

MOVE INC
Form 10-K/A
November 09, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K/A
Amendment No. 1**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

**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.)*

910 East Hamilton Avenue
Campbell, California
(Address of Principal Executive Offices)

95008
(Zip Code)

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="radio"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="radio"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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EXPLANATORY NOTE REGARDING RESTATEMENT

This Form 10-K/A is an amendment to our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, originally filed with the Securities and Exchange Commission (SEC) on March 6, 2009 (the Original Filing). This Form 10-K/A is being filed to restate our audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 and for each of the quarters in fiscal 2008 and 2007, to reflect the effects of adjustments to stock-based compensation expense. These changes are more fully described in Note 26 of the audited consolidated financial statements included in Item 8 of this Form 10-K/A.

As a result of identifying errors in stock-based compensation expense as explained below, we restated our audited consolidated financial statements for fiscal years 2008, 2007 and 2006 in this Form 10-K/A, restated our unaudited condensed consolidated financial statements as of March 31, 2009 and for the three month periods ended March 31, 2009 and 2008 in our Form 10-Q/A for the quarterly period ended March 31, 2009 and restated our unaudited condensed consolidated financial statements as of June 30, 2009 and for the three and six month periods ended June 30, 2009 and 2008 in our Form 10-Q/A for the quarterly period ended June 30, 2009. The Form 10-Q/A for the quarterly period ended March 31, 2009 and Form 10-Q/A for the quarterly period ended June 30, 2009 are being filed with the SEC concurrently with this Form 10-K/A.

All amendments and restatements to the financial statements affected are non-cash in nature.

Since fiscal 2006, the Company has licensed software from a third party provider to automate the administration of its employee equity programs and calculate its stock-based compensation expense (the Software). In the third quarter of 2009, the Company learned that the Software contained an error in how it calculated stock-based compensation expense and that the Software provider had a new version of the Software that was designed to correct this error. The Company upgraded to the new version of the Software and identified differences in the stock-based compensation expense of prior periods. After reviewing such differences, the Company identified an error in its accounting for stock-based compensation expense. The prior version of the Software incorrectly calculated stock-based compensation expense by continuing to apply a weighted average forfeiture rate to the vested portion of stock option awards until the grant s final vest date, rather than reflecting actual forfeitures as awards vested, resulting in an understatement of stock-based compensation expense in certain periods prior to the grant s final vest date. As a result of identifying the error, on October 30, 2009, the Company concluded that accounting adjustments were necessary to correct certain previously issued financial statements. To correct these errors, the Company recorded increases in stock-based compensation expense of \$1.6 million in fiscal 2008, \$1.3 million in fiscal 2007 and \$1.2 million in fiscal 2006, from amounts previously reported. An explanation of the errors and their impact on the Company s financial statements is contained in Note 26 to the consolidated financial statements contained in Item 8 of this report.

The following sections in this report have been amended as a result of the restatements:

Part I:

Item 1A: Risk Factors, as to matters related to the restatements

Part II:

Item 6: Selected Financial Data

Item 7: Management s Discussion and Analysis of Financial Condition and Results of Operations, as to matters related to the restatements

Item 8: Financial Statements and Supplementary Data

Item 9A: Controls and Procedures, as to matters related to the restatements

Part III:

Item 15: Exhibits and Financial Statement Schedules, as to the consent of our independent registered public accounting firm and the certifications filed as Exhibits 31.01, 31.02, 32.01 and 32.02

For convenience of the reader, this Form 10-K/A sets forth the Original Filing in its entirety and includes items that have been changed as a result of the restatement as well as items that are unchanged from the Original Filing. This Form 10K/A speaks as of the original filing date of the Original Filing and has not been updated to reflect other events occurring subsequent to the original filing date, including forward-looking statements and all items contained in this Form 10-K/A that were not directly impacted by the restatement, which should be read in their historical context. References to the Form 10-K herein shall refer to the Annual Report on Form 10-K/A filed on November 9, 2009.

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We have not amended and do not anticipate amending our Annual Report on Form 10-K for any years prior to fiscal year 2008, nor will we be amending any of our previously filed Quarterly Reports on Form 10-Q, except for those Quarterly Reports for the quarterly periods ended March 31, 2009 and June 30, 2009 (together referred to as the FY2009 Form 10-Qs) which are being filed concurrently with this Form 10K/A. The financial statements and other information that have been previously filed or otherwise reported for these periods should no longer be relied upon; all such prior information is superseded by the information in this Form 10-K/A, and the FY2009 Form 10-Qs.

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MOVE, INC.
FORM 10-K/A
For the Fiscal Year Ended December 31, 2008
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This Annual Report on Form 10-K/A and the documents incorporated herein by reference contain forward-looking statements based on our current expectations, estimates and projections about our industry, beliefs, and certain assumptions made by us. Words such as believes, anticipates, estimates, expects, projections, may, potential

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

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PART I

Item 1. Business.

OVERVIEW

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

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

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

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

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

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

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

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

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

We were incorporated in the State of Delaware in 1993 under the name of InfoTouch Corporation. In February 1999, we changed our corporate name to Homestore.com, Inc. In May 2002, we changed our name to Homestore, Inc. In June 2006, we changed our name to Move, Inc. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for a further description of our history. Our corporate headquarters are located in Westlake Village, California. Our phone number is (805) 557-2300. Our periodic and current reports are available, free of charge, on our web site, <http://investor.move.com>, as soon as possible after such material is electronically filed with, or furnished to, the SEC.

REAL ESTATE SERVICES

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

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REALTOR.com®

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

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

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

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

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

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

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

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

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

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

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

Top Producer®

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

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

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

Move® New Homes

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

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

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

Move® Rentals

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

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

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

CONSUMER MEDIA

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

Media

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

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

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COMPETITION

We face competition in each segment of our business.

Real Estate Services

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

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

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

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

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

Consumer Media

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

SEASONALITY

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

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

GEOGRAPHIC REGIONS

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

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INFRASTRUCTURE AND TECHNOLOGY

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

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

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

INTELLECTUAL PROPERTY

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

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

it may be possible for a third party to copy or otherwise obtain and use our proprietary information without authorization, or to develop similar technology independently;

we could lose the use of the REALTOR.com® trademark or the REALTOR.com® domain name, or be unable to protect the other trademarks or web site addresses that are important to our business, and therefore would need to devote substantial resources toward developing an independent brand identity;

we could be subject to litigation with respect to our intellectual property rights or those of third parties providing us with content or other licensed material;

we may be required to license additional technology and information from others, which could require substantial expenditures by us; and

legal standards relating to the validity, enforceability and scope of protection of proprietary rights in Internet-related businesses are uncertain and continue to evolve, and we can give no assurance regarding our ability to protect our intellectual property and other proprietary rights.

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

EMPLOYEES

As of December 31, 2008, we had 1,181 active full-time equivalent employees, of which, 166 were employed by our Welcome Wagon® business which we are currently marketing for sale and which is classified as a discontinued operation. We consider our relations with our employees to be good. No employee is represented by a collective bargaining agreement and we have never had a work stoppage. We believe that our future success will depend in part

on our ability to attract, integrate, retain and motivate highly qualified personnel and upon the continued service of our senior management and key technical personnel. See Risk Factors Risks Related to Our Business.

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

Item 1A. Risk Factors.

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

Risks Related to our Business***We have a history of net losses and could incur net losses in the future.***

Except for net income of \$20.9 million in 2006, and \$0.5 million in 2005, we have incurred net losses every year since 1993 including net losses of \$29.2 million, \$0.3 million and \$7.9 million for the years ended December 31, 2008, 2007 and 2004, respectively. We have an accumulated deficit of approximately \$2.0 billion. Current market conditions around residential real estate make it difficult to project if we will become consistently profitable in the future. Furthermore, we have been making significant changes to our organizational structure and our business models. While these changes are being implemented with the belief that they will strengthen our business and our market position in the long run, there can be no assurance that these changes will generate additional revenue or a more efficient cost structure, which will be needed to return to profitability.

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

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

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

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

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

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

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

Our quarterly financial results are subject to significant fluctuations.

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

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

the level at which real estate agents, brokers, homebuilders and rental owners renew the arrangements through which they obtain our services;

a continued downturn in the residential real estate market and the impact on advertising;

the amount of advertising sold on our web sites and the timing of payments for this advertising; and

the costs from pending litigation, including the cost of settlements.

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

As of December 31, 2008, our long-term investments included \$111.8 million of high-grade (AAA rated) student loan auction rate securities issued by student loan funding organizations, which loans are 97% guaranteed under FFELP (Federal Family Education Loan Program). These auction rate securities (ARS) were intended to provide liquidity via an auction process that resets the interest rate, generally every 28 days, allowing investors to either roll over their holdings or sell them at par. In February 2008, auctions for the investments in these securities failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful, the securities mature, or a buyer is found outside of the auction process. Maturity dates for these ARS investments range from 2030 to 2047 with principal distributions occurring on certain securities prior to maturity. We do not have a need to access these funds for operational purposes for the foreseeable future. Subject to an arbitration proceeding described in Note 23

Commitments and Contingencies Legal Proceedings to our Consolidated Financial Statements in Item 8 of this Form 10-K, we currently have the intent to hold these ARS investments until their fair value recovers, until they reach maturity or until they can be sold in a market that facilitates orderly transactions. We have classified the ARS investment balance as Long-term Investments because of the inability to determine when these investments will become liquid. We have also modified our current investment strategy and increased our investments in more liquid money market and treasury bill investments. During the year ended December 31, 2008, we determined that there was a decline in the fair value of our ARS investments of approximately \$17.6 million which we deemed as temporary and

included in Other Comprehensive Income.

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

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

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

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

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

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

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

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

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

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

Our business and operations may subject us to claims, litigation and other proceedings brought by private parties and governmental authorities. We are currently involved in several matters, which are described in Note 23,

Commitments and Contingencies - Legal Proceedings, to our Consolidated Financial Statements in Item 8 in this Form 10-K/A.

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

following:

stop selling, incorporating or using services that use the challenged intellectual property;

pay significant sums to obtain a license to the relevant intellectual property that we are alleged to infringe; and

redesign those services that use technology that is the subject of an infringement claim.

If we are forced to take any of the foregoing actions, such actions could have an adverse effect on our results of operations and our financial position. Pursuant to our operating agreement with NAR, we may also be required to indemnify NAR and other third parties

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for liabilities arising from the infringement or alleged infringement of third parties' intellectual property rights, and these indemnification obligations could have an adverse effect on our results of operations and our financial position.

We rely on intellectual property and proprietary rights.

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

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

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

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

In November 2005, we sold to Elevation Partners, L.P. and Elevation Employee Side Fund, LLC (together, Elevation) an aggregate of 100,000 shares of our Series B Convertible Participating Preferred Stock (the Series B Preferred Stock) for an aggregate purchase price of \$100 million. For so long as the holders of Series B Preferred Stock hold at least one-sixth of these 100,000 shares of Series B Preferred Stock, we are generally not permitted, without obtaining the consent of holders representing at least a majority of the then outstanding shares of Series B Preferred Stock, to create or issue any equity securities that rank senior or on a parity with the Series B Preferred Stock with respect to dividend rights or rights upon our liquidation. In addition, our stockholders agreement with Elevation limits the amount of debt we can incur. If we need to raise additional capital through public or private financing, strategic relationships or other arrangements to execute our business plan, we would be restricted in the type of equity securities that we could offer and the amount of debt we can incur without the consent of Elevation. We cannot offer any assurances that we would be able to obtain that consent. If we were unable to obtain Elevation's consent, we may not be able to raise additional capital in the amounts needed to fund our business or on terms that are desirable.

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

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

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

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

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

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

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

NAR also has significant influence over our corporate governance, including the right to have one representative as a member of our board of directors (out of a current total of 10) and two representatives as members of our RealSelect's subsidiary's board of directors (out of a current total of 8). RealSelect also cannot take certain actions, including amending its certificate of incorporation or

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bylaws, pledging its assets and making changes in its executive officers or board of directors, without the consent of at least one of NAR's representatives on its board of directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

5% or more of the stock of a company and any change in ownership arising from a new issuance of stock by the company.

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

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

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

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

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

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

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

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

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

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

Internet Industry Risks

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

Temporary or permanent outages of our computers or software equipment could have an adverse effect on our business. Although we have not experienced any material outages to date, we currently do not have fully redundant systems for our web sites and other

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services at an alternate site. Therefore, our systems are vulnerable to damage from break-ins, unauthorized access, vandalism, fire, earthquakes, power loss, telecommunications failures and similar events. Although we maintain insurance against fires, earthquakes and general business interruptions, the amount of coverage, while adequate to replace assets and compensate for losses incurred, may not be adequate to compensate for the disruption it causes our customers and consumers, which could affect our future revenues and traffic.

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

We depend on continued improvements to our computer network.

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

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

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

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

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

Item 1B. Unresolved Staff Comments.

None.

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We maintain the following principal facilities:

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

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

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

Item 3. Legal Proceedings.

From time to time, we are party to various litigation and administrative proceedings relating to claims arising from our operations in the ordinary course of business. See the disclosure regarding litigation included in Note 22,

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

** Cost not required for participant directed investments

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf of the undersigned hereunto duly authorized.

Dynergy Inc. 401(k) Savings Plan

/s/ Julius Cox
Julius Cox
Designated Member Dynergy Inc.
Benefit Plans Committee

Date: June 28, 2007