable market for this type of derivative and, as such, we determined the value of the embedded derivative based on a lattice model using inputs such as an assumed corporate bond borrowing rate, market price of the Company's stock, probability of a change in control, and volatility.

The following table provides a reconciliation of the beginning and ending balances for the major class of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) (in thousands):

	Long-term Investments	Embedded Derivative Liability
Balance on January 1, 2008	\$	\$ 1,011
Transfers in and /or out of Level 3 (1)	129,600	
Total gains/losses realized/unrealized included in earnings		(78)
Total losses included in other comprehensive income	(8,400)	
Purchases, sales, issuances and settlements, net		
Balance on March 31, 2008	\$ 121,200	\$ 933
Transfers in and /or out of Level 3 (2)	(200)	
Total gains/losses realized/unrealized included in earnings		(77)
Total losses included in other comprehensive income		
Purchases, sales, issuances and settlements, net		
Balance on June 30, 2008	\$ 121,000	\$ 856

- (1) Based on the deteriorated market conditions of our ARS investments that we classify as available-for-sale, for the three-months ended March 31, 2008 we changed our fair value measurement

methodology from quoted prices from active markets to a discounted cash flow model.

Accordingly, these securities were reclassified from Level 1 to Level 3.

- (2) During July 2008, \$0.2 million of our ARS were redeemed at par value and, as such, were reclassified from Long-term Investments to Short-term Investments as of June 30, 2008.

8. Revolving Line of Credit

On May 8, 2008, the Company entered into a revolving line of credit providing for borrowings of up to \$64.8 million through May 7, 2009 with a major financial institution. The line of credit is secured by the Company's ARS investment balances and outstanding borrowings will bear interest at the Federal Funds Rate plus 2.1% (4.1% as of June 30, 2008). The available borrowings may not exceed 50% of the par value of the Company's ARS investment balances and could be limited further if the quoted market value of these securities drop below 70% of par value. As of June 30, 2008, there were no outstanding borrowings against this line of credit.

9. Goodwill and Other Intangible Assets

Goodwill by segment is as follows (in thousands):

	June 30, 2008	December 31, 2007
Real Estate Services	\$ 12,806	\$ 12,806
Consumer Media	4,375	4,375
Total	\$ 17,181	\$ 17,181

Table of Contents

The Company has both indefinite and definite lived intangibles. Indefinite-lived intangibles consist of \$2.0 million of trade names and trademarks acquired during the year ended December 31, 2006. Indefinite-lived intangible assets decreased by \$0.3 million for the six months ended June 30, 2008 due to an impairment of an asset associated with an abandoned business initiative. Definite-lived intangible assets consist of certain trade names, trademarks, brand names, purchased technology, and other miscellaneous agreements entered into in connection with business combinations and are amortized over expected periods of benefits. Definite-lived intangible assets decreased by \$19.0 million for the six months ended June 30, 2008 due to the reclassification of Welcome Wagon Goodwill to Assets held for sale. There are no expected residual values related to these intangible assets. Intangible assets by category are as follows (in thousands):

	June 30, 2008		December 31, 2007	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Trade names, trademarks, brand names, and domain names	\$ 2,530	\$ 513	\$ 2,830	\$ 512
Purchased technology	1,400	466	1,400	366
NAR operating agreement	1,578	976	1,578	901
Customer lists and relationships	255	219	255	172
Other	1,450	722	1,450	551
Total	\$ 7,213	\$ 2,896	\$ 7,513	\$ 2,502

Amortization expense, excluding discontinued operations, for intangible assets was \$0.2 million and \$0.4 million, respectively, for the three and six months ended June 30, 2008 and 2007.

Amortization expense for the next five years is estimated to be as follows (in thousands):

Years Ended December 31,	Amount
2008 (remaining 6 months)	\$368
2009	486
2010	419
2011	416
2012	341

10. Stock-Based Compensation and Charges

The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123

Accounting for Stock-based Compensation (SFAS No. 123) and EITF No. 96-18 Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods and Services.

The Company has granted restricted stock awards to members of its Board of Directors as compensation during the past four years. These shares will vest on the third anniversary of their issuance and the costs are being recognized over their respective vesting period. During the six months ended June 30, 2008, the Company granted 160,793 shares of restricted stock to members of its Board of Directors. Additionally, one member of the Board of Directors resigned and forfeited 40,000 shares of unvested restricted stock. There were 345,293 and 314,950 unvested shares of restricted stock issued to members of the Company's Board of Directors as of June 30, 2008 and 2007, respectively. Total cost recognized was approximately \$12,000 and \$68,000 for the three months ended June 30, 2008 and 2007, respectively, and \$108,000 and \$147,000 for the six months ended June 30, 2008 and 2007, respectively. Total cost recognized for the three and six months ended June 30, 2008 are net of approximately \$85,000 of costs reversed due to the forfeiture of restricted shares during the period. These costs are included in stock-based compensation and charges.

Edgar Filing: MOVE INC - Form 10-Q

During the three months ended June 30, 2007, the Company issued 232,018 shares of restricted stock to one of its officers as a sign-on bonus. These shares had a fair value of \$1.0 million and vested fifty percent immediately with the balance vesting one year from the grant date. The fair value of the first fifty percent vesting was recognized as stock-based compensation immediately with the remaining fifty percent being amortized over one year. The officer returned 82,946 shares of common stock with a fair value of approximately \$0.4 million to reimburse the Company for the officer's share of employment taxes due as a result of this transaction. As of June 30, 2008, all shares were vested. The total costs recognized during the three months ended June 30, 2008 and 2007 was approximately \$79,000 and \$547,000, respectively. The total costs recognized during the six months ended June 30, 2008 and 2007 was approximately \$204,000 and \$547,000, respectively. These costs are included in stock-based compensation and charges.

During the three months ended March 31, 2008, the Company issued 130,000 shares of restricted stock to several of its executive employees. These shares vest on the third anniversary of their issuance and have an aggregate fair value of

Table of Contents

approximately \$323,000 that is being amortized over the three year vesting period. The total costs recognized during the three and six months ended June 30, 2008 was approximately \$27,000 and \$38,000, respectively, and is included in stock-based compensation and charges.

The Board of Directors awards performance-based restricted stock units to certain of the Company's executive officers. The following summarizes the restricted stock unit activity during the six months ended June 30, 2008 (in thousands):

	Number of Restricted Stock Units
Non-vested units at December 31, 2007	5,135
Units forfeited	(605)
Non-vested units at June 30, 2008	4,530

Based on the original terms of the awards, the officers were to earn shares of the Company's stock, based on the attainment of certain performance goals relating to the Company's revenues and operating income (as defined by the Management Development and Compensation Committee of the Board of Directors) for the fiscal year ending December 31, 2008. During the year ended December 31, 2007, the Management Development and Compensation Committee of the Board of Directors approved modifications of the performance targets and vesting periods from the original awards, reducing the original restricted stock units available for vesting after 2008 by 50% for each of the executives, and revising the target financial performance for 2008 based on current market conditions and the Company's expected performance. The committee also established financial performance targets for 2009, which provided the potential for executives to earn the remaining 50% of the restricted stock units previously granted by attainment of those performance goals.

As a result of the modification, pursuant to SFAS 123R, the likelihood of achieving the original targets was improbable and previously recognized compensation under the award was reversed to reflect this assumption. Recognition of compensation for these units will continue to be deferred until management determines that it is probable that it will achieve the new performance targets. As of June 30, 2008, the fair value of the remaining restricted stock units granted was \$20.5 million.

The Company adopted the fair value recognition provisions of SFAS No. 123 (revised 2004) Share Based Payment (SFAS 123R) using the modified-prospective transition method. Under that transition method, compensation cost recognized includes: (a) compensation cost for all share-based payments granted prior to January 1, 2006, but not yet vested, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123; and (b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Compensation costs are recognized using a straight-line amortization method over the vesting period. Results for prior periods have not been restated.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model that uses the ranges of assumptions in the following table. Our computation of expected volatility is based on a combination of historical and market-based implied volatility. Due to the unusual volatility of the Company's stock price around the time of the restatement of its financial statements in 2002 and several historical acquisitions that changed the Company's risk profile, historical data was more heavily weighted toward the more recent stock activity. The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. Starting with the three months ended March 31, 2008, the Company derived the expected term assumption based on the Company's weighted average vesting period combined with the post-vesting holding period. Prior to January 1, 2008, the Company used the simplified method to calculate the expected term for its options, as allowed by SEC Topic 14, Share-Based Payment (SAB 107). Pursuant to the results of this analysis, the Company has determined that the expected term should be 5.85 years for options granted subsequent to December 31, 2007. The risk-free interest rates are based on U.S. Treasury zero-coupon bonds for the periods in which the options

were granted.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Risk-free interest rates	3.03-3.41%	4.51-5.16%	1.65%-3.41%	4.51-5.16%
Expected term (in years)	5.85	6.06	5.85	6.06
Dividend yield	0%	0%	0%	0%
Expected volatility	65%	70%	65%	70-75%

During the three and six months ended June 30, 2008, the Company updated the estimated forfeiture rates it uses in the determination of its stock-based compensation expense; this change was a result of an assessment that included an analysis of the actual number of equity awards that had been forfeited to date compared to prior estimates and an evaluation of future estimated forfeitures. The Company periodically evaluates its forfeiture rates and updates the rates it uses in the determination

Table of Contents

of its stock-based compensation expense. The Company recorded a cumulative benefit from the change in estimate of approximately \$0.7 million and \$1.3 million, respectively, which reduced stock-based compensation expense in the consolidated statements of operations for the three and six months ended June 30, 2008.

During the three months ended March 31, 2008, the Company modified the vesting and extended the time to exercise for several former executive employees as part of their separation agreements. As a result of these modifications, the Company recorded additional stock-based compensation expense of \$0.8 million for the six months ended June 30, 2008. There were no such modifications during the six months ended June 30, 2007.

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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Cost of revenue	\$ 31	\$ 18	\$ 69	\$ 49
Sales and marketing	103	249	209	783
Product and web site development	84	237	269	512
General and administrative	1,790	(576)	4,956	4,076
Total from continuing operations	2,008	(72)	5,503	5,420
Total from discontinued operations	70	102	65	177
Total stock-based compensation and charges	\$ 2,078	\$ 30	\$ 5,568	\$ 5,597

In addition to costs related to stock options, stock-based compensation and charges in sales and marketing includes costs related to vendor agreements and general and administrative includes costs related to the amortization of restricted stock grants.

11. Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share applicable to common stockholders for the periods indicated (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Numerator:				
Income from continuing operations	\$ 2,119	\$ 7,682	\$ 1,332	\$ 11,157
Loss from discontinued operations	(3,076)	(2,018)	(5,650)	(4,098)
Net income (loss)	(957)	5,664	(4,318)	7,059
Convertible preferred stock dividend and related accretion	(1,272)	(1,241)	(2,537)	(2,473)
Net income (loss) applicable to common stockholders	\$ (2,229)	\$ 4,423	\$ (6,855)	\$ 4,586
Income (loss) applicable to common stockholders from continuing operations	\$ 847	\$ 6,441	\$ (1,205)	\$ 8,684
Income (loss) applicable to common stockholders from discontinued operations	(3,076)	(2,018)	(5,650)	(4,098)

Edgar Filing: MOVE INC - Form 10-Q

Net income (loss) applicable to common stockholders	\$ (2,229)	\$ 4,423	\$ (6,855)	\$ 4,586
Denominator:				
Basic weighted average shares outstanding	151,551	154,885	151,383	154,614
Add: dilutive effect of options, warrants and restricted stock	6,741	10,614		12,043
Diluted weighted average shares outstanding	158,292	165,499	151,383	166,657
Basic income (loss) applicable to common stockholders:				
Continuing operations	\$ 0.01	\$ 0.04	\$ (0.01)	\$ 0.06
Discontinued operations	(0.02)	(0.01)	(0.04)	(0.03)
Net income (loss) applicable to common stockholders	\$ (0.01)	\$ 0.03	\$ (0.05)	\$ 0.03

12

Table of Contents

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Diluted income (loss) applicable to common stockholders:				
Continuing operations	\$ 0.01	\$ 0.04	\$ (0.01)	\$ 0.05
Discontinued operations	(0.02)	(0.01)	(0.04)	(0.02)
Net income (loss) applicable to common stockholder	\$ (0.01)	\$ 0.03	\$ (0.05)	\$ 0.03

Because their effects would be anti-dilutive for the periods presented, the above computation of diluted income (loss) per share excludes the following preferred stock, stock options and warrants:

	Three Months Ended June 30,		Six Month Ended June 30,	
	2008	2007	2008	2007
Income (loss) from continuing operations	43,664,098	31,496,142	63,195,830	27,607,510
Loss from discontinued operations	63,195,830	60,210,711	63,195,830	60,210,711
Net income (loss) applicable to common stockholders	63,195,830	31,496,142	63,195,830	27,607,510

12. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) are (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income (loss)	\$ (957)	\$ 5,664	\$ (4,318)	\$ 7,059
Unrealized gain (loss) on marketable securities	2		(3)	(1)
Unrealized loss on non-current auction rate securities			(8,400)	
Foreign currency translation	11	173	(81)	208
Other comprehensive income (loss)	\$ (944)	\$ 5,837	\$ (12,802)	\$ 7,266

13. 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 the Company's internal organization and disclosure of revenue and operating expenses based upon internal accounting methods. The Company's 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. In June 2007, the Company changed the name of its former Move-Related Services segment to Consumer Media.

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, corporate brand marketing, internal

business systems, and human resources; expenses associated with new business initiatives and amortization of intangible assets. There is no inter-segment revenue. Assets and liabilities are not fully allocated to segments for internal reporting purposes.

Table of Contents

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

	Three Months Ended							
	June 30, 2008				June 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	\$ 54,214	\$ 7,223	\$	\$ 61,437	\$ 54,750	\$ 7,783	\$	\$ 62,533
Cost of revenue	9,452	1,533	229	11,214	8,480	1,482	636	10,598
Gross profit (loss)	44,762	5,690	(229)	50,223	46,270	6,301	(636)	51,935
Sales and marketing	18,063	3,413	1,664	23,140	17,106	3,642	1,527	22,275
Product and web site development	5,841	337	624	6,802	7,149	1,838	236	9,223
General and administrative	6,630	1,317	11,486	19,433	5,738	785	8,005	14,528
Amortization of intangible assets			197	197			189	189
Total operating expenses	30,534	5,067	13,971	49,572	29,993	6,265	9,957	46,215
Operating income (loss) from continuing operations	\$ 14,228	\$ 623	\$ (14,200)	\$ 651	\$ 16,277	\$ 36	\$ (10,593)	\$ 5,720

	Six Months Ended							
	June 30, 2008				June 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	\$ 110,008	\$ 13,371	\$	\$ 123,379	\$ 108,273	\$ 14,703	\$	\$ 122,976
Cost of revenue	18,964	3,102	583	22,649	16,739	2,651	1,199	20,589
Gross profit (loss)	91,044	10,269	(583)	100,730	91,534	12,052	(1,199)	102,387
Sales and marketing	37,411	6,784	3,071	47,266	35,227	7,319	2,531	45,077
Product and web site development	11,605	788	1,296	13,689	13,876	3,373	749	17,998

General and administrative	16,254	2,727	22,623	41,604	12,925	2,359	17,466	32,750
Amortization of intangible assets			394	394			370	370
Total operating expenses	65,270	10,299	27,384	102,953	62,028	13,051	21,116	96,195
Operating income (loss) from continuing operations	\$ 25,774	\$ (30)	\$ (27,967)	\$ (2,223)	\$ 29,506	\$ (999)	\$ (22,315)	\$ 6,192

14. Income Taxes

As a result of historical net operating losses, we have generally not recorded a provision for income taxes. However, during the year ended December 31, 2006, we recorded certain indefinite lived intangible assets as a result of the purchase of Moving.com™ which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A tax provision of \$41,000 and \$82,000 was recorded in the three and six months ended June 30, 2008, respectively, and \$40,000 and \$80,000 was recorded in the three and six months ended June 30, 2007, respectively, as a result of this permanent difference which cannot be offset against net operating loss carryforwards due to its indefinite life. An additional \$121,000 tax provision was recorded in the three and six months ended June 30, 2008 for state income taxes and a \$129,000 and \$173,000 tax provision was recorded in the three and six months ended June 30, 2007, respectively, as a result of federal alternative minimum taxes incurred in the utilization of net operating losses against our taxable income for the respective period.

The Company adopted the FASB's Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (FIN 48), effective January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not to be sustained by the taxing authority. The adoption of FIN 48 did not have a material effect on the Company's consolidated financial position or results of operations.

As of June 30, 2008, we do not have any accrued interest or penalties related to uncertain tax positions. The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. We do not have any interest or penalties related to uncertain tax positions in income tax expense for the three and six months ended June 30, 2008 and 2007. The tax years 1993-2007 remain open to examination by the major taxing jurisdictions to which we are subject.

15. Settlement of Disputes and Litigation

On April 4, 2008, the Company entered into an agreement with David Rosenblatt (Rosenblatt), the Company's former General Counsel, resolving all past claims for indemnification for expenses, including attorneys' fees in connection with the

Table of Contents

SEC and Department of Justice (DOJ) investigations and certain civil actions filed against Rosenblatt, and settlement of the claims brought against him in the Securities Class Action Lawsuit. The settlement does not include any claims Rosenblatt may assert for indemnification for future expenses in connection with the SEC and DOJ investigations. The Company is unable to determine whether Rosenblatt will have any additional claims or what portion, if any, of Rosenblatt's additional expenses it will ultimately have to advance, or if Rosenblatt will ultimately demonstrate an entitlement to indemnification with respect to the claimed amounts.

16. Commitments and Contingencies

We are currently involved in certain legal proceedings, as discussed in Note 22, Commitments and Contingencies Legal Proceedings, to our Consolidated Financial Statements contained in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2007 (Annual Report) and below in this Note 16. As of the date of this Form 10-Q, and except as disclosed below, there have been no material developments in the legal proceedings disclosed in our Annual Report and the Company is not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

On February 28, 2007, in a patent infringement action against a real estate agent, Diane Sarkisian, pending in the U.S. District Court for the Eastern District of Pennsylvania (the Sarkisian case), Real Estate Alliance, Limited (REAL), moved to certify two classes of defendants: subscribers and members of the multiple listing service of which Sarkisian was a member, and customers of the Company who had purchased enhanced listings from the Company. The U.S. District Court in the Sarkisian case denied REAL's motion to certify the classes on September 24, 2007. On March 25, 2008, the U.S. District Court in the Sarkisian case stayed that case, and denied without prejudice all pending motions, pending the U.S. District Court of California's determination in the Move California Action (see below) of whether the Company's web sites infringe the REAL patents.

On April 3, 2007, in response to REAL's attempt to certify our customers as a class of defendants in the Sarkisian case, the Company filed a complaint in the U.S. District Court for the Central District of California seeking a declaratory judgment that the Company does not infringe U.S. Patent Nos. 4,870,576 and 5,032,989 (the REAL patents) and that the REAL patents are invalid and/or unenforceable (the Move California Action). The Move California Action was brought against REAL, and its licensing agent Equias Technology Development, LLC (Equias) and Equias principal, Scott Tatro (Tatro). The Move California Action also includes claims by the Company against the defendants for several business torts, such as interference with contractual relations and prospective economic advantage and unfair competition under California common law and statutory law. On May 14, 2007, defendants in the Move California Action moved to have the California case dismissed or transferred to Pennsylvania, and on June 27, 2007, the court denied defendants' motion as to defendants REAL and Equias, but granted dismissal of the claims against Tatro without prejudice. On August 8, 2007, REAL and Equias denied the Company's allegations, and REAL asserted counterclaims against the Company asserting infringement of the REAL patents, seeking compensatory damages, punitive damages, treble damages, costs, expenses, reasonable attorneys' fees and pre- and post-judgment interest. On February 28, 2008, REAL filed a motion for leave to amend its counter-claims, and to include NAR and the National Association of Home Builders (NAHB) as individual defendants, as well as various brokers, agents, Multiple Listing Services (MLS), new home builders, rental property owners, and technology providers and indicated that it intended to seek to certify certain defendant classes. On March 24, 2008, the Company filed its opposition to REAL's motion for leave to amend its counter-claims. On March 11, 2008, REAL filed a separate suit in the U.S. District Court for the Central District of California (the REAL California Action) alleging infringement of the REAL patents against the same defendants it sought to include in its proposed amended counter-claims in the Move California Action, and also indicated that it intended to seek to certify the same defendant classes. The Company is not named as a defendant in the REAL California Action; however, the Company is defending NAR and NAHB in the REAL California Action. On May 5, 2008, NAR and NAHB filed answers denying infringement and asserting that the patents are invalid and unenforceable, and asserting counter-claims against REAL. On June 3, 2008, the court in the REAL California Action stayed the case pending further court order in the action. On July 29, 2008, the Move California Action was transferred to the same judge as the REAL California Action. The Company intends to vigorously prosecute and to defend against REAL's allegations in the Move California Action and

vigorously defend and to prosecute the claims that have been brought on behalf of NAR and NAHB in the REAL California Action. At this time, however, the Company is unable to express an opinion on the outcome of these cases.

As part of the sale in 2002 of the Company's 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 the Company 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 the Company's ownership of ConsumerInfo. Under the stock purchase agreement, pursuant to which the Company sold ConsumerInfo to Experian, the Company could have elected to defend against the claims, but

Table of Contents

because the alleged conduct occurred both before and after its sale to Experian, the Company elected to rely on Experian to defend against such allegations.

The FTC action against Experian was resolved on August 31, 2005 by stipulated judgment that requires, among other things, that refunds be made available to certain customers who purchased ConsumerInfo products during the period November 2000 through September 2003.

The Company has received information from Experian concerning the total expenses incurred by Experian to date in connection with all matters for which they claim indemnity, and Experian requested a meeting with the Company to discuss resolution of its indemnity claims prior to commencement of an arbitration process prescribed in the stock purchase agreement. Under the terms of the stock purchase agreement, the Company's maximum potential liability for claims by Experian is capped at \$29.25 million less the balance in escrow. On April 8, 2008, representatives of the Company met with representatives of Experian and the parties agreed that arbitration should proceed in order to resolve any potential indemnity obligations of the Company. Arbitration in this matter is scheduled to be held in September 2008, with a subsequent arbitration to be held in December, 2008, if necessary. Experian is seeking to recover from the Company an amount in excess of the Indemnity Escrow amount, which was \$8.4 million on June 30, 2008. The Company intends to vigorously defend against these claims brought by Experian and is unable to estimate the costs associated with any potential indemnification obligations at this time.

17. Supplemental Cash Flow Information

During the six month period ended June 30, 2008:

The Company issued 130,000 shares of restricted common stock to two executive officers which vest over three years. The charge associated with these shares was \$323,000 and is being recognized over the three-year vesting period.

The Company issued 160,793 shares of restricted common stock to members of its Board of Directors which vest over three years. The charge associated with these shares was \$467,000 and is being recognized over the three-year vesting period.

The Company issued \$1.9 million in additional Series B Preferred Stock as in-kind dividends.

During the six month period ended June 30, 2007:

The Company issued \$1.8 million in additional Series B Preferred Stock as in-kind dividends.

The Company issued 100,000 shares of restricted common stock to its members of its Board of Directors which vest over three years. The charge associated with these shares was \$421,000 and is being recognized over the three-year vesting period.

18. Subsequent Event

In August 2008, the Company announced its plans to review its overall operating structure and has initiated a process to lower its total operating expenses. The Company's objective is to reduce annual operating expenses by more than \$20.0 million by the end of 2008, the full effect of which may not be realized during 2008. These actions may result in restructuring charges being taken in future periods and some revenue streams being eliminated as a result of this review.

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

This Form 10-Q and the following Management's Discussion and Analysis of Financial Condition and Results of Operations include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This Act provides a safe harbor for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements other than statements of historical fact that we make in this Form 10-Q are forward-looking. In particular, the statements herein regarding industry prospects and our future consolidated results of operations or financial position are forward-looking statements. Forward-looking statements reflect our current expectations and are inherently uncertain. Our actual results may differ significantly from our expectations. Factors that could cause or

Edgar Filing: MOVE INC - Form 10-Q

contribute to such differences include those discussed below and elsewhere in this Form 10-Q, as well as those discussed in our Annual Report on Form 10-K for the year ended December 31, 2007, and in other documents we file with the Securities and Exchange Commission, or SEC. This Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007.

Table of Contents

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.comTM, REALTOR.com[®] and Moving.comTM. 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 in terms of web traffic, attracting an average of 8.5 million consumers to our network per month in 2007 according to comScore Media Metrix, a substantial lead over the number two real estate site. We also have strong relationships with the real estate industry, including content agreements with approximately 900 MLSs 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.

Basis of Presentation

Our unaudited Condensed Consolidated Financial Statements reflect the historical results of Move, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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 in 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.

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 appears steady, some of the medium and smaller businesses and agents have reduced expenses to remain in business and this has caused our growth rate to continue to decline and we may continue to experience a decline in revenue as we move through 2008.

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. Our Top Producer[®] product was a desktop application that required some knowledge of the operations of a desktop computer.

Table of Contents

In 2003, 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 late 2002, Top Producer introduced a monthly subscription model of an online application. Our customer base has shifted to the online application and completely replaced our desktop product at the end of 2006.

In 2006, we changed the business model for our New Homes and Rentals businesses. In the past, we have 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 display any new home and apartment listing for no charge. We seek 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.

In today's market, our 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 will modify our products and our pricing to be responsive to both.

Consumer Media segment: Continued uncertainty in the economy has had an adverse effect on our Welcome Wagon® business. Our primary customers are small local merchants trying to reach new movers and economic conditions have negatively impacted small businesses more than other businesses. These economic conditions have caused the decline in our revenue in this business to continue. As a result of the decline, we have decided to sell our Welcome Wagon business and it has been reclassified as Discontinued Operations for all periods presented.

Discontinued Operations

In the fourth quarter of 2007, we decided to divest our Homeplans business, which had been reported as part of our Consumer Media segment. On April 15, 2008, we closed the sale of the business for a purchase price of approximately \$1.0 million in cash. The transaction did not result in any significant gain or loss on disposition.

In the three months ended June 30, 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 2008.

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 reclassification of our Homeplans and Welcome Wagon® divisions as discontinued operations. Accordingly, the revenue, costs and 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
Revenue	\$ 7,842	\$ 11,093	\$ 17,553	\$ 21,680
Total operating expenses	10,918	13,111	23,077	25,778
Impairment of long-lived assets			126	
Loss from discontinued operations	\$ (3,076)	\$ (2,018)	\$ (5,650)	\$ (4,098)

The carrying amounts of the major classes of assets and liabilities held for sale are as follows (in thousands):

	June 30, 2008	December 31, 2007
Total current assets	\$ 5,603	\$ 6,524
Property and equipment, net	2,303	2,736
Goodwill and other assets	13,753	15,157
 Total assets	 \$ 21,659	 \$ 24,417
 Total current liabilities	 4,261	 5,429
 Total liabilities	 \$ 4,261	 \$ 5,429

Table of Contents**Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations is based upon our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited Condensed Consolidated 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 ongoing basis, we evaluate our estimates, including those related to revenue recognition, uncollectible receivables, intangible and other long-lived assets 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. There were no significant changes to our critical accounting policies during the six months ended June 30, 2008, as compared to those policies disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, except for our adoption of SFAS No. 157, Fair Value Measurements, on January 1, 2008, as discussed below.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurement (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-b, Effective Date of FASB Statement No. 157, which provides a one-year deferral of the effective date of SFAS 157 for non-financial assets and liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. In accordance with this interpretation, we have adopted the provisions of SFAS 157 with respect to our financial assets and liabilities that are measured at fair value within our financial statements as of January 1, 2008 see Note 7 to our Condensed Consolidated Financial Statements. The provisions of SFAS 157 have not been applied to non-financial assets and liabilities. We are currently assessing the impact, if any, of this deferral on our Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment to FASB Statement No. 115 (SFAS 159), which permits an entity to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Under SFAS 159, entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. We adopted SFAS 159 as of January 1, 2008 and have elected not to apply the fair value option provided under this statement, therefore, the adoption of SFAS 159 has not had an impact on our Consolidated Financial Statements.

Recent Accounting Developments

In December 2007, the FASB issued SFAS No. 141 (revised), Business Combinations (SFAS 141R), which replaces SFAS No. 141, Business Combinations. Under the standard, an acquiring entity is required to record assets acquired and liabilities assumed in a business combination at fair value on the date of acquisition. Earn-out payments and other forms of contingent consideration are also required to be recorded at fair value on the acquisition date. The standard also requires fair value measurements to be used when recording non-controlling interests and contingent liabilities. In addition, the standard requires all costs associated with the business combination, including restructuring costs, to be expensed as incurred. SFAS 141R is effective prospectively for business combinations having an acquisition date on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired contingencies. SFAS 141R amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to January 1, 2009 would also apply the provisions of SFAS 141R. We are currently evaluating the potential impact of SFAS 141R on our Consolidated Financial Statements.

Legal Contingencies

We are currently involved in certain legal proceedings, as discussed in Note 22, Commitments and Contingencies Legal Proceedings, to our Consolidated Financial Statements contained in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2007, and in Note 16, Commitments and Contingencies to our Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I of this Form 10-Q. Because of

the uncertainties related to both the amount and range of loss in connection with legal proceedings, on the remaining pending litigation, we are unable to make a reasonable estimate of the liability that could result from unfavorable outcomes. As additional information becomes available, we will assess the potential liability related to our pending litigation and determine whether reasonable estimates of the liability can be made. Unfavorable outcomes or significant estimates of our potential liability could materially impact our results of operations and financial position.

Table of Contents**Results of Operations*****Three Months Ended June 30, 2008 and 2007****Revenue*

Revenue decreased approximately \$1.1 million, or 2%, to \$61.4 million for the three months ended June 30, 2008 from \$62.5 million for the three months ended June 30, 2007. The decrease in revenue was due to a decline of \$0.6 million in the Consumer Media segment and a decrease of \$0.5 million in the Real Estate Services segment. These changes by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue increased approximately \$0.6 million, or 6%, to \$11.2 million for the three months ended June 30, 2008 from \$10.6 million for the three months ended June 30, 2007. The increase was primarily due to higher advertising production costs of \$0.7 million and increased depreciation expense of \$0.5 million related to new content management software. These increases were partially offset by a decrease of \$0.2 million in personnel related costs and \$0.4 million in other cost decreases.

Gross margin percentage decreased to 82% for the three months ended June 30, 2008 compared to 83% for the three months ended June 30, 2007. The decrease is primarily due to a decrease in margins in the Real Estate Services segment resulting from decreased revenues and increased costs in the segment.

Operating Expenses

Sales and marketing. Sales and marketing expenses increased approximately \$0.8 million, or 4%, to \$23.1 million for the three months ended June 30, 2008 from \$22.3 million for the three months ended June 30, 2007. The increase was primarily due to an increase in personnel related costs of \$2.0 million, partially offset by a decrease in distribution and online marketing costs of \$0.8 million and other cost decreases of \$0.4 million.

Product and web site development. Product and web site development expenses decreased approximately \$2.4 million, or 26%, to \$6.8 million for the three months ended June 30, 2008 from \$9.2 million for the three months ended June 30, 2007 primarily due to decreases in consulting costs of \$2.0 million and personnel related costs of \$0.5 million, partially offset by other cost increases of \$0.1 million.

General and administrative. General and administrative expenses increased approximately \$4.9 million, or 34%, to \$19.4 million for the three months ended June 30, 2008 from \$14.5 million for the three months ended June 30, 2007. The increase was primarily due to a \$2.4 million increase in non-cash stock-based compensation due to a \$6.5 million reversal of previously recognized expense associated with restricted stock units in the three months ended June 30, 2007, partially offset by one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested during the same period partially offset by an increase in the forfeiture rate resulting in decreases in non-cash stock-based compensation in the three months ended June 30, 2008. There was an increase in legal fees of \$1.4 million primarily due to patent litigation, an increase in facilities costs of \$0.9 million associated with a new facility in Northern California and the relocation of our customer service center in Arizona and other cost increases of \$0.2 million.

Amortization of intangible assets. Amortization of intangible assets was \$0.2 million for the three months ended June 30, 2008 and 2007, respectively.

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):

	Three Months Ended June 30,	
	2008	2007
Cost of revenue	\$ 31	\$ 18
Sales and marketing	103	249
Product and web site development	84	237
General and administrative	1,790	(576)
Total from continuing operations	2,008	(72)

Total from discontinued operations	70	102
Total stock-based compensation and charges	\$ 2,078	\$ 30

Stock-based compensation and charges increased for the three months ended June 30, 2008 compared to the three months

Table of Contents

ended June 30, 2007 primarily due to the reversal of previously recognized expense associated with restricted stock units in the three months ended June 30, 2007 partially offset by one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested during the same period partially offset by an increase in the forfeiture rate resulting in decreases in non-cash stock-based compensation in the three months ended June 30, 2008.

Interest Income, Net

Interest income, net, decreased \$1.0 million to \$1.5 million for the three months ended June 30, 2008 compared to \$2.5 million for the three months ended June 30, 2007, primarily due to decreases in interest yields on short-term and long-term investments.

Other Income, Net

Other income, net, increased \$0.5 for the three months ended June 30, 2008 compared to the three months ended June 30, 2006, primarily due to other income resulting 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, we have generally not recorded a provision for income taxes. However, during the year ended December 31, 2006, we recorded certain indefinite lived intangible assets as a result of the purchase of Moving.comTM which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A tax provision of \$41,000 and \$40,000 was recorded in the three months ended June 30, 2008 and 2007, respectively, as a result of this permanent difference which cannot be offset against net operating loss carryforwards due to the indefinite life. An additional \$121,000 tax provision was recorded in the three months ended June 30, 2008 for state income taxes and an additional \$129,000 tax provision was recorded for the three months ended June 30, 2007 as a result of federal alternative minimum taxes incurred in the utilization of net operating losses against our taxable income for the period.

At December 31, 2007, we had gross net operating loss carryforwards (NOLs) for federal and state income tax purposes of approximately \$912.6 million and \$402.4 million, respectively. The federal NOLs begin to expire in 2008. Approximately \$21.1 million of the state NOLs expired in 2007 and the state NOLs will continue to expire in 2008. 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. In June 2007, we changed the name of our former Move-Related Services segment to Consumer Media.

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, corporate brand marketing, internal business systems, and human resources; expenses associated with new business initiatives and amortization of intangible assets. There is no inter-segment revenue. Assets and liabilities are not fully allocated to segments for internal reporting purposes.

Table of Contents

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

	Three Months Ended				Three Months Ended			
	June 30, 2008				June 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	\$ 54,214	\$ 7,223	\$	\$ 61,437	\$ 54,750	\$ 7,783	\$	\$ 62,533
Cost of revenue	9,452	1,533	229	11,214	8,480	1,482	636	10,598
Gross profit (loss)	44,762	5,690	(229)	50,223	46,270	6,301	(636)	51,935
Sales and marketing	18,063	3,413	1,664	23,140	17,106	3,642	1,527	22,275
Product and web site development	5,841	337	624	6,802	7,149	1,838	236	9,223
General and administrative	6,630	1,317	11,486	19,433	5,738	785	8,005	14,528
Amortization of intangible assets			197	197			189	189
Total operating expenses	30,534	5,067	13,971	49,572	29,993	6,265	9,957	46,215
Operating income (loss) from continuing operations	\$ 14,228	\$ 623	\$ (14,200)	\$ 651	\$ 16,277	\$ 36	\$ (10,593)	\$ 5,720

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 relationship management applications 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 decreased \$0.5 million, or less than 1%, to \$54.2 million for the three months ended June 30, 2008, compared to \$54.7 million for the three months ended June 30, 2007. The decrease in revenue was primarily generated by a decrease in our REALTOR.com® business due to decreased Featured Products revenue primarily due to reduced purchasing by one large broker customer, partially offset by increased Enhanced Listing Product as well as decreased revenue from our Rentals and New Homes businesses. These decreases were partially offset by an increase in our Top Producer® product offerings. Real Estate Services revenue represented approximately 88% of total revenue for the three months ended June 30, 2008 and 2007, respectively.

Real Estate Services expenses increased \$1.5 million, or 4%, to \$40.0 million for the three months ended June 30, 2008, compared to \$38.5 million for the three months ended June 30, 2007. The increase was primarily due to a \$1.0 million increase in cost of revenue resulting from a \$0.3 million increase in advertising production costs, a \$0.3 million increase in depreciation expense associated with new content management software and other cost increases of \$0.4 million. There was also an increase in sales and marketing costs of \$0.9 million associated primarily with increased personnel related costs, as well as an increase of \$0.9 million in general and administrative costs primarily due to increases in non-cash stock based compensation resulting from the reversal of previously recognized expense associated with restricted stock units in the three months ended June 30, 2007. These increases were partially offset by a \$1.3 million decrease in product and web site development costs primarily due to a decrease in consulting costs.

Real Estate Services generated operating income of \$14.2 million for the three months ended June 30, 2008, compared to operating income of \$16.3 million for the three months ended June 30, 2007, primarily due to the decreased revenue 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 advertising products and lead generation tools including display, test-link and rich advertising positions, directory products, price quote tools and content sponsorships on Move.comTM, Moving.comTM, and other related sites which we sell to those businesses interested in reaching our targeted audience. As described in the Discontinued Operations section, 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.

Table of Contents

Consumer Media revenue decreased \$0.6 million, or 7%, to \$7.2 million for the three months ended June 30, 2008, compared to \$7.8 million for the three months ended June 30, 2007. The decrease was primarily generated by a decline in our online advertising revenue. Consumer Media revenue represented 12% of total revenue for the three months ended June 30, 2008 and 2007, respectively.

Consumer Media expenses decreased \$1.1 million, or 15%, to \$6.6 million for the three months ended June 30, 2008, compared to \$7.7 million for the three months ended June 30, 2007. The decrease was primarily due to a \$1.5 million decrease in personnel and consulting costs in product and web site development, partially offset by an increase of \$0.4 million in lead generation costs.

Consumer Media generated operating income of \$0.6 million for the three months ended June 30, 2008, compared to break-even for the three months ended June 30, 2007 primarily due to factors outlined above.

Unallocated

Unallocated expenses increased \$3.6 million, or 34%, to \$14.2 million for the three months ended June 30, 2008, compared to \$10.6 million for the three months ended June 30, 2007. The increase was primarily due to a \$2.5 million increase in personnel related costs including a \$0.9 million increase in non-cash stock-based compensation. There was also an increase of \$1.5 million in legal fees due to patent litigation. These increases were partially offset by other cost decreases of \$0.4 million.

Six Months Ended June 30, 2008 and 2007*Revenue*

Revenue increased approximately \$0.4 million, or less than 1%, to \$123.4 million for the six months ended June 30, 2008 from \$123.0 million for the six months ended June 30, 2007. The increase in revenue was due to increases of \$1.7 million in the Real Estate Services segment partially offset by a \$1.3 million decline in the Consumer Media segment. These changes by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue increased approximately \$2.0 million, or 10%, to \$22.6 million for the six months ended June 30, 2008 from \$20.6 million for the six months ended June 30, 2007. The increase was primarily due to increases in advertising production costs of \$1.0 million, increased depreciation expense of \$0.8 million associated with new content management software and other cost increases of \$0.2 million.

Gross margin percentage decreased to 82% for the six months ended June 30, 2008 compared to 83% for the six months ended June 30, 2007. The decrease is primarily due to decreased margins resulting from increased costs noted above.

Operating Expenses

Sales and marketing. Sales and marketing expenses increased approximately \$2.2 million, or 5%, to \$47.3 million for the six months ended June 30, 2008 from \$45.1 million for the six months ended June 30, 2007. The increase was primarily due to an increase in personnel related expenses of \$2.4 million partially offset by other cost decreases of \$0.2 million.

Product and web site development. Product and web site development expenses decreased approximately \$4.3 million, or 24%, to \$13.7 million for the six months ended June 30, 2008 from \$18.0 million for the six months ended June 30, 2007 primarily due to a decrease of \$2.7 million in consulting costs and a decrease of \$2.0 million in personnel related costs. These decreases were partially offset by cost increases of \$0.4 million.

General and administrative. General and administrative expenses increased approximately \$8.8 million, or 27%, to \$41.6 million for the six months ended June 30, 2008 from \$32.8 million for the six months ended June 30, 2007. The increase was primarily due to a \$4.8 million increase in personnel related expenses including an increase of \$0.9 million in non-cash stock-based compensation primarily due to the reversal of previously recognized expense associated with restricted stock units in the six months ended June 30, 2007 partially offset by one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested in the six months ended June 30, 2007 partially offset by reduced expenses related to an increase in the forfeiture rates applied to non-cash stock-based compensation and the reversal of restricted stock awards in the six months ended June 30, 2008. Additionally, there was a \$2.1 million increase in legal fees primarily due to patent litigation, a \$0.8 million increase in rent expense due to the opening of new offices, increased consulting costs of \$0.7 million and other cost increases

of \$0.4 million.

Amortization of intangible assets. Amortization of intangible assets was approximately \$0.4 million for the six months

Table of Contents

ended June 30, 2008 and 2007, respectively.

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):

	Six Months Ended	
	June 30,	
	2008	2007
Cost of revenue	\$ 69	\$ 49
Sales and marketing	209	783
Product and web site development	269	512
General and administrative	4,956	4,076
Total from continuing operations	5,503	5,420
Total from discontinued operations	65	177
Total stock-based compensation and charges	\$ 5,568	\$ 5,597

Stock-based compensation and charges were relatively consistent for the six months ended June 30, 2008, compared to the six months ended June 30, 2007. Increases resulting from the reversal of previously recognized expense associated with restricted stock units in the six months ended June 30, 2007 partially offset by one-time charges for stock options and restricted stock issued to a new executive officer that were immediately vested in the six months ended June 30, 2007 partially offset by reduced expenses related to an increase in the forfeiture rates applied to non-cash stock-based compensation and the reversal of restricted stock awards in the six months ended June 30, 2008.

Interest Income, Net

Interest income, net, decreased \$1.2 million to \$3.6 million for the six months ended June 30, 2008, compared to \$4.8 million for the six months ended June 30, 2007, primarily due to decreases in interest yields on short-term and long-term investments.

Other Income, Net

Other income, net, decreased \$0.2 million for the six months ended June 30, 2008, compared to the six months ended June 30, 2007, primarily due to gain on sales of property and equipment in the six months ended June 30, 2007 and other income from the revaluation recorded for 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, we have generally not recorded a provision for income taxes. However, during the year ended December 31, 2006, we recorded certain indefinite lived intangible assets as a result of the purchase of Moving.comTM which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A tax provision of \$82,000 and \$80,000 was recorded in the six months ended June 30, 2008 and 2007, respectively, as a result of this permanent difference which cannot be offset against net operating loss carryforwards due to the indefinite life. An additional \$121,000 tax provision was recorded in the six months ended June 30, 2008 for state income taxes and an additional \$173,000 tax provision was recorded in the six months ended June 30, 2007 as a result of federal alternative minimum taxes incurred in the utilization of net operating losses against our taxable income for the period.

Table of Contents*Segment Information*

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

	June 30, 2008			Six Months Ended				June 30, 2007				
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	\$ 110,008	\$ 13,371	\$	\$ 123,379	\$ 108,273	\$ 14,703	\$	\$ 122,976				
Cost of revenue	18,964	3,102	583	22,649	16,739	2,651	1,199	20,589				
Gross profit (loss)	91,044	10,269	(583)	100,730	91,534	12,052	(1,199)	102,387				
Sales and marketing	37,411	6,784	3,071	47,266	35,227	7,319	2,531	45,077				
Product and web site development	11,605	788	1,296	13,689	13,876	3,373	749	17,998				
General and administrative	16,254	2,727	22,623	41,604	12,925	2,359	17,466	32,750				
Amortization of intangible assets			394	394			370	370				
Total operating expenses	65,270	10,299	27,384	102,953	62,028	13,051	21,116	96,195				
Operating income (loss) from continuing operations	\$ 25,774	\$ (30)	\$ (27,967)	\$ (2,223)	\$ 29,506	\$ (999)	\$ (22,315)	\$ 6,192				

Real Estate Services

Real Estate Services revenue increased \$1.7 million, or 2%, to \$110.0 million for the six months ended June 30, 2008, compared to \$108.3 million for the six months ended June 30, 2007. The revenue increase was primarily generated by an increase in our REALTOR.com[®] business driven by increased Enhanced Listing Product, partially offset by decreased Featured Products revenue primarily due to reduced purchasing by one large broker customer as well as decreased Website and Virtual Tour revenue. Additionally, there was an increase in our Top Producer[®] product offerings. These increases were partially offset by decreases from our New Homes and Rentals businesses. Real Estate Services revenue represented approximately 89% of total revenue for the six months ended June 30, 2008 compared to 88% for the six months ended June 30, 2007.

Real Estate Services expenses increased \$5.4 million, or 7%, to \$84.2 million for the six months ended June 30, 2008, compared to \$78.8 million for the six months ended June 30, 2007. There was a \$3.3 million increase in general and administrative expenses due to a \$2.6 million increase in personnel related costs primarily due to one-time severance and other related costs related to the shutdown of non-strategic business initiatives, a \$0.3 million increase in bad debt expense and other cost increases of \$0.4 million. Cost of revenue increased \$2.2 million primarily due to

increased personnel related costs of \$1.0 million, increased depreciation expense of \$0.5 million associated with new content management software, increased advertising production costs of \$0.4 million and other cost increases of \$0.3 million. Sales and marketing costs increased \$2.2 million primarily due to a \$1.8 million increase in personnel related costs and \$0.4 million in other cost increases. These increases were partially offset by a \$2.3 million decrease in product and web site development costs primarily due to decreased consulting and personnel related costs.

Real Estate Services generated operating income of \$25.8 million for the six months ended June 30, 2008, compared to operating income of \$29.5 million for the six months ended June 30, 2007, primarily due to the increased costs discussed above. We will continue to seek increased revenue through new product offerings and new market opportunities.

Consumer Media

Consumer Media revenue decreased \$1.3 million, or 9%, to \$13.4 million for the six months ended June 30, 2008, compared to \$14.7 million for the six months ended June 30, 2007. The decrease was generated by a decline in our online advertising revenue. Consumer Media revenue represented approximately 11% of total revenue for the six months ended June 30, 2008 compared to 12% for the six months ended June 30, 2007.

Consumer Media expenses decreased \$2.3 million, or 15%, to \$13.4 million for the six months ended June 30, 2008, compared to \$15.7 million for the six months ended June 30, 2007. The decrease was primarily due to a \$2.5 million decrease in personnel related costs in product and web site development, a \$0.4 million decrease in personnel related costs in sales and marketing and a \$0.3 million decrease in bad debt expense, partially offset by an increase of \$0.7 million in lead generation costs and other cost increases of \$0.2 million.

Consumer Media generated a slight operating loss for the six months ended June 30, 2008, compared to an operating loss of \$1.0 million for the six months ended June 30, 2007 primarily due to factors outlined above.

Table of Contents*Unallocated*

Unallocated expenses increased \$5.7 million, or 25%, to \$28.0 million for the six months ended June 30, 2008, compared to \$22.3 million for the six months ended June 30, 2007. The increase was primarily due to a \$2.8 million increase in personnel related costs, a \$2.1 million increase in legal fees due to patent litigation costs, and a \$1.4 million increase in rent and other costs associated with our new facility in Northern California and the relocation of our customer service center in Arizona, partially offset by other cost decreases of \$0.6 million.

Liquidity and Capital Resources

Net cash provided by continuing operating activities of \$10.7 million for the six months ended June 30, 2008 was attributable to the net income from continuing operations of \$1.3 million, plus non-cash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, loss on sales of fixed assets, stock-based compensation and charges, change in market value of embedded derivative liability and other non-cash items, aggregating to \$12.0 million offset by changes in operating assets and liabilities of \$2.6 million.

Net cash provided by continuing operating activities of \$19.7 million for the six months ended June 30, 2007 was attributable to the net income from continuing operations of \$11.2 million, plus non-cash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, gain on sales of fixed assets, stock-based compensation and charges, change in market value of embedded derivative liability and other non-cash items, aggregating to \$10.5 million offset by changes in operating assets and liabilities of \$2.0 million.

Net cash used in continuing investing activities of \$24.9 million for the six months ended June 30, 2008 was primarily attributable to net purchases of short-term investments of \$19.8 and capital expenditures of \$5.1 million.

Net cash provided by continuing investing activities of \$1.2 million for the six months ended June 30, 2007 was primarily attributable to proceeds from the surrender of a life insurance policy of \$5.2 million, proceeds from the sale of marketable equity securities of \$15.7 million and proceeds from sales of property and equipment of \$0.3 million, partially offset by net purchases of short-term investments of \$7.1 million, capital expenditures of \$12.5 million, and purchases of intangible assets of \$0.4 million.

Net cash provided by financing activities of \$0.1 million for the six months ended June 30, 2008 was attributable to proceeds from the exercise of stock options of \$1.0 million and reductions in restricted cash of \$0.1 million offset by payments on capital lease obligations of \$1.0 million.

Net cash provided by financing activities of \$2.8 million for the six months ended June 30, 2007 was attributable to proceeds from the exercise of stock options of \$2.7 million and reductions in restricted cash of \$1.0 million offset by payments on capital lease obligations of \$0.9 million.

We have generated positive operating cash flows in each of the last two years. We have stated our intention to invest in our products, our infrastructure, and in branding Move.comTM although we have not determined the actual amount of those future expenditures. We have no material financial commitments other than those under capital and operating lease agreements and distribution and marketing agreements and our operating agreement with the NAR.

As of June 30, 2008, our long-term investments included \$121.0 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. All purchases of these auction rate securities were in compliance with our investment policy. The recent uncertainties in the credit markets have affected our holdings in ARS investments and auctions for the investments in these securities have 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 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. We currently have the ability and the intent to hold these ARS investments until maturity or until they can be sold in a market that facilitates orderly transactions. As of June 30, 2008, we classified \$121.0 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 six months ended June 30, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately \$8.4 million which we deemed as temporary and included in other comprehensive income (as previously disclosed in the Company's Form 10-Q for the quarter ended March 31, 2008).

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

Table of Contents

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 to record additional unrealized losses in other comprehensive income (loss) in future quarters.

On May 8, 2008, we entered into a revolving line of credit providing for borrowings of up to \$64.8 million through May 7, 2009 with a major financial institution. 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% (4.1% as of June 30, 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. As of June 30, 2008, there were no outstanding borrowings against this line of credit.

In August 2008, we announced our plans to review our overall operating structure and have initiated a process to lower our total operating expenses. Our objective is to reduce annual operating expenses by more than \$20.0 million by the end of 2008, the full effect of which may not be realized during 2008. These actions may result in restructuring charges being taken in future periods and some revenue streams being eliminated as a result of this review.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk***Interest Rate 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 June 30, 2008, our long-term investments included \$121.0 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. All purchases of these auction rate securities were in compliance with our investment policy. The recent uncertainties in the credit markets have affected our holdings in ARS investments and auctions for the investments in these securities have 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 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. We currently have the ability and the intent to hold these ARS investments until maturity or until they can be sold in a market that facilitates orderly transactions. As of June 30, 2008, we have classified \$121.0 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 six months ended June 30, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately \$8.4 million which we deemed as temporary and included in other comprehensive income (as previously disclosed in the Company's Form 10-Q for the quarter ended March 31, 2008).

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 to record additional unrealized losses in other comprehensive income (loss) in future quarters.

Item 4. *Controls and Procedures*

Edgar Filing: MOVE INC - Form 10-Q

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded,

Table of Contents

processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

We are currently involved in certain legal proceedings, as discussed in Note 22, Commitments and Contingencies-Legal Proceedings, to our Consolidated Financial Statements contained in Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2007 (Annual Report) and in Note 16, Commitments and Contingencies, to the Unaudited Condensed Consolidated Financial Statements contained in Item 1 of Part I of this Form 10-Q. As of the date of this Form 10-Q and except as disclosed in Note 22 to the Consolidated Financial Statements in our Annual Report and in Note 16 to the Unaudited Condensed Consolidated Financial Statements in this Form 10-Q, the Company is not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on the Company's business, results of operations, financial condition or cash flows, and there have been no material developments in the litigation or administrative proceedings described in those notes.

Item 1A. Risk Factors

You should consider carefully the risk factors below, and those presented in our Annual Report on Form 10-K for the year ended December 31, 2007, and other information included or incorporated by reference in this Form 10-Q. 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 stated risks actually occur, our business, financial condition and operating results could be materially adversely affected.

Risks Related to our Business

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

As of June 30, 2008, our long-term investments included \$121.0 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. All purchases of these auction rate securities were in compliance with our investment policy. The recent uncertainties in the credit markets have affected our holdings in ARS investments and auctions for the investments in these securities have 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 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. We currently have the ability and the intent to hold these ARS investments until maturity or until they can be sold in a market that facilitates orderly transactions. As of June 30, 2008, we have classified \$121.0 million of the ARS investment balance as Long-term Investments because of our 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 six months ended June 30, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately \$8.4 million which we deemed as temporary and included in other comprehensive income (as previously disclosed in the Company's 10-Q filing for the period ended March 31, 2008).

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 to record additional unrealized losses in other comprehensive income (loss) in future quarters.

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

None.

Table of Contents**Item 3. Defaults Upon Senior Securities**

None.

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

The 2008 Annual Meeting of Stockholders of the Company was convened on June 12, 2008 at 9:30 a.m. Pursuant to our Restated Certificate of Incorporation, the terms of the directors that were elected at our annual meetings of stockholders in 2005, 2006 and 2007, all expired at this 2008 Annual Meeting of Stockholders. Accordingly, all directors to be elected by the holders of common stock and Series B Convertible Participating Preferred Stock (the Series B Preferred Stock), voting as a single class, were elected at this annual meeting for a one year term. Notwithstanding the above, each director shall hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. The proposal to elect eight directors to hold office for a term through the annual meeting in 2009 and until each of their successors has been duly elected and qualified received the following votes:

Geraldine B. Laybourne	votes for	142,000,915
	votes withheld	15,648,475
Steven H. Berkowitz	votes for	142,201,496
	votes withheld	15,447,893
Joe F. Hanauer	votes for	133,261,776
	votes withheld	24,387,613
W. Michael Long	votes for	141,787,837
	votes withheld	15,861,552
V. Paul Unruh	votes for	141,993,981
	votes withheld	15,655,408
Bruce G. Willison	votes for	133,355,430
	votes withheld	24,293,959
William E. Kelvie	votes for	141,996,531
	votes withheld	15,652,858
Kenneth K. Klein	votes for	141,997,781
	votes withheld	15,651,608

By virtue of its ownership of the sole outstanding share of Series A preferred stock of the Company, the NAR has the right to elect one of the Company's directors. Effective as of the 2008 Annual Meeting of Stockholders held on June 12, 2008, the NAR elected Catherine B. Whatley to replace Thomas M. Stevens on the Company's board of directors and to serve as a director until the annual meeting of stockholders to be held in 2009 or until her earlier death, resignation or removal.

By virtue of their ownership of the outstanding shares of the Series B Preferred Stock, Elevation Partners, L.P. and its affiliate Elevation Employee Side Fund, LLC (together Elevation) are currently entitled to elect two directors (each, a Series B Director) pursuant to the Certificate of Designation of the Series B Preferred Stock. Following their purchase of the Series B Preferred Stock in 2005, Elevation elected Roger B. McNamee and Fred D. Anderson to the Board. As with the other directors, under the Restated Certificate of Incorporation Mr. Anderson and Mr. McNamee's current terms expired at the 2008 Annual Meeting of Stockholders. Effective as of the 2008 Annual Meeting of Stockholders held on June 12, 2008, Elevation re-elected Mr. Anderson and Mr. McNamee as the Series B Directors.

The shareholders also voted on a proposal to ratify the appointment of the Company's independent auditors, Ernst & Young, LLP, for the fiscal year ending December 31, 2008. The results of the votes were as follows:

votes for	157,539,497
votes against	93,044
votes abstained	16,847

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

Exhibits

- 10.1 Executive Retention and Severance Agreement dated May 6, 2008 between Move, Inc. and Errol Samuelson (Incorporated by Reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
- 10.2 Loan Agreement between Move, Inc. and Citigroup Global Markets Inc. dated as of May 8, 2008 (Incorporated by Reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURES

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

MOVE, INC.

By: /s/ W. MICHAEL LONG
W. Michael Long
Chief Executive Officer

By: /s/ LEWIS R. BELOTE, III
Lewis R. Belote, III
Chief Financial Officer

Date: August 8, 2008

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
10.1	Executive Retention and Severance Agreement dated May 6, 2008 between Move, Inc. and Errol Samuelson (Incorporated by Reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
10.2	Loan Agreement between Move, Inc. and Citigroup Global Markets Inc. dated as of May 8, 2008 (Incorporated by Reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.