MOVE INC
Form 10-Q
November 06, 2008

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

Form 10-Q

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

For the quarterly period ended September 30, 2008

or

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

For the transition period from __________ to __________

Commission File Number 000-26659

Move, Inc.
(Exact Name of Registrant as Specified in its Charter)

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

(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 þ No o

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

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

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

At November 3, 2008, the registrant had 153,081,756 shares of its common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements***

MOVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (Unaudited)	December 31, 2007
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,279	$ 45,713
Short-term investments		129,900
Accounts receivable, net	12,587	15,645
Other current assets	13,479	10,111
Assets held for sale		24,417
Total current assets	140,345	225,786
Property and equipment, net	26,836	29,930
Long-term investments	121,000	
Goodwill, net	17,181	17,181
Intangible assets, net	4,107	5,011
Restricted cash	3,203	3,369
Other assets	1,140	1,251
Total assets	$ 313,812	$ 282,528
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 3,643	$ 4,337
Accrued expenses	29,390	28,446
Deferred revenue	30,443	34,975
Obligations under capital leases	651	1,894
Line of credit	64,700	
Liabilities held for sale		5,429
Total current liabilities	128,827	75,081
Obligations under capital leases		273
Other liabilities	2,157	1,508
Total liabilities	130,984	76,862
Commitments and contingencies (see note 17)		
Series B convertible preferred stock	105,008	101,189

Stockholders equity:		
Series A convertible preferred stock		
Common stock	153	151
Additional paid-in capital	2,087,314	2,076,074
Accumulated other comprehensive income	(7,740)	675
Accumulated deficit	(2,001,907)	(1,972,423)
Total stockholders equity	77,820	104,477
Total liabilities and stockholders equity	$ 313,812	$ 282,528

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

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MOVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
	(In thousands, except per share amounts) (Unaudited)			
Revenue	$ 61,240	$ 63,380	$ 184,619	$ 186,356
Cost of revenue	11,804	11,053	34,453	31,642
Gross profit	49,436	52,327	150,166	154,714
Operating expenses:				
Sales and marketing	24,002	23,212	71,268	68,289
Product and web site development	6,821	8,615	20,510	26,613
General and administrative	18,534	20,479	60,138	53,229
Amortization of intangible assets	188	194	582	564
Litigation settlement		3,900		3,900
Restructuring charges	4,014		4,014	
Total operating expenses	53,559	56,400	156,512	152,595
Operating income (loss) from continuing operations	(4,123)	(4,073)	(6,346)	2,119
Interest income, net	1,261	2,567	4,839	7,383
Other income (expense), net	959	676	1,139	1,078
Income (loss) from continuing operations before income taxes	(1,903)	(830)	(368)	10,580
Provision for income taxes	110	169	313	422
Income (loss) from continuing operations	(2,013)	(999)	(681)	10,158
Loss from discontinued operations	(19,334)	(1,044)	(24,984)	(5,142)
Net income (loss)	(21,347)	(2,043)	(25,665)	5,016
Convertible preferred stock dividend and related accretion	(1,282)	(1,248)	(3,819)	(3,721)
Net income (loss) applicable to common stockholders	$ (22,629)	$ (3,291)	$ (29,484)	$ 1,295
Basic and diluted income (loss) per share applicable to common stockholders: (see note 12)				
Continuing operations	$ (0.02)	$ (0.01)	$ (0.03)	$ 0.04
Discontinued operations	(0.13)	(0.01)	(0.16)	(0.03)

Basic net income (loss) per share applicable to common stockholders	$	(0.15)	$	(0.02)	$	(0.19)	$	0.01
Shares used to calculate basic and diluted net income (loss) per share applicable to common stockholders: (see note 12)								
Basic		152,184		155,015		151,652		154,749
Diluted		152,184		155,015		151,652		165,166

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

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MOVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2008	Nine months ended September 30, 2007
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Income (loss) from continuing operations	$ (681)	$ 10,158
Adjustments to reconcile income (loss) from continuing operations to net cash provided by continuing operating activities:		
Depreciation	8,435	7,322
Amortization of intangible assets	582	564
Provision for doubtful accounts	511	653
Gain on sales of property and equipment	(816)	(333)
Stock-based compensation and charges	8,209	10,049
Change in market value of embedded derivative liability	(156)	(688)
Other non-cash items	411	(10)
Changes in operating assets and liabilities:		
Accounts receivable	2,531	(1,027)
Other assets	(2,760)	(4,473)
Accounts payable and accrued expenses	366	4,888
Deferred revenue	(4,312)	(3,793)
Net cash provided by continuing operating activities	12,320	23,310
Net cash used in discontinued operating activities	(5,777)	(2,748)
Net cash provided by operating activities	6,543	20,562
Cash flows from investing activities:		
Purchases of property and equipment	(5,748)	(15,897)
Proceeds from sales of marketable equity securities	27	15,743
Proceeds from surrender of life insurance policy		5,200
Proceeds from sales of property and equipment	206	334
Purchases of intangible assets		(618)
Maturities of short-term investments	96,918	45,200
Purchases of short-term investments	(96,418)	(67,275)
Net cash used in continuing investing activities	(5,015)	(17,313)
Net cash provided by (used in) discontinued investing activities	799	(147)
Net cash used in investing activities	(4,216)	(17,460)

Cash flows from financing activities:		
Proceeds from exercise of stock options	2,889	2,821
Borrowings from line of credit	64,700	
Restricted cash	166	952
Payments on capital lease obligations	(1,516)	(1,415)
Net cash provided by financing activities	66,239	2,358
Change in cash and cash equivalents	68,566	5,460
Cash and cash equivalents, beginning of period	45,713	14,873
Cash and cash equivalents, end of period	$ 114,279	$ 20,333

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

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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.com™, REALTOR.com® and Moving.com™. 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 157-2, 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 October 2008, the FASB issued FASB Staff Position No. FAS 157-3 Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active which clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. 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 8 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,

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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 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 sales price of approximately $1.0 million in cash which is included in net cash provided by discontinued investing activities in the Company s Consolidated Statement of Cash Flows for the nine months ended September 30, 2008. 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. Pursuant to SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), the Company performed an impairment analysis and fair value was determined to be $0 based on potential bids received for the Welcome Wagon business. As a result, the Company wrote-off $2.1 million of current assets and liabilities, which is included in operating expenses and recorded an impairment charge of $15.9 million associated with long-lived assets.

Pursuant to 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 September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	$ 7,465	$ 12,190	$ 25,018	$ 33,870
Total operating expenses	10,820	13,234	33,897	39,012
Impairment of long-lived assets	15,880		16,006	
Restructuring charges	99		99	
Loss from discontinued operations	$ (19,334)	$ (1,044)	$ (24,984)	$ (5,142)

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

	September 30, 2008	December 31, 2007
Total current assets	$	$ 6,524
Property and equipment, net		2,736
Goodwill and other assets		15,157
Total assets	$	$ 24,417
Total current liabilities		5,429
Total liabilities	$	$ 5,429

6. Restructuring Charges

During the third quarter of 2008, the Company s Board of Directors approved a restructuring and integration plan with the objective of eliminating duplicate resources and redundancies and implementing a new operating structure to lower total operating expenses. The Company implemented the first phase of the plan and incurred a restructuring charge from continuing operations of $4.0 million. Included in these charges were lease obligations and related charges of $3.0 million for the consolidation of the Company s operations in Westlake Village, California and the abandonment of a portion of the leased facility. In addition, the charge included severance and other payroll-related expenses of $1.0 million associated with the reduction in workforce of approximately 42 employees whose positions with the Company were eliminated. These workforce reductions affected 16 employees in cost of revenue positions, 18 employees in sales and marketing, 2 employees in product and web site development and 6 employees in general and administrative positions. In addition, 22 employees were terminated as part of discontinued operations; such costs have been included as part of discontinued operations.

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	Lease Obligations and Related Charges	Employee Termination Benefits	Total
Initial restructuring charge from continuing operations	$ 3,041	$ 973	$ 4,014
Initial restructuring charge from discontinued operations		99	99
Payments	(368)	(406)	(774)
Accrued restructuring at September 30, 2008	$ 2,673	$ 666	$ 3,339

Approximately $2.5 million of the restructuring accrual balance represents payments to be made over the next twelve months with the remaining $867,000 accrual balance representing payments associated with the Westlake Village, California lease obligation to be made through April 2010.

7. Short-term and Long-term Investments

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

	September 30, 2008			December 31, 2007		
	Adjusted Cost	Net Unrealized Gain/(Loss)	Carrying Value	Adjusted Cost	Net Unrealized Gain/(Loss)	Carrying Value
Short-term investments:						
Corporate auction rate securities	$	$	$	$ 129,900	$	$ 129,900
Total short-term investments	$	$	$	$ 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. In February 2008, auctions for the Company s investments in these securities failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and 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 their fair value recovers, maturity or until they can be sold in a market that facilitates orderly transactions. As of September 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. Citigroup Global Markets Inc. (Citigroup) was the Company s investment advisor in connection with the investment in the ARS. On September 17, 2008, the Company commenced arbitration against Citigroup before the Financial Industry Regulatory Authority (FINRA) (see Note 17).

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 September 30, 2008, and an unrealized loss of $8.4 million for the nine-month period ended September 30, 2008 was included in other comprehensive income. See Note 8 Fair Value Measurements for additional information concerning fair value measurement of the Company s ARS investments.

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8. 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 September 30, 2008 are classified based on the valuation technique level in the table below:

	Fair Value Measurement at September 30, 2008			
	Total	Level 1	Level 2	Level 3
Description:				
Assets:				
Cash and cash equivalents (1)	$ 114,279	$ 114,279	$	$
Long-term investments (2)	121,000			121,000
Total assets at fair value	$ 235,279	$ 114,279	$	$ 121,000
Liabilities:				
Embedded derivative liability (3)	$ 717	$	$	$ 717

(1) Cash and cash equivalents consist primarily of treasury bills with original maturity dates of three months or less and money market funds for which we determine fair value through quoted market prices.

(2) Long-term investments consist of student loan, FFELP-backed, ARS issued by student loan funding organizations. 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 September 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 nine-month period ended September 30, 2008.

(3) 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):

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	Long-term Investments	Embedded Derivative Liability
Balance at 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 at 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 at June 30, 2008	$ 121,000	$ 856
Transfers in and /or out of Level 3		
Total gains/losses realized/unrealized included in earnings		(139)
Total losses included in other comprehensive income		
Purchases, sales, issuances and settlements, net		
Balance at September 30, 2008	$ 121,000	$ 717

(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.

9. 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 with a major financial institution. Outstanding balances are due on May 7, 2009. 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 September 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 drops below 70% of par value. As of September 30, 2008, there was $64.7 million in outstanding borrowings against this line of credit.

10. Goodwill and Other Intangible Assets

Goodwill by segment is as follows (in thousands):

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

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 nine months ended September 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. There are no expected residual values related to these intangible assets. Intangible assets by category are as follows (in thousands):

	September 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	517	1,400	366
NAR operating agreement	1,578	1,014	1,578	901
Customer lists and relationships	200	200	255	172
Other	1,450	807	1,450	551
Total	$ 7,158	$ 3,051	$ 7,513	$ 2,502

Amortization expense, excluding discontinued operations, for intangible assets was $0.2 million and $0.6 million, respectively, for the three and nine months ended September 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 3 months)	$ 174
2009	472
2010	417
2011	416
2012	341

11. 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 nine months ended September 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 September 30, 2008 and 2007, respectively. Total cost recognized was approximately $108,000 and $97,000 for the three months ended September 30, 2008 and 2007, respectively, and $217,000 and $244,000 for the nine months ended September 30, 2008 and 2007, respectively. Total cost recognized for the nine months ended September 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.

During the nine months ended September 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 income and payroll taxes due as a result of this transaction. As of September 30, 2008, all shares were vested. The total costs recognized during the three months ended September 30, 2007 was approximately $123,000. The total costs recognized during the nine months ended September 30, 2008 and 2007 was approximately $204,000 and $670,000, respectively. These costs are 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 nine months ended September 30, 2008 (in thousands):

	Number of Restricted Stock Units
Non-vested units at December 31, 2007	5,135
Units forfeited	(705)
Non-vested units at September 30, 2008	4,430

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.

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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. Management has determined it is unlikely any of the 2008 awards will be earned. As of September 30, 2008, the fair value of the remaining restricted stock units granted was $20.1 million.

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 September 30,		**Nine Months Ended September 30,**	
	2008	**2007**	**2008**	**2007**
Risk-free interest rates	3.10% - 3.25%	4.23% - 4.60%	1.65% - 3.41%	4.23% - 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 nine months ended September 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 of its stock-based compensation expense. The Company recorded a cumulative benefit from the change in estimate of approximately $1.3 million which reduced stock-based compensation expense in the consolidated statements of operations for the nine months ended September 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 nine months ended September 30, 2008. During the three and nine months ended September 30, 2007, 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 compensations expense of $0.7 million and $1.6 million for the three and nine months ended September 30, 2007, respectively.

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 September 30,		**Nine Months Ended September 30,**	
	2008	**2007**	**2008**	**2007**
Cost of revenue	$ 41	$ 38	$ 110	$ 87

Sales and marketing	161	327	370	1,110
Product and web site development	150	333	419	845
General and administrative	2,354	3,931	7,310	8,007
Total from continuing operations	2,706	4,629	8,209	10,049
Total from discontinued operations	79	166	144	343
Total stock-based compensation and charges	$ 2,785	$ 4,795	$ 8,353	$ 10,392

In addition to costs related to stock options, stock-based compensation and charges in sales and marketing for the three and

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nine months ended September 30, 2007 includes costs related to vendor agreements and general and administrative includes costs related to the amortization of restricted stock grants for all periods presented.

12. 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 September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator:				
Income (loss) from continuing operations	$ (2,013)	$ (999)	$ (681)	$ 10,158
Income (loss) from discontinued operations	(19,334)	(1,044)	(24,984)	(5,142)
Net income (loss)	(21,347)	(2,043)	(25,665)	5,016
Convertible preferred stock dividend and related accretion	(1,282)	(1,248)	(3,819)	(3,721)
Net income (loss) applicable to common stockholders	$ (22,629)	$ (3,291)	$ (29,484)	$ 1,295
Income (loss) applicable to common stockholders from continuing operations	$ (3,295)	$ (2,247)	$ (4,500)	$ 6,437
Loss applicable to common stockholders from discontinued operations	(19,334)	(1,044)	(24,984)	(5,142)
Net income (loss) applicable to common stockholders	$ (22,629)	$ (3,291)	$ (29,484)	$ 1,295
Denominator:				
Basic weighted average shares outstanding	152,184	155,015	151,652	154,749
Add: dilutive effect of options, warrants and restricted stock				10,417
Diluted weighted average shares outstanding	152,184	155,015	151,652	165,166
Basic and diluted income (loss) applicable to common stockholders:				
Continuing operations	$ (0.02)	$ (0.01)	$ (0.03)	$ 0.04
Discontinued operations	(0.13)	(0.01)	(0.16)	(0.03)
Net income (loss) applicable to common stockholders	$ (0.15)	$ (0.02)	$ (0.19)	$ 0.01

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

	Three Months Ended September 30,		Nine Month Ended September 30,	
	2008	2007	2008	2007

Shares excluded from:				
Income (loss) from continuing operations	61,295,892	63,104,083	61,295,892	31,617,156
Loss from discontinued operations	61,295,892	63,104,083	61,295,892	63,104,083
Net income (loss) applicable to common stockholder	61,295,892	63,104,083	61,295,892	31,617,156

13. Other Comprehensive Income (Loss)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	**2007**	**2008**	**2007**
Net income (loss)	$ (21,347)	$ (2,043)	$ (25,665)	$ 5,016
Unrealized gain (loss) on marketable securities	75	6	72	5
Unrealized loss on non-current auction rate securities			(8,400)	
Foreign currency translation	(21)	150	(102)	357
Other comprehensive income (loss)	$ (21,293)	$ (1,887)	$ (34,095)	$ 5,378

14. 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.

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.

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

	Three Months Ended							
	September 30, 2008				September 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	$ 54,493	$ 6,747	$	$ 61,240	$ 55,936	$ 7,444	$	$ 63,380
Cost of revenue	9,698	1,856	250	11,804	8,897	1,570	586	11,053
Gross profit (loss)	44,795	4,891	(250)	49,436	47,039	5,874	(586)	52,327
Sales and marketing	19,581	3,045	1,376	24,002	18,116	3,303	1,793	23,212
Product and web site development	5,473	443	905	6,821	6,856	1,386	373	8,615
General and administrative	6,100	661	11,773	18,534	7,157	1,010	12,312	20,479
Amortization of intangible assets			188	188			194	194
Litigation settlement							3,900	3,900
Restructuring charges	251	78	3,685	4,014				
Total operating expenses	31,405	4,227	17,927	53,559	32,129	5,699	18,572	56,400
Operating income (loss) from continuing operations	$ 13,390	$ 664	$ (18,177)	$ (4,123)	$ 14,910	$ 175	$ (19,158)	$ (4,073)

	Nine Months Ended							
	September 30, 2008				September 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	$ 164,501	$ 20,118	$	$ 184,619	$ 164,209	$ 22,147	$	$ 186,356
Cost of revenue	28,662	4,958	833	34,453	25,636	4,221	1,785	31,642
Gross profit (loss)	135,839	15,160	(833)	150,166	138,573	17,926	(1,785)	154,714
Sales and marketing	56,992	9,829	4,447	71,268	53,343	10,622	4,324	68,289
Product and web site development	17,078	1,231	2,201	20,510	20,732	4,759	1,122	26,613
General and administrative	22,354	3,388	34,396	60,138	20,082	3,369	29,778	53,229
Amortization of intangible assets			582	582			564	564
Litigation settlement							3,900	3,900
Restructuring charges	251	78	3,685	4,014				
Total operating expenses	96,675	14,526	45,311	156,512	94,157	18,750	39,688	152,595
Operating income (loss) from continuing operations	$ 39,164	$ 634	$ (46,144)	$ (6,346)	$ 44,416	$ (824)	$ (41,473)	$ 2,119

15. 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 deferred tax provision of $41,000 and $123,000 was recorded in the three and nine months ended September 30, 2008, respectively, and $42,000 and $122,000 was recorded in the three and nine months ended September 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 $69,000 and $190,000 tax provision was recorded in the three and nine months ended September 30, 2008 for state income taxes and a $127,000 and $300,000 tax provision was recorded in the three and nine months ended September 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 September 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 nine months ended September 30, 2008 and 2007. The tax years 1993-2007 remain open to examination by the major taxing jurisdictions to which we are subject.

16. 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 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 against the Company and certain of its current and former officers and directors, which the Company settled in 2003. 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.

17. 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 17. 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.

In June 2002, Tren Technologies Holdings LLC., (Tren) sued the Company, the National Associated of REALTORS® (NAR) and the National Association of Home Builders (NAHB) in the United States District Court, Eastern District of Pennsylvania for patent infringement based on the Company s operation of the REALTOR.com® and HomeBuilder.com® web sites. Specifically, Tren alleged that it owns a patent (U.S. Patent No. 5,584,025) on an application, method and system for tracking demographic customer information, including tracking information related to real estate and real estate demographics information, and that the Company has developed an infringing technology for the REALTOR.com® and HomeBuilder.com® web sites. Tren s complaint sought an unspecified amount of damages (including treble damages for willful infringement and attorneys fees) and a permanent injunction against the Company using the technology. In October 2003, Kevin Keithley (Keithley) sued the Company, NAR and NAHB in the United States District Court for the Northern District of California asserting that he was the exclusive licensee of U.S. Patent No. 5,584,025, and alleging the same infringement and seeking the same relief as in the Tren action. On May 22, 2004, the Company filed with the United States Patent and Trademark Office (USPTO) a Request for Reexamination of the patent at issue in these actions. The Keithley and Tren action were stayed pending the reexamination proceeding. In August 2005, the USPTO confirmed the original claims of the patent and allowed additional claims. Accordingly, the stay in the Keithley action was lifted and the parties have agreed that the Keithley action should go forward. On May 24, 2006, the court in Pennsylvania dismissed the Tren case without prejudice. In September 2006, Keithley amended his complaint to add Tren as a Plaintiff. Keithley and Tren assert that the patent is infringed by the websites www.Realtor.com, www.Move.com, www.Homebuilder.com, www.Rentnet.com, and www.Moving.com, and by Top Producer software and services as well as certain other websites formerly operated by the Company. On August 12, 2008, the U.S. Magistrate Judge presiding over all discovery matters in the Keithley action issued an Order for monetary sanctions (Order for Sanctions) against the Company. On August 26, 2008, the Company filed an objection to the Order for Sanctions with the U.S. District Court asking the court to reconsider and reverse the Magistrate Judge s Order for Sanctions. On October 3, 2008, the Company filed motions for summary judgment for invalidity based on anticipation and obviousness, for non-infringement and invalidity based on indefiniteness and willfulness, and for non-infringement by NAR and NAHB. Hearings before the U.S. District Court Judge on the Company s objections to sanctions and motions for summary judgment are set for November 14, 2008. The Company believes that the claims in the Keithley action are without merit and intends to vigorously defend the case.

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 including RE/Max International (RE/Max), 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, NAHB and RE/Max in the REAL California Action. On May 5, 2008, NAR, NAHB and RE/Max filed answers denying infringement and asserting that the patents are invalid and unenforceable, and asserting counter-claims against REAL. On July 29, 2008, the Move California Action was transferred to Judge King, the same judge in the REAL California Action. In September, 2008, the court decided to coordinate both cases and issued an order dividing the issues of both cases into two phases. Phase 1 will include REAL and Equias on the one hand, and Move, Inc., NAR and NAHB on the other hand. Phase 2 will include all the remaining defendants named by REAL in the REAL California Action. On August 18, 2008, the Company filed a motion for summary judgment for non-infringement in the Move California Action, and on October 23, 2008, the court denied the motion as premature with leave to re-file after discovery closed.

On April 8, 2008 REAL filed a separate patent infringement action against LoopNet, Inc. in the U.S. District Court for the Central District of California (LoopNet Action), and on October 14, 2008, the LoopNet Action was transferred to Judge King. On Oct. 23, 2008, the court entered an order directing the parties in the Move and REAL California actions and the Loopnet Action to submit a joint statement addressing whether the cases should be consolidated to minimize duplicate litigation. 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 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. A bifurcated arbitration in this matter was held in September 2008. On October 16, 2008, the arbitrator issued an Interim Award resolving specific issues presented for determination. The Company and Experian are attempting to resolve this matter by application of the Interim Award. If the parties are unable to resolve the dispute, a subsequent arbitration is scheduled for December 2008 for final resolution. Experian is seeking to recover from the Company an amount in excess of the Indemnity Escrow amount, which was $8.4 million on September 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.

Citigroup was the Company s investment advisor in connection with the Company s investment in ARS. In February, 2008, the auctions for ARS failed and thereby rendered the Company s investment illiquid (See Note 7). On September 17, 2008, the Company commenced an arbitration against Citigroup before the Financial Industry Regulatory Authority (FINRA) by filing a Statement of Claim alleging breach of fiduciary duty, breach of contract and breach of contractual duty of good faith and fair dealing, violation of SEC Rule 10b-5 and FINRA Rule 2310, violation of SEC Rule 15c1-2, violation of the Investment Advisers Act, 15 U.S.C. Secs. 80b-1 *et seq.*, and negligent misrepresentation. The Company is seeking that Citigroup return the funds that the Company entrusted to Citigroup, compensatory and punitive damages, pre and post judgment interest, attorneys fees, and other remedies the FINRA panel deems appropriate. No date has been set for the FINRA arbitration.

18. Supplemental Cash Flow Information

During the nine month period ended September 30, 2008:

The Company paid $235,000 in interest.

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 $2.8 million in additional Series B Preferred Stock as in-kind dividends.

During the nine month period ended September 30, 2007:

The Company paid $197,000 in interest.

The Company issued $2.8 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.

The Company issued 116,009 shares of restricted common stock to an executive officer which vested immediately. The charge associated with these shares was $500,000 and was recognized during the nine months ended September 30, 2007.

The Company issued 116,009 shares of restricted common stock to an executive officer which vest one year from their date of employment. The charge associated with these shares was $500,000 and was recognized over the one-year vesting period.

The Company received 82,946 shares of common stock with a fair value of approximately $358,000 from one of its officers to reimburse the Company for the officer s share of employment taxes due as a result of the issuance of restricted stock.

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 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.

Our Business

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

On our web sites, we display comprehensive real estate property content, with over four million resale, new home and rental listings, as well as extensive move-related information and tools. We hold a significant leadership position 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 into 2009.

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.

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.

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.comtm web site on May 1, 2006, we replaced our new home site, HomeBuilder.com, and our apartment rental site, RENTNET.com, 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.comtm 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.

Restructuring Charges

During the third quarter of 2008, our Board of Directors approved a restructuring and integration plan with the objective of eliminating duplicate resources and redundancies and implementing a new operating structure to lower total operating expenses. We implemented the first phase of the plan and incurred a restructuring charge from continuing operations of $4.0 million. Included in these charges were lease charges of $3.0 million related to the consolidation of our operations in Westlake Village, California and the abandonment of a portion of the leased facility. In addition, the charge included severance and other payroll-related expenses of $1.0 million associated with the reduction in workforce of approximately 42 employees whose positions with us were eliminated. These workforce reductions affected 16 employees in cost of revenue positions, 18 employees in sales and marketing, 2 employees in product and web site development and 6 employees in general and administrative positions. In addition, 22 employees were terminated as part of discontinued operations; such costs have been included as part of discontinued operations.

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	Lease Obligations and Related Charges	Employee Termination Benefits	Total
Initial restructuring charge from continuing operations	$ 3,041	$ 973	$ 4,014
Initial restructuring charge from discontinued operations		99	99
Payments	(368)	(406)	(774)
Accrued restructuring at September 30, 2008	$ 2,673	$ 666	$ 3,339

Approximately $2.5 million of the restructuring accrual balance represents payments to be made over the next twelve months with the remaining $867,000 accrual balance representing payments associated with the Westlake Village, California lease obligation to be made through April 2010.

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 sales price of approximately $1.0 million in cash which is included in net cash provided by discontinued investing activities in our Consolidated Statement of Cash Flows for the nine months ended September 30, 2008. The transaction did not result in any significant gain or loss on disposition.

In the second quarter of 2008, we decided to divest our Welcome Wagon® business, which had been reported as part of our Consumer Media segment. We are actively marketing the business for sale. Pursuant to SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), we performed an impairment analysis and fair value was determined to be $0 based on potential bids received for the Welcome Wagon business. As a result, we wrote-off $2.1 million of current assets and liabilities, which is included in operating expenses, and recorded an impairment charge of $15.9 million associated with long-lived assets.

Pursuant to 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 September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	$ 7,465	$ 12,190	$ 25,018	$ 33,870
Total operating expenses	10,820	13,234	33,897	39,012
Impairment of long-lived assets	15,880		16,006	
Restructuring charges	99		99	
Loss from discontinued operations	$ (19,334)	$ (1,044)	$ (24,984)	$ (5,142)

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

	September 30,	December 31,

	2008		2007	
Total current assets	$		$	6,524
Property and equipment, net				2,736
Goodwill and other assets				15,157
Total assets	$		$	24,417
Total current liabilities				5,429
Total liabilities	$		$	5,429

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 nine months ended September 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 157-2, 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 October 2008, the FASB issued FASB Staff Position No. FAS 157-3 Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active which clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. 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 8 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 17, 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.

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Results of Operations

Three Months Ended September 30, 2008 and 2007

Revenue

Revenue decreased approximately $2.1 million, or 3%, to $61.2 million for the three months ended September 30, 2008 from $63.4 million for the three months ended September 30, 2007. The decrease in revenue was due to a decline of $1.4 million in the Real Estate Services segment and a decrease of $0.7 million in the Consumer Media segment. These changes by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue increased approximately $0.8 million, or 7%, to $11.8 million for the three months ended September 30, 2008 from $11.1 million for the three months ended September 30, 2007. The increase was primarily due to higher product fulfillment costs of $1.1 million partially offset by $0.3 million in other cost decreases.

Gross margin percentage decreased to 81% for the three months ended September 30, 2008 compared to 83% for the three months ended September 30, 2007. The decrease is due to a decrease in margins in both the Real Estate Services and Consumer Media segments resulting from decreased revenues and increased costs in the segments.

Operating Expenses

Sales and marketing. Sales and marketing expenses increased approximately $0.8 million, or 3%, to $24.0 million for the three months ended September 30, 2008 from $23.2 million for the three months ended September 30, 2007. The increase was primarily due to an increase in personnel related costs of $1.8 million, partially offset by a decrease in distribution and online marketing costs of $0.6 million and a decrease in other marketing costs of $0.4 million.

Product and web site development. Product and web site development expenses decreased approximately $1.8 million, or 21%, to $6.8 million for the three months ended September 30, 2008 from $8.6 million for the three months ended September 30, 2007 as a direct result of decreases in consulting costs.

General and administrative. General and administrative expenses decreased approximately $2.0 million, or 10%, to $18.5 million for the three months ended September 30, 2008 from $20.5 million for the three months ended September 30, 2007. The decrease was primarily due to a $3.8 million decrease in personnel related costs including a $1.7 million decrease in non-cash stock-based compensation. There was a decrease of $0.8 million in consulting costs and a decrease in rent expense of $0.3 million primarily due to a one-time lease termination charge taken in the three months ended September 30, 2007. These decreases were partially offset by an increase in legal fees of $2.9 million primarily due to patent litigation.

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

Litigation settlement. We recorded a litigation settlement charge of $3.9 million for the three months ended September 30, 2007. There was no litigation settlement charge in the three months ended September 30, 2008.

Restructuring charges. During the third quarter of 2008, our Board of Directors approved a restructuring and integration plan with the objective of eliminating duplicate resources and redundancies and implementing a new operating structure to lower total operating expenses. We implemented the first phase of the plan and incurred a restructuring charge from continuing operations of $4.0 million. Included in these charges were lease charges of $3.0 million related to the consolidation of our operations in Westlake Village, California and the abandonment of a portion of the leased facility. In addition, the charge included severance and other payroll-related expenses of $1.0 million associated with the reduction in workforce.

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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 September 30,	
	2008	**2007**
Cost of revenue	$ 41	$ 38
Sales and marketing	161	327
Product and web site development	150	333
General and administrative	2,354	3,931
Total from continuing operations	2,706	4,629
Total from discontinued operations	79	166
Total stock-based compensation and charges	$ 2,785	$ 4,795

Stock-based compensation and charges decreased for the three months ended September 30, 2008 compared to the three months ended September 30, 2007 primarily due to an increase in assumed forfeiture rates and no significant additional stock option grants during the quarter.

Interest Income, Net

Interest income, net, decreased $1.3 million to $1.3 million for the three months ended September 30, 2008 compared to $2.6 million for the three months ended September 30, 2007, primarily due to decreases in interest yields on short-term and long-term investments and an increase in interest expense due to new short-term borrowings under our line of credit.

Other Income, Net

Other income, net, increased $0.3 for the three months ended September 30, 2008 compared to the three months ended September 30, 2007, primarily due to other income from the sale of certain assets which was partially offset by a reduction in 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.com™ which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A deferred tax provision of $41,000 and $42,000 was recorded in the three months ended September 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 $69,000 tax provision was recorded in the three months ended September 30, 2008 for state income taxes and an additional $127,000 tax provision was recorded for the three months ended September 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.

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.

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

	Three Months Ended							
	September 30, 2008				September 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	$ 54,493	$ 6,747	$	$ 61,240	$ 55,936	$ 7,444	$	$ 63,380
Cost of revenue	9,698	1,856	250	11,804	8,897	1,570	586	11,053
Gross profit (loss)	44,795	4,891	(250)	49,436	47,039	5,874	(586)	52,327
Sales and marketing	19,581	3,045	1,376	24,002	18,116	3,303	1,793	23,212
Product and web site development	5,473	443	905	6,821	6,856	1,386	373	8,615
General and administrative	6,100	661	11,773	18,534	7,157	1,010	12,312	20,479
Amortization of intangible assets			188	188			194	194
Litigation settlement							3,900	3,900
Restructuring charges	251	78	3,685	4,014				
Total operating expenses	31,405	4,227	17,927	53,559	32,129	5,699	18,572	56,400
Operating income (loss) from continuing operations	$ 13,390	$ 664	$ (18,177)	$ (4,123)	$ 14,910	$ 175	$ (19,158)	$ (4,073)

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 $1.4 million, or 3%, to $54.5 million for the three months ended September 30, 2008, compared to $55.9 million for the three months ended September 30, 2007. The decrease in revenue was primarily generated by a decrease in our HomeBuilder.com® business due to decreased Showcase Listings revenue and a decrease in our REALTOR.com® business due to decreased Featured Products revenue primarily due to reduced purchasing by one large broker customer. These decreases were partially offset by an increase in our Top Producer® product offerings. Real Estate Services revenue represented approximately 89% of total revenue for the three months ended September 30, 2008 compared to 88% of total revenue for the three months ended September 30, 2007.

Real Estate Services expenses increased $0.1 million, or less than 1%, to $41.1 million for the three months ended September 30, 2008, compared to $41.0 million for the three months ended September 30, 2007. The increase was primarily due to a $0.8 million increase in cost of revenue resulting from a $0.5 million increase in product fulfillment costs and a $0.3 million increase in depreciation expense associated with new content management software. There was also an increase in sales and marketing costs of $1.5 million primarily due to increased personnel related costs.

Additionally, there was a $0.3 million restructuring charge for the three months ended September 30, 2008. These increases were partially offset by a decrease of $1.1 million in general and administrative costs primarily due to decreases in personnel related costs and a $1.4 million decrease in product and web site development costs primarily due to a decrease in consulting costs.

Real Estate Services generated operating income of $13.4 million for the three months ended September 30, 2008, compared to operating income of $14.9 million for the three months ended September 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.com™, Moving.com™, 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.

Consumer Media revenue decreased $0.7 million, or 9%, to $6.7 million for the three months ended September 30, 2008, compared to $7.4 million for the three months ended September 30, 2007. The decrease was primarily generated by a decline in our online advertising revenue. Consumer Media revenue represented 11% of total revenue for the three months ended September 30, 2008 compared to 12% of total revenue for the three months ended September 30, 2007.

Consumer Media expenses decreased $1.2 million, or 16%, to $6.1 million for the three months ended September 30, 2008, compared to $7.3 million for the three months ended September 30, 2007. The decrease was primarily due to a $0.9 million decrease in personnel and consulting costs in product and web site development and a $0.8 million decrease in distribution and online marketing costs, partially offset by an increase of $0.5 million in lead generation costs.

Consumer Media generated operating income of $0.7 million for the three months ended September 30, 2008, compared to $0.2 million for the three months ended September 30, 2007 primarily due to factors outlined above.

Unallocated

Unallocated expenses decreased $1.0 million, or 5%, to $18.2 million for the three months ended September 30, 2008, compared to $19.2 million for the three months ended September 30, 2007. The decrease was primarily due to a $3.9 million decrease in litigation settlement costs and a $1.7 million decrease in personnel related costs including a decrease of $1.1 million in non-cash stock-based compensation. There were also decreases in consulting costs of $1.1 million, marketing costs of $0.3 million, rent expense of $0.3 million and other cost decreases of $0.3 million. These decreases were partially offset by increases in legal fees of $2.9 million due to patent litigation and restructuring charges of $3.7 million.

Nine Months Ended September 30, 2008 and 2007

Revenue

Revenue decreased approximately $1.7 million, or 1%, to $184.6 million for the nine months ended September 30, 2008 from $186.3 million for the nine months ended September 30, 2007. The decrease in revenue was due to decreases of $2.0 million in the Consumer Media segment partially offset by a $0.3 million increase 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 $2.8 million, or 9%, to $34.4 million for the nine months ended September 30, 2008 from $31.6 million for the nine months ended September 30, 2007. The increase was primarily due to increases in product fulfillment costs of $2.1 million, increased depreciation expense of $1.0 million associated with new content management software and other cost increases of $0.4 million partially offset by a decrease in hardware and software maintenance costs of $0.7 million.

Gross margin percentage decreased to 81% for the nine months ended September 30, 2008 compared to 83% for the nine months ended September 30, 2007. The decrease is primarily due to decreased margins resulting from decreased revenue and increased costs noted above.

Operating Expenses

Sales and marketing. Sales and marketing expenses increased approximately $3.0 million, or 4%, to $71.3 million for the nine months ended September 30, 2008 from $68.3 million for the nine months ended September 30, 2007. The increase was primarily due to an increase in personnel related expenses of $4.2 million partially offset by a decrease in distribution and online marketing costs of $0.6 million and by other cost decreases of $0.6 million.

Product and web site development. Product and web site development expenses decreased approximately $6.1 million, or 23%, to $20.5 million for the nine months ended September 30, 2008 from $26.6 million for the nine months ended September 30, 2007 primarily due to a decrease of $4.5 million in consulting costs and a decrease of $1.8 million in personnel related costs. These decreases were partially offset by other cost increases of $0.2 million.

General and administrative. General and administrative expenses increased approximately $6.9 million, or 13%, to $60.1 million for the nine months ended September 30, 2008 from $53.2 million for the nine months ended September 30, 2007. The increase was primarily due to a $5.4 million increase in legal fees primarily due to patent litigation, a $1.0 million increase in personnel related expenses and a $0.5 million increase in rent expense associated with our new facility in Northern California.

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Amortization of intangible assets. Amortization of intangible assets were approximately $0.6 million for each of the nine months ended September 30, 2008 and 2007, respectively.

Litigation settlement. We recorded a litigation settlement charge of $3.9 million for the nine months ended September 30, 2007. There was no litigation settlement charge in the nine months ended September 30, 2008.

Restructuring charges. During the third quarter of 2008, our Board of Directors approved a restructuring and integration plan with the objective of eliminating duplicate resources and redundancies and implementing a new operating structure to lower total operating expenses. We implemented the first phase of the plan and incurred a restructuring charge from continuing operations of $4.0 million. Included in these charges were lease charges of $3.0 million related to the consolidation of our operations in Westlake Village, California and the abandonment of a portion of the leased facility. In addition, the charge included severance and other payroll-related expenses of $1.0 million associated with the reduction in workforce.

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):

	Nine Months Ended September 30,	
	2008	**2007**
Cost of revenue	$ 110	$ 87
Sales and marketing	370	1,110
Product and web site development	419	845
General and administrative	7,310	8,007
Total from continuing operations	8,209	10,049
Total from discontinued operations	144	343
Total stock-based compensation and charges	$ 8,353	$ 10,392

Stock-based compensation and charges decreased by $2.0 million for the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007 primarily due to an increase in assumed forfeiture rates and no significant additional stock option grants during the nine months ended September 30, 2008.

Interest Income, Net

Interest income, net, decreased $2.6 million to $4.8 million for the nine months ended September 30, 2008, compared to $7.4 million for the nine months ended September 30, 2007, primarily due to decreases in interest yields on short-term and long-term investments and interest expense related to new short-term borrowings under the our line of credit.

Other Income, Net

Other income, net, remained relatively constant for the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, as increases in income from the sale of certain assets were partially offset by a decrease in 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.com™ which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. A deferred tax provision of $123,000 and $122,000 was recorded in the nine months ended September 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 $190,000 tax provision was recorded in the nine months ended September 30, 2008 for state income taxes and an additional $300,000 tax provision was recorded in the nine months ended September 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.

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Segment Information

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

	Nine Months Ended							
	September 30, 2008				September 30, 2007			
	Real Estate Services	Consumer Media	Unallocated	Total	Real Estate Services	Consumer Media	Unallocated	Total
Revenue	$ 164,501	$ 20,118	$	$ 184,619	$ 164,209	$ 22,147	$	$ 186,356
Cost of revenue	28,662	4,958	833	34,453	25,636	4,221	1,785	31,642
Gross profit (loss)	135,839	15,160	(833)	150,166	138,573	17,926	(1,785)	154,714
Sales and marketing	56,992	9,829	4,447	71,268	53,343	10,622	4,324	68,289
Product and web site development	17,078	1,231	2,201	20,510	20,732	4,759	1,122	26,613
General and administrative	22,354	3,388	34,396	60,138	20,082	3,369	29,778	53,229
Amortization of intangible assets			582	582			564	564
Litigation settlement							3,900	3,900
Restructuring charges	251	78	3,685	4,014				
Total operating expenses	96,675	14,526	45,311	156,512	94,157	18,750	39,688	152,595
Operating income (loss) from continuing operations	$ 39,164	$ 634	$ (46,144)	$ (6,346)	$ 44,416	$ (824)	$ (41,473)	$ 2,119

Real Estate Services

Real Estate Services revenue increased $0.3 million, or less than 1%, to $164.5 million for the nine months ended September 30, 2008, compared to $164.2 million for the nine months ended September 30, 2007. The revenue increase was primarily generated by an increase in our Top Producer® product offerings. Additionally there was 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. 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 nine months ended September 30, 2008 compared to 88% for the nine months ended September 30, 2007.

Real Estate Services expenses increased $5.5 million, or 5%, to $125.3 million for the nine months ended September 30, 2008, compared to $119.8 million for the nine months ended September 30, 2007. Sales and marketing costs increased $3.6 million primarily due to a $3.1 million increase in personnel related costs, a $0.3 million increase in consulting costs and $0.2 million in other cost increases. Cost of revenue increased $3.0 million primarily due to increased personnel related costs of $1.3 million, increased product fulfillment costs of $0.9 million, and increased depreciation expense of $0.8 million associated with new content management software. There was a $2.3 million increase in general and administrative expenses due to a $1.7 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 charge related to assets written off due to the shutdown of non-strategic business initiatives, and other cost increases of $0.3 million. Additionally, there was a $0.3 million restructuring charge for the nine months ended September 30, 2008. These increases were partially offset by a $3.7 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 $39.2 million for the nine months ended September 30, 2008, compared to operating income of $44.4 million for the nine months ended September 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 $2.0 million, or 9%, to $20.1 million for the nine months ended September 30, 2008, compared to $22.1 million for the nine months ended September 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 nine months ended September 30, 2008 compared to 12% for the nine months ended September 30, 2007.

Consumer Media expenses decreased $3.5 million, or 15%, to $19.5 million for the nine months ended September 30, 2008, compared to $23.0 million for the nine months ended September 30, 2007. The decrease was primarily due to a $2.9 million decrease in personnel related costs and a $0.5 million decrease in consulting costs in product and web site development, a $0.8 million decrease in distribution and online marketing costs and other cost decreases of $0.5 million, partially offset by an increase of $1.2 million in lead generation costs.

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Consumer Media generated an operating income of $0.6 million for the nine months ended September 30, 2008, compared to an operating loss of $0.8 million for the nine months ended September 30, 2007 primarily due to factors outlined above.

Unallocated

Unallocated expenses increased $4.6 million, or 11%, to $46.1 million for the nine months ended September 30, 2008, compared to $41.5 million for the nine months ended September 30, 2007. The increase was primarily due to a $5.4 million increase in legal fees due to patent litigation costs, a $3.7 million restructuring charge, a $0.7 million increase in personnel related costs, and a $0.6 million increase in rent expense associated with our new facility in Northern California and the relocation of our customer service center in Arizona. These increases were partially offset by decreases in litigation settlement costs of $3.9 million, $1.7 million in consulting costs and other cost decreases of $0.2 million.

Liquidity and Capital Resources

Net cash provided by continuing operating activities of $12.3 million for the nine months ended September 30, 2008 was attributable to the net loss from continuing operations of $0.7 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 $17.2 million offset by changes in operating assets and liabilities of $4.2 million.

Net cash provided by continuing operating activities of $23.3 million for the nine months ended September 30, 2007 was attributable to the net income from continuing operations of $10.2 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 $17.5 million offset by changes in operating assets and liabilities of $4.4 million.

Net cash used in continuing investing activities of $5.0 million for the nine months ended September 30, 2008 was primarily attributable to capital expenditures of $5.7 million partially offset by net maturities of short-term investments of $0.5 million and proceeds from sales of property and equipment of $0.2 million.

Net cash used in continuing investing activities of $17.3 million for the nine months ended September 30, 2007 was primarily attributable to net purchases of short-term investments of $22.0 million, capital expenditures of $15.9 million, and purchases of intangible assets of $0.6 million partially offset by 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.

Net cash provided by financing activities of $66.2 million for the nine months ended September 30, 2008 was attributable to proceeds from a drawdown on revolving line of credit of $64.7 million, the exercise of stock options of $2.9 million and reductions in restricted cash of $0.1 million offset by payments on capital lease obligations of $1.5 million.

Net cash provided by financing activities of $2.4 million for the nine months ended September 30, 2007 was attributable to proceeds from the exercise of stock options of $2.8 million and reductions in restricted cash of $1.0 million offset by payments on capital lease obligations of $1.4 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.com™ 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. We believe that existing funds, cash generated from operations, and existing sources of debt financing are adequate to satisfy our working capital and capital expenditure requirements for the foreseeable future.

As of September 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. 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 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 their fair value recovers, maturity or until they can be sold in a market that facilitates orderly transactions. As of September 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 nine months ended September 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.

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 quarters to record additional unrealized losses in other comprehensive income (loss) or depending on the circumstances existing at the time, such losses may be considered other than temporary and recorded as a component of net income (loss).

On May 8, 2008, we entered into a revolving line of credit providing for borrowings of up to $64.8 million with a major financial institution. Outstanding balances are due on May 7, 2009. The line of credit is secured by our ARS investment balances and outstanding borrowings will bear interest at the Federal Funds Rate plus 2.1% (4.1% as of September 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. On September 4, 2008, as a result of our concerns about the fluctuating credit markets, we drew down $64.7 million under the line of credit to increase our cash position and preserve our financial flexibility. As of September 30, 2008, there was $64.7 million in outstanding borrowings against this line of credit.

In August 2008, we announced our plans to review our overall operating structure and 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 have resulted in a restructuring charge of $4.0 million being taken in the current period.

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 September 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. 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 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 their fair value recovers, maturity or until they can be sold in a market that facilitates orderly transactions. As of September 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 nine months ended September 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.

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 quarters to record additional unrealized losses in other comprehensive income (loss) or depending on the circumstances existing at the time, such losses may be considered other than temporary and recorded as a component of net income (loss).

Item 4. ***Controls and Procedures***

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, 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 17, 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 17 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 continue to impair the liquidity of a portion of our investment portfolio.

As of September 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. 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 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 their fair value recovers, maturity or until they can be sold in a market that facilitates orderly transactions. As of September 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 nine months ended September 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.

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

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

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

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

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

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

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

None.

Item 3. ***Defaults Upon Senior Securities***

None.

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

None.

Item 5. ***Other Information***

On September 4, 2008, we drew down $64.7 million under our revolving line of credit. The terms of the line of credit were previously disclosed in Part II, Item 5 of our Form 10-Q for the quarter ended March 31, 2008.

Item 6. ***Exhibits***

Exhibits

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.

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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: November 6, 2008

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EXHIBIT INDEX

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