

MOVE INC
Form 10-Q
May 03, 2013
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

or

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

For the transition period from _____ to _____

Commission File Number 000-26659

Move, Inc.

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

95-4438337
(I.R.S. Employer

incorporation or organization)

Identification No.)

10 Almaden Blvd, Suite 800

San Jose, California
(Address of principal executive offices)

95113
(Zip Code)

(408) 558-7100

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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At April 30, 2013, the registrant had 39,871,272 shares of its common stock outstanding.

Table of Contents

INDEX

| | Page |
|--|-------------|
| <u>PART I FINANCIAL INFORMATION</u> | |
| <u>Item 1.</u> | |
| | 3 |
| | 4 |
| | 5 |
| | 6 |
| | 7 |
| <u>Item 2.</u> | 13 |
| <u>Item 3.</u> | 20 |
| <u>Item 4.</u> | 20 |
| <u>PART II OTHER INFORMATION</u> | |
| <u>Item 1.</u> | 21 |
| <u>Item 1A.</u> | 21 |
| <u>Item 2.</u> | 21 |
| <u>Item 3.</u> | 21 |
| <u>Item 4.</u> | 21 |
| <u>Item 5.</u> | 21 |
| <u>Item 6.</u> | 22 |
| <u>SIGNATURES</u> | 23 |

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

| | March 31, 2013 (unaudited) | December 31, 2012 |
|---|---|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 30,221 | \$ 27,122 |
| Accounts receivable, net | 12,427 | 11,759 |
| Other current assets | 8,439 | 7,215 |
| Total current assets | 51,087 | 46,096 |
| Property and equipment, net | 22,413 | 21,975 |
| Investment in unconsolidated joint venture | 4,342 | 4,924 |
| Goodwill, net | 38,560 | 38,560 |
| Intangible assets, net | 23,445 | 24,444 |
| Other assets | 861 | 870 |
| Total assets | \$ 140,708 | \$ 136,869 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 6,351 | \$ 4,741 |
| Accrued expenses | 18,828 | 20,512 |
| Deferred revenue | 7,829 | 8,520 |
| Total current liabilities | 33,008 | 33,773 |
| Other noncurrent liabilities | 5,094 | 5,086 |
| Total liabilities | 38,102 | 38,859 |
| Commitments and contingencies (see note 15) | | |
| Stockholders' equity: | | |
| Series A convertible preferred stock | | |
| Common stock | 40 | 39 |
| Additional paid-in capital | 2,136,909 | 2,132,189 |
| Accumulated other comprehensive income | 194 | 219 |
| Accumulated deficit | (2,034,537) | (2,034,437) |
| Total stockholders' equity | 102,606 | 98,010 |
| Total liabilities and stockholders' equity | \$ 140,708 | \$ 136,869 |

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

Table of Contents

MOVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| Revenue | \$ 54,238 | \$ 47,741 |
| Cost of revenue | 12,688 | 9,645 |
| Gross profit | 41,550 | 38,096 |
| Operating expenses: | | |
| Sales and marketing | 19,843 | 17,412 |
| Product and web site development | 9,846 | 8,714 |
| General and administrative | 11,538 | 10,888 |
| Amortization of intangible assets | 999 | 397 |
| Total operating expenses | 42,226 | 37,411 |
| Operating (loss) income | (676) | 685 |
| Interest (expense) income, net | (14) | 1 |
| Earnings of unconsolidated joint venture | 602 | 199 |
| Other expense, net | (27) | (52) |
| (Loss) income before income taxes | (115) | 833 |
| Income tax (benefit) expense | (15) | 25 |
| Net (loss) income | (100) | 808 |
| Convertible preferred stock dividend and related accretion | | (918) |
| Net loss applicable to common stockholders | \$ (100) | \$ (110) |
| Basic and diluted net loss per share applicable to common stockholders | \$ (0.00) | \$ (0.00) |
| Shares used to calculate net loss per share applicable to common stockholders: | | |
| Basic and diluted | 39,104 | 38,488 |

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

Table of Contents

MOVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share amounts)

(unaudited)

| | Three Months Ended | | |
|-----------------------------------|---------------------------|------------------|-------------|
| | 2013 | March 31, | 2012 |
| Comprehensive (loss) income: | | | |
| Net (loss) income | \$ | (100) | \$ 808 |
| Foreign currency translation loss | | (25) | |
| Comprehensive (loss) income | \$ | (125) | \$ 808 |

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

Table of Contents

MOVE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Net (loss) income | \$ (100) | \$ 808 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation | 2,399 | 2,524 |
| Amortization of intangible assets | 999 | 397 |
| Provision for doubtful accounts | 99 | 395 |
| Stock-based compensation and charges | 2,623 | 1,463 |
| Earnings of unconsolidated joint venture | (602) | (199) |
| Return on investment in unconsolidated joint venture | 602 | |
| Other noncash items | 6 | (36) |
| <i>Changes in operating assets and liabilities:</i> | | |
| Accounts receivable | (767) | 492 |
| Other assets | (988) | (253) |
| Accounts payable and accrued expenses | (38) | (1,204) |
| Deferred revenue | (700) | (291) |
| Net cash provided by operating activities | 3,533 | 4,096 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (2,868) | (1,888) |
| Return of investment in unconsolidated joint venture | 582 | |
| Net cash used in investing activities | (2,286) | (1,888) |
| Cash flows from financing activities: | | |
| Principal payments on loan payable | (19) | (27) |
| Payment of dividend on convertible preferred stock | | (429) |
| Proceeds from exercise of stock options | 2,259 | 2,323 |
| Tax payments related to net share settlements of equity awards | (388) | (211) |
| Repurchase of common stock | | (69) |
| Net cash provided by financing activities | 1,852 | 1,587 |
| Change in cash and cash equivalents | 3,099 | 3,795 |
| Cash and cash equivalents, beginning of period | 27,122 | 87,579 |
| Cash and cash equivalents, end of period | \$ 30,221 | \$ 91,374 |

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

Table of Contents

MOVE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Move, Inc. and its subsidiaries (the Company or Move) operate an online network of web sites for real estate search, finance, moving and home enthusiasts and provide a comprehensive resource for consumers seeking online information and connections needed regarding real estate. The Company's flagship consumer web sites are realtor.com®, Move.com and Moving.com™. The Company also supplies lead management software and marketing services for real estate agents and brokers through its Top Producer® and TigerLead® businesses. Through its ListHub™ business, the Company is also an online real estate listing syndicator and provider of advanced performance reporting solutions for the purpose of helping to drive an effective online advertising program for brokers, real estate franchises, and individual agents.

2. Principles of Consolidation and Basis of Presentation

The accompanying financial statements are consolidated and include the financial statements of Move, and its majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company has evaluated all subsequent events through the date the financial statements were issued.

Investments in private entities where the Company holds a 50% or less ownership interest and does not exercise control are accounted for using the equity method of accounting. The investment balance is included in Investment in unconsolidated joint venture within the Condensed Consolidated Balance Sheets and the Company's share of the investees' results of operations is included in Earnings of unconsolidated joint venture within the Condensed Consolidated Statements of Operations. (See Note 5, Investment in Unconsolidated Joint Venture .)

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 United States 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 Annual Report on Form 10-K for the year ended December 31, 2012 (the Annual Report), which was filed with the SEC on February 22, 2013. The results of operations for the three months ended March 31, 2013, are not necessarily indicative of the operating results expected for the full year ending December 31, 2013.

3. New Accounting Standards

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A variety of proposed or otherwise potential accounting standards are currently under evaluation by the various standard setting organizations and regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, management has not determined whether implementation of such proposed standards would have a material impact to the Company's consolidated financial statements.

4. Segment Information and Revenues by Product Category

Segment reporting requires the use of the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's Chief Operating Decision Maker (CODM) for making operating decisions and assessing performance. The Company is aligned functionally with the management team focused and incentivized around the total company performance. The CODM is provided with reports that show the Company's results on a consolidated basis with additional expenditure information by functional area, but there is no additional financial information provided at any further segment level. Based on this, the Company has determined that only one reportable operating segment exists.

Within that single reportable operating segment, the Company categorizes its products and services into two audience-driven groups: Consumer Advertising and Software and Services. The Company's Consumer Advertising products are focused on providing real estate consumers with the information, tools and professional expertise they need to make informed home buying, selling, financing and renting decisions through its operation of realtor.com® and other consumer-facing web sites. The Company's Software and Services products are committed to delivering valuable connections to real estate professionals by providing them with advertising systems, productivity and lead management tools, and reporting with the goal of helping to make them more successful.

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Table of Contents

The following table summarizes the Company's revenues by product category within its single reportable operating segment for the three months ended March 31, 2013 and 2012.

| | Three Months Ended March 31, | |
|-----------------------|---------------------------------|-----------|
| | 2013 | 2012 |
| (In thousands) | | |
| Revenue | | |
| Consumer advertising | \$ 42,148 | \$ 39,445 |
| Software and services | 12,090 | 8,296 |
| Total revenue | \$ 54,238 | \$ 47,741 |

5. Investment in Unconsolidated Joint Venture

As of March 31, 2013 and December 31, 2012, the Company's interest in its unconsolidated joint venture, Builders Digital Experience, LLC (BDX), amounted to \$4.3 million and \$4.9 million, respectively, which was recorded in "Investment in unconsolidated joint venture" within the Condensed Consolidated Balance Sheets.

The Company's proportionate share of earnings resulting from its investment in unconsolidated joint venture was \$0.6 million and \$0.2 million for the three-month periods ended March 31, 2013 and 2012, respectively, and was included in "Earnings of unconsolidated joint venture" within the Condensed Consolidated Statements of Operations. The Company records its proportionate share of earnings one month in arrears.

Summarized income statement information for BDX follows:

| | Three Months Ended | |
|----------------------------|--------------------|-------------------|
| | February 28, 2013 | February 29, 2012 |
| (In thousands) | | |
| Revenue | \$ 4,613 | \$ 4,321 |
| Costs and expenses: | | |
| Cost of revenue | 700 | 774 |
| Operating expenses | 2,654 | 3,111 |
| | 3,354 | 3,885 |
| Income before income taxes | 1,259 | 436 |
| Income tax expense | 55 | 37 |
| Net income | \$ 1,204 | \$ 399 |

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The Company received cash distributions of \$1.2 million from BDX during the three-month period ended March 31, 2013. The Company did not receive any distributions from BDX during the three months ended March 31, 2012.

6. Fair Value Measurements

As of March 31, 2013 and December 31, 2012, all of the Company's cash balances were held in unrestricted demand deposit accounts. The Company had no cash equivalents at either of those dates. Accordingly, no adjustments to fair value were necessary.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. That is, such assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (e.g. when there is evidence of impairment). At March 31, 2013 or December 31, 2012, the Company had no significant nonfinancial assets or liabilities that had been adjusted to fair value subsequent to initial recognition.

7. Revolving Line of Credit

The Company is party to a revolving line of credit agreement with a major financial institution, providing for borrowings of up to \$20.0 million, available until August 31, 2013. At March 31, 2013 and December 31, 2012, the Company had no borrowings outstanding under the revolving line of credit. The revolving line of credit requires interest payments based on the BBA LIBOR Rate plus 2.5%. There is an unused commitment fee of 0.2% on any unused portion of the line of credit, payable quarterly. Additionally, there is a 0.5% annual fee payable if the Company's average aggregate monthly deposit and investment balances with the financial institution fall below \$35.0 million. The revolving line of credit agreement provides, among financial and other covenants, that the Company must: maintain tangible net worth of \$50.0 million; maintain minimum unrestricted, unencumbered marketable securities, cash and cash equivalents of the lesser of \$20.0 million or 125% of the outstanding principal balance of the line of credit; and maintain adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of \$17.0 million on a twelve-month rolling basis. The Company was in compliance with these covenants as of March 31, 2013. The revolving line of credit is collateralized by the Company's cash deposits, accounts receivable, investments, property and equipment and general intangibles it now or subsequently owns. In addition, the Company has pledged the capital stock of its current and future subsidiaries as further collateral for the revolving line of credit.

Table of Contents**8. Goodwill and Intangible Assets**

Goodwill totaled \$38.6 million, with no accumulated impairment losses, at both March 31, 2013 and December 31, 2012. The Company also had both indefinite- and definite-lived intangible assets at those dates. Indefinite-lived intangible assets consist of trade name, trademarks and domain names used to market products for the foreseeable future and do not have any known useful life limitations due to legal, contractual, regulatory, economic or other factors. Definite-lived intangible assets consist of certain trade names, trademarks, brand names, content syndication agreements, purchased technology, customer contracts and related customer relationships, noncontractual customer relationships, and other miscellaneous agreements. The definite-lived intangible assets are amortized over the expected period of benefit. There are no expected residual values related to these intangible assets.

Intangible assets by category were as follows (in thousands):

| | March 31, 2013 | | December 31, 2012 | |
|--|----------------|--------------------------|-------------------|--------------------------|
| | Gross Amount | Accumulated Amortization | Gross Amount | Accumulated Amortization |
| Trade names, trademarks, brand names, and domain names | \$ 530 | \$ 522 | \$ 530 | \$ 521 |
| Content syndication agreements | 3,800 | 1,921 | 3,800 | 1,731 |
| Purchased technology | 8,600 | 2,345 | 8,600 | 1,983 |
| Customer relationships | 8,630 | 1,130 | 8,630 | 835 |
| Other | 3,403 | 2,230 | 3,403 | 2,079 |
| Total definite-lived intangible assets | 24,963 | 8,148 | 24,963 | 7,149 |
| Trade names, trademarks, and domain names | 6,630 | | 6,630 | |
| Total indefinite-lived intangible assets | 6,630 | | 6,630 | |
| Total intangible assets | \$ 31,593 | \$ 8,148 | \$ 31,593 | \$ 7,149 |

Amortization expense for the Company's intangible assets was \$1.0 million and \$0.4 million for the three-month periods ended March 31, 2013 and 2012, respectively. Amortization expense for the next five years is estimated to be as follows (in thousands):

| Years Ended December 31, | Expense |
|---------------------------|----------|
| 2013 (remaining 9 months) | \$ 2,897 |
| 2014 | 3,685 |
| 2015 | 2,949 |
| 2016 | 2,035 |
| 2017 | 2,033 |

9. Stock-Based Compensation and Charges

The following chart summarizes the stock-based compensation and charges, associated with stock option, restricted stock and restricted stock unit grants to employees and nonemployees, that have been included in the following financial statement captions for each of the periods

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presented (in thousands):

| | Three Months Ended | | | |
|--|--------------------|-------|------|-------|
| | March 31, | | | |
| | 2013 | | 2012 | |
| Cost of revenue | \$ | 102 | \$ | 54 |
| Sales and marketing | | 511 | | 289 |
| Product and web site development | | 580 | | 359 |
| General and administrative | | 1,430 | | 761 |
| Total stock-based compensation and charges | \$ | 2,623 | \$ | 1,463 |

Stock Option Awards

The fair value of stock option awards was estimated on the date of grant using a Black-Scholes option valuation model that used the ranges of assumptions in the following table. The risk-free interest rates are based upon U.S. Treasury zero-coupon bonds for the periods during which the options were granted. The expected term of stock options granted represents the weighted-average period that the stock options are expected to remain outstanding. The Company has not declared and does not expect to declare dividends on its common stock; accordingly, the dividend yield for valuation purposes is assumed to be zero. The Company bases its computation of expected volatility upon a combination of historical and market-based implied volatility.

Table of Contents

| | Three Months Ended | |
|--------------------------|--------------------|-------------|
| | March 31, | |
| | 2013 | 2012 |
| Risk-free interest rates | 0.77%-0.88% | 0.71%-1.04% |
| Expected term (in years) | 5.85 | 5.85 |
| Dividend yield | 0% | 0% |
| Expected volatility | 75% | 75% |

The total cost recognized related to stock option awards was \$1.1 million for the three months ended March 31, 2013 and 2012.

Restricted Stock Awards

The Company grants restricted stock awards to the nonemployee members of its Board of Directors as remuneration for serving on its Board (except for any director who is entitled to a seat on the Board of Directors on a contractual basis or has waived remuneration as a director). These shares, subject to certain terms and restrictions, generally cliff vest on the third anniversary of their issuance. The Company made no restricted stock award grants to the nonemployee members of its Board of Directors during the three months ended March 31, 2013 and 2012. The total cost recognized for restricted stock awards previously granted to members of its Board of Directors was \$0.1 million for the three months ended March 31, 2013 and 2012.

The Company also grants restricted stock awards to certain executives and key employees. Generally, these shares, subject to certain terms and restrictions, vest in equal annual installments over the four-year period following the grant date. The Company made no restricted stock award grants to the executives and key employees during the three months ended March 31, 2013. During the three months ended March 31, 2012, the Company granted 100,000 shares of restricted stock with an aggregate grant date fair value of \$0.7 million that is being amortized over the vesting period. The total cost recognized associated with restricted stock awards was \$0.2 million for the three months ended March 31, 2013 and 2012.

As of March 31, 2013, there were 479,937 shares of nonvested restricted stock awards outstanding with an aggregate grant date fair value of \$3.7 million.

Time-Vested Restricted Stock Units

The Company also grants time-vested restricted stock units. Generally, these restricted stock units, subject to certain terms and restrictions, vest in equal annual installments over the four-year period following the grant date, resulting in the issuance, on a one-for-one basis, of shares of our common stock after the vesting date. During the three months ended March 31, 2013, the Company granted 582,580 restricted stock units with a grant date fair value of \$5.6 million, which is being amortized over the four-year vesting period. During the three months ended March 31, 2012, the Company granted 722,975 restricted stock units with a grant date fair value of \$5.9 million which is being amortized over the vesting period. The total cost recognized for time-vested restricted stock units was \$1.2 million and \$0.1 million for the three months ended March 31, 2013 and 2012, respectively.

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As of March 31, 2013, there were 1,512,041 nonvested restricted stock units outstanding with an aggregate grant date fair value of \$13.3 million.

10. Redemption of Series B Convertible Participating Preferred Stock

In March 2012, the Company elected to redeem all of the outstanding shares of the Company's Series B Convertible Participating Preferred Stock (Series B Preferred Stock), approximately 49,044 shares, for a total redemption price of \$49.5 million, including approximately \$0.5 million in associated cash dividends accrued through the date immediately prior to the redemption. In March 2012, the Company and Elevation Partners, L.P. and Elevation Side Fund, LLC agreed on certain timing and procedural matters to facilitate the redemption. As a result of the agreed-upon redemption, the Company recognized the remaining unamortized issuance costs associated with the Series B convertible preferred stock of \$0.4 million, which is included in Convertible preferred stock dividend and related accretion within the Condensed Consolidated Statements of Operations for the three months ended March 31, 2012. The redemption was effective, and the redemption price was paid to Elevation on April 6, 2012.

11. Common Stock Repurchases

In March 2013, the Company's Board of Directors authorized a stock repurchase program (the Program). The Program authorizes, in one or more transactions taking place during a two-year period commencing May 2, 2013, the repurchase of the Company's outstanding common stock utilizing surplus cash in an amount of up to \$20 million. Under the Program, the Company is authorized to repurchase shares of common stock in the open market or in privately negotiated transactions. The timing and amount of any repurchase transaction under the Program is dependent upon market conditions, corporate considerations, and regulatory requirements. Shares repurchased under the Program will be retired to constitute authorized but unissued shares of the Company's common stock.

Table of Contents**12. Net Income (Loss) Per Share**

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

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| Numerator: | | |
| Net (loss) income | \$ (100) | \$ 808 |
| Convertible preferred stock dividend and related accretion | | (918) |
| Net loss applicable to common stockholders | \$ (100) | \$ (110) |
| Denominator: | | |
| Basic weighted-average shares outstanding | 39,104 | 38,488 |
| Add: dilutive effect of options and restricted stock | | |
| Fully diluted weighted-average shares outstanding | 39,104 | 38,488 |
| Basic and diluted net loss per share applicable to common stockholders | \$ (0.00) | \$ (0.00) |

For the three months ended March 31, 2013, the denominator in the above computation of diluted loss per share applicable to common stockholders excludes stock options, restricted stock units and nonvested restricted stock awards totaling 8,247,687, as their effect would be antidilutive. For the three months ended March 31, 2012, the denominator in the above computation of diluted loss per share applicable to common stockholders excludes convertible preferred stock, stock options, restricted stock units and nonvested restricted stock awards totaling 11,346,516, as their effect would be antidilutive.

13. Related-Party Transactions

The Company makes payments to the National Association of Realtors (NAR) required under its operating agreement with the NAR and under certain other advertising agreements. Total amounts paid under these agreements were \$0.5 million and \$0.4 million for the three months ended March 31, 2013 and 2012, respectively. As of March 31, 2013 and December 31, 2012, the Company had balances due to the NAR of \$0.5 million and \$0.4 million which are included in Accounts payable and Accrued expenses, respectively, within the Condensed Consolidated Balance Sheets.

14. Income Taxes

As a result of historical net operating losses, the Company currently provides a full valuation allowance against its net deferred tax assets. For the three months ended March 31, 2013 and 2012, income tax (benefit) expense was computed at the estimated annual effective rate based on the total estimated annual tax provision and included state income taxes and a deferred tax provision related to amortization of certain indefinite-lived intangible assets.

During the three months ended March 31, 2013 and 2012, income tax (benefit) expense differed from the income tax benefit expected at the statutory rate primarily due to the valuation allowance recorded against the deferred tax benefits generated from net operating losses incurred, certain nondeductible items and state income taxes. Based on management's assessment, the Company has placed a valuation reserve against its otherwise recognizable deferred tax assets due to the likelihood that the Company may not generate sufficient taxable income during the carryforward period to utilize the NOLs. Management regularly reviews the Company's net deferred tax valuation allowance to determine if available evidence continues to support the Company's position that it is more-likely-than-not (likelihood of more than 50%) that a portion of or the entire deferred tax asset will not be realized in the future. As of March 31, 2013, due to the Company's recent history of losses, management could not conclude that it is more-likely-than-not that the deferred tax assets will be realized. As a result, the Company will continue to maintain a full valuation allowance against its deferred tax assets. The Company will continue to assess its position in future periods to determine if it is appropriate to reduce a portion of its valuation allowance in the future.

As of March 31, 2013, the Company does 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. The Company does not have any interest or penalties related to uncertain tax positions in income tax expense for the three months ended March 31, 2013 and 2012. The tax years 1993-2012 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Table of Contents

15. Commitments and Contingencies

Legal Proceedings

The Company is currently involved in certain legal proceedings, as discussed within the section *Legal Proceedings* in Note 22, *Commitments and Contingencies* within our Consolidated Financial Statements contained in Item 8 in the Annual Report, and below in this Note 15. From time to time, the Company is party to various other litigation and administrative proceedings relating to claims arising from its operations in the ordinary course of business. However, 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 the Annual Report, and the Company is not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

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

On April 3, 2007, in response to *REAL*'s attempt to certify our customers as a class of defendants in the *Sarkisian case*, the Company filed a complaint in the U.S. District Court for the Central District of California (the *District Court*) against *REAL* and its licensing agent (the *Move California Action*) seeking a declaratory judgment that the Company does not infringe U.S. Patent Nos. 4,870,576 and 5,032,989 (the *REAL* patents), that the *REAL* patents are invalid and/or unenforceable, and alleging several business torts and unfair competition. On August 8, 2007, *REAL* denied the Company's allegations, and asserted counterclaims against the Company for infringement of the *REAL* patents seeking compensatory damages, punitive damages, treble damages, costs, expenses, reasonable attorneys' fees and pre- and post-judgment interest. On March 11, 2008, *REAL* filed a separate suit in the District Court (the *REAL California Action*) alleging infringement of the *REAL* patents against the NAR and the National Association of Home Builders (the *NAHB*) as individual defendants, as well as various brokers including RE/Max International (*RE/Max*), agents, MLSs, new home builders, rental property owners, and technology companies. The Company is not named as a defendant in the *REAL California Action*; however, the Company is defending the NAR, the *NAHB* and *RE/Max*. On July 29, 2008, the *Move California Action* was transferred to the same judge in the *REAL California Action* and in September 2008, the District Court coordinated both cases and issued an order dividing the issues into two phases. Phase 1 addresses issues of patent validity and enforceability, whether *Move* web sites infringe, possible damages, and liability of *Move*, the NAR and the *NAHB*. Phase 2 will address *REAL*'s infringement claims related to the web sites owned or operated by the remaining defendants and whether those defendants infringe the *REAL* patents by using the *Move* web sites. The District Court has stayed Phase 2 pending resolution of the issues in Phase 1.

On November 25, 2009, the court entered its claim construction order in the *Move California Action*. On January 27, 2010, upon joint request of the parties, the District Court entered judgment of non-infringement. In July 2010, *REAL* appealed the District Court's claim construction with the Federal Circuit Court of Appeals (the *Circuit Court*). On March 22, 2011, the Circuit Court concluded that the District Court erred in certain of its claim construction and vacated and remanded the case for further proceedings.

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On October 18, 2011, the parties filed a Joint Brief on Summary Judgment Motions, each side putting forth its arguments requesting the District Court to enter summary judgment in its favor. On January 26, 2012, the District Court entered an order granting the Company's motion for summary judgment of non-infringement of the patent. On March 27, 2012, REAL appealed the District Court's summary judgment order. On March 4, 2013, the Circuit Court issued its opinion affirming the District Court's ruling of no direct infringement of the patent by the Company, but remanded the case to the District Court for a determination of induced infringement under the standard set forth in *Akamai*. The Company intends to vigorously defend all claims. At this time, however, the Company is unable to express an opinion on the outcome of these cases.

Table of Contents

Contingencies

From time to time, the Company is subject to a variety of threats or claims, other than formal litigation or legal proceedings, which arise in the ordinary course of business and relate to commercial, intellectual property, employment and other matters. However, as of the date of this Form 10-Q, and except as disclosed herein, or in the Annual Report, the Company does not believe such threats or claims will have a material adverse effect upon its business, results of operations, financial condition or cash flows, although the Company can offer no assurance as to the ultimate outcome of any such matters.

16. Subsequent Event

On May 1, 2013, the Company acquired certain assets of ABC Holdings, LLC, which, prior to such date, operated Doorsteps. Doorsteps provides homebuyers with content, tools and advice along every step of the home buying process and helps professionals connect, engage and collaborate with homebuyers during every step of the transaction. The purchase price was \$2.3 million in cash, \$0.3 million of which was paid into escrow for a two-year period to secure certain obligations of ABC Holdings, LLC. The acquisition will be accounted for as a business combination. The financial results of the acquisition will be included in the Company's Consolidated Financial Statements from the date of acquisition. Pro forma information for this acquisition has not and will not be presented because the effects were not material to the Company's historical consolidated financial statements.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist the reader in understanding the Company's business and is provided as a supplement to, and should be read in conjunction with, the Company's condensed consolidated financial statements and accompanying notes. The Company's results of operations discussed below are presented in conformity with GAAP.

This Quarterly Report on Form 10-Q and the following Management's Discussion and Analysis of Financial Condition and Results of Operations may contain 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 the Company makes in this Form 10-Q are forward looking. Generally, you can identify these statements by use of forward-looking words such as estimates, expects, anticipates, projects, plans, intends, believes, might, will, should, or the negative of these terms and other comparable terminology, although not all forward-looking statements are so identified. 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, which are inherently uncertain. 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 the Annual Report, and in other documents we file with the SEC. This Form 10-Q should be read in conjunction with the Annual Report, including the factors described under the caption Part 1, Item 1A, Risk Factors within the Annual Report.

Our Business

Move, Inc. and its subsidiaries (Move, we, our or us) operate an online network of web sites for real estate search, finance, moving and home enthusiasts and provide a comprehensive resource for consumers seeking the online information and connections they need regarding real estate. Our consumer web sites are realtor.com®, Move.com and Moving.com™. We also provide lead management software and marketing services for real estate agents and brokers through our Top Producer® and TigerLead® businesses. Through our ListHub™ business, we are also an online real estate listing syndicator and provider of advanced performance reporting solutions for the purpose of helping to drive an effective online advertising program for brokers, real estate franchises, and individual agents.

With realtor.com® as our flagship web site and brand, we are the leading real estate information marketplace connecting consumers with the information and the expertise they need to make informed home buying, selling, financing and renting decisions. Move's purpose is to help people love where they live. To that end we strive to create the leading marketplace for real estate information and services by connecting people at every stage of the real estate cycle with the content, tools and professional expertise they need to find a perfect home.

Through the collection of assets we have developed over nearly 20 years in this business, Move is positioned to address the needs and wants of both consumers and real estate professionals throughout the process of home ownership. Although the real estate marketplace has been unquestionably changed by the Internet, and likely will continue to evolve through the growth of mobile devices and social networking, our business continues to be about empowering consumers with timely and reliable information and connecting them to the real estate professionals who have the expertise to help them better understand and succeed in that marketplace.

Table of Contents

We provide consumers with a powerful combination of breadth, depth and accuracy of information about homes for sale, new construction, homes for rent, multi-family rental properties, senior living communities, home financing, home improvement and moving resources. Through realtor.com®, consumers have access to over 100 million properties across the U.S. as well as properties for sale from another 32 countries worldwide. Our for-sale listing content, comprising over 4 million properties as of March 31, 2013, and accessible in 11 different languages, represents the most comprehensive, accurate and up-to-date collection of its kind, online or offline. Through realtor.com® and our mobile applications, we display approximately 98% of all for-sale properties listed in the U.S. We source this content directly from our relationships with more than 800 MLSs across the country, which represents nearly all MLSs, with approximately 90% of the listings updated every 15 minutes and the remaining listings updated daily.

Realtor.com®'s substantial content advantage has earned us trust with both consumers and real estate professionals. We attract a highly engaged consumer audience and have developed an exceptionally large number of relationships with real estate professionals across the country. More than 23 million users, viewing an average of over 390 million pages and spending an average of nearly 325 million minutes on the realtor.com® web site each month over the last twelve-month period, interact with over 400,000 real estate professionals on realtor.com® and our mobile applications. We delivered approximately 50% more connections between our consumers and real estate professionals during the twelve months ended March 31, 2013, as compared to the prior year. This illustrates the success of our continued commitment to not only deliver valuable information to consumers, but more importantly, to connect them with real estate professionals who can provide the local expertise consumers want when making home-related decisions.

In addition to providing an industry-leading content mix, Move facilitates connections and transactions between consumers and real estate professionals. Although attracting and engaging a large consumer audience is an important part of our business, to succeed we must also focus on winning the hearts and minds of real estate professionals, who are both customers of our business and suppliers of much of our property content. We believe this starts with our commitment to respecting the listing and content rights of the real estate agents, brokers, MLSs and others who work hard to help generate these important data resources. Through realtor.com® and ListHub™, we aggregate, syndicate and display real estate listings across the web and on mobile applications. Part of the reason we have become the leading source for real estate listing content is that we work closely with, and respect the rights of, real estate professionals while still maintaining a balance that allows consumers to obtain the information and expertise they expect and need.

At the same time, we are committed to delivering valuable connections, advertising systems and productivity and lead management tools to real estate professionals, with the goal of helping to make them more successful. By combining realtor.com® advertising systems with the productivity and lead management tools offered through our Top Producer® and TigerLead® SaaS CRM products, we are able to help grow and enrich connections between our customers and consumers, and to help our customers better manage those connections in an effort to facilitate transactions and grow their business.

Our dual focus on both the consumer and the real estate professional has helped us create and maintain realtor.com® as a distinct advantage in the online real estate space. For nearly 20 years, we have provided consumers with access to a highly accurate and comprehensive set of real estate listing data and, as a result, have built relationships within the real estate industry that are both broad and deep. We expect this industry to continue to progress as new technologies are embraced and as consumers' needs and wants evolve. We also expect that real estate professionals, to stay relevant, will likewise need to evolve along with technology, consumers and the market. We aim to keep realtor.com® positioned to lead this transformation with consumers and real estate professionals at the forefront, and expect to leverage our collection of advertising systems, productivity tools and other assets to do so.

Products and Services

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Our products and services are broadly defined into two audience-driven groups: Consumer Advertising and Software and Services.

Consumer Advertising

Our Consumer Advertising products are focused on providing real estate consumers with the information, tools and professional expertise they need to make informed home buying, selling, financing and renting decisions through our operation of realtor.com® and other consumer-facing web sites.

Through our realtor.com® web site, mobile applications and business operations, we offer a number of services to real estate franchises, brokers and agents, as well as non-real estate related advertisers, in an effort to connect those advertisers with our consumer audience. We categorize the products and services available through realtor.com® as listing advertisements and non-listing advertisements. Listing advertisements are typically sold on a subscription basis. Pricing models for non-listing advertisements include CPM, CPC, cost-per-unique user and subscription-based sponsorships of specific content areas or specific targeted geographies.

Table of Contents

We separately operate several other web sites providing multi-family rental, senior housing and moving-related content and services to our consumer audience. Through our Rentals and Senior Housing businesses, we aggregate and display rental listings nationwide. We offer a variety of listing-related advertisements that allow rental property owners and managers to promote their listings and connect with consumers through our web sites. Pricing models include monthly subscriptions and CPC. Through our Moving.com™ business we provide consumers with quotes from moving companies and truck rental companies. The majority of revenue from Moving.com™ is derived from cost-per-lead pricing models.

Our Consumer Advertising products represented approximately 78% and 83% of our overall revenues for the three months ended March 31, 2013 and 2012, respectively.

Software and Services

Our Software and Services products are committed to delivering valuable connections to real estate professionals by providing them with advertising systems, productivity and lead management tools, and reporting with the goal of helping to make them more successful.

Top Producer® and TigerLead® are our SaaS businesses providing productivity and lead management tools tailored to real estate agents. These businesses complement realtor.com® and our mission of connecting consumers and real estate professionals to facilitate transactions by empowering real estate professionals ability to connect with, cultivate and ultimately convert their relationships with homebuyers and sellers into transactions. Our Top Producer® product offerings include a web- and mobile-based CRM solution, our Market Snapshot® product and a series of template web site products. The TigerLead® SaaS CRM product provides real estate agents and brokers with a sophisticated IDX web site platform to capture and manage leads that are delivered with unique insights such as how many times a user has returned to the site to search particular listings and price ranges.

Additionally, through our TigerLead® business, we are able to provide expertise in real estate search engine marketing through sophisticated key word buying and a platform and model that grades each lead source and lead in order to deliver high quality intelligent leads to the agent or broker.

ListHub™ syndicates for-sale listing information from MLSs or other reliable data sources, such as real estate brokerages, and distributes that content to an array of online web sites. Our ListHub™ product line allows participating web sites to display real property listings, and provides agents, brokers, franchises and MLSs the ability to obtain advanced performance reporting about their listings on the participating web sites. Listing syndication pricing includes fixed- or variable-pricing models based on listing counts. Advanced reporting products are sold on a monthly subscription basis.

Our Software and Services products represented approximately 22% and 17% of our overall revenues for the three months ended March 31, 2013 and 2012, respectively.

Market and Economic Conditions

In recent years, our business has been, and we expect may continue to be, influenced by a number of macroeconomic, industry-wide and product-specific trends and conditions. For a number of years prior to 2006, the U.S. residential real estate market experienced a period of hyper-sales rates and home price appreciation, fueled by the availability of low interest rates and flexible mortgage options for many consumers. During the latter half of 2006 and through 2008, lending standards were tightened, equity markets declined substantially, liquidity in general was impacted, unemployment rates rose and consumer spending declined. The combination of these factors materially impacted the U.S. housing market in the form of fewer home sales, lower home prices and accelerating delinquencies and foreclosures, all of which created a cycle that further exacerbated the housing market downturn.

The effects of this downturn on the housing market have persisted for several years but key market indicators suggest that large parts of the housing market may have bottomed out and have entered a recovery mode. During the first quarter of 2013, the U.S. saw a 20% reduction in the median age of inventory, as well as a year-over-year reduction in inventory of approximately 16%. National median list prices increased 2% year-over-year for the first quarter of 2013 compared to the first quarter of 2012.

Mortgage delinquency rates continued to decline in 2013. However, banks continue to have tighter credit standards for mortgage loans, which have made home purchases more difficult. Unemployment rates have declined in 2013; however, job and wage growth is still tepid and may be impacted by recent and impending changes in fiscal policy. Therefore, we believe that market conditions could continue to impact spending by real estate professionals in the near term.

Table of Contents

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. 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, valuation of investments, intangible and other long-lived assets, stock-based compensation and contingencies. Our estimates are based upon 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 three months ended March 31, 2013, as compared to those policies disclosed in the Annual Report.

Legal Contingencies

We are currently involved in certain legal proceedings, as discussed within the section **Legal Proceedings** in Note 22, **Commitments and Contingencies**, within our Consolidated Financial Statements contained in Item 8 in the Annual Report, and in Note 15, **Commitments and Contingencies**, to our unaudited Condensed Consolidated Financial Statements contained within Part I, Item 1 of this Quarterly Report on Form 10-Q. Because of the uncertainties related to both the amount and range of potential liability in connection with legal proceedings, we are unable to make a reasonable estimate of the liability that could result from unfavorable outcomes in our remaining pending litigation. As additional information becomes available, we will assess the potential liability related to our pending litigation and determine whether reasonable estimates of the liability can be made. Unfavorable outcomes, or significant estimates of our potential liability, could materially impact our results of operations and financial position.

Table of Contents**Results of Operations***Three Months Ended March 31, 2013 and 2012*

The following tables present our results of operations for the three months ended March 31, 2013 and 2012, and as a percentage of total revenue:

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2013 | 2012 |
| | (In thousands) | |
| Consolidated Statement of Operations Data: | | |
| Revenue | | |
| Consumer advertising | \$ 42,148 | \$ 39,445 |
| Software and services | 12,090 | 8,296 |
| Total revenue | 54,238 | 47,741 |
| Cost of revenue | 12,688 | 9,645 |
| Gross profit | 41,550 | 38,096 |
| Operating expenses: | | |
| Sales and marketing | 19,843 | 17,412 |
| Product and web site development | 9,846 | 8,714 |
| General and administrative | 11,538 | 10,888 |
| Amortization of intangible assets | 999 | 397 |
| Total operating expenses | 42,226 | 37,411 |
| Operating (loss) income | (676) | 685 |
| Interest (expense) income, net | (14) | 1 |
| Earnings of unconsolidated joint venture | 602 | 199 |
| Other expense, net | (27) | (52) |
| (Loss) income before income taxes | (115) | 833 |
| Income tax (benefit) expense | (15) | 25 |
| Net (loss) income | (100) | 808 |
| Convertible preferred stock dividend and related accretion | | (918) |
| Net loss applicable to common stockholders | \$ (100) | \$ (110) |

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Table of Contents

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2013 | 2012 |
| As a Percentage of Revenue: | | |
| Revenue | | |
| Consumer advertising | 78% | 83% |
| Software and services | 22% | 17% |
| Total revenue | 100% | 100% |
| Cost of revenue | 23% | 20% |
| Gross profit | 77% | 80% |
| Operating expenses: | | |
| Sales and marketing | 37% | 37% |
| Product and web site development | 18% | 18% |
| General and administrative | 21% | 23% |
| Amortization of intangible assets | 2% | 1% |
| Total operating expenses | 78% | 79% |
| Operating (loss) income | -1% | 1% |
| Interest (expense) income, net | 0% | 0% |
| Earnings of unconsolidated joint venture | 1% | 1% |
| Other expense, net | 0% | 0% |
| (Loss) income before income taxes | 0% | 2% |
| Income tax (benefit) expense | 0% | 0% |
| Net (loss) income | 0% | 2% |
| Convertible preferred stock dividend and related accretion | 0% | -2% |
| Net loss applicable to common stockholders | 0% | 0% |

Revenue

Revenue increased \$6.5 million, or 14%, to \$54.2 million for the three months ended March 31, 2013, compared to \$47.7 million for the three months ended March 31, 2012.

Revenue attributable to our Consumer Advertising products increased \$2.7 million, or 7%, to \$42.1 million for the three months ended March 31, 2013, compared to \$39.4 million for the three months ended March 31, 2012. The increase in revenue was primarily due to increases in listing advertisements in our realtor.com® business and our Co-Broke™ product, along with increases from our Relocation.com acquisition, partially offset by revenue decreases from our featured products (i.e. Featured Homes, Featured Area Community and Buyer Assist).

Revenue for our Software and Services products increased \$3.8 million, or 46%, to \$12.1 million for the three months ended March 31, 2013, compared to \$8.3 million for the three months ended March 31, 2012. The increase in revenue was primarily due to new SaaS product and marketing services revenue associated with our TigerLead® acquisition, as well as increased publishing revenue in our ListHub™ business, partially offset by a decline in revenues from our Top Producer® product suite.

Cost of Revenue

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Cost of revenue increased \$3.0 million, or 32%, to \$12.7 million for the three months ended March 31, 2013, compared to \$9.6 million for the three months ended March 31, 2012. The increase was primarily due to a \$2.5 million increase in lead acquisition costs related to our newer TigerLead® and Relocation.com businesses. In addition, there was a \$0.2 million increase in consulting expense, a \$0.2 million increase in personnel-related costs and \$0.1 million in other cost increases.

Gross margin percentage was 77% for the three months ended March 31, 2013, compared to 80% for the three months ended March 31, 2012 primarily due to the lower margins associated with the newer TigerLead® and Relocation.com businesses.

Operating Expenses

Sales and marketing. Sales and marketing expenses increased \$2.4 million, or 14%, to \$19.8 million for the three months ended March 31, 2013, compared to \$17.4 million for the three months ended March 31, 2012, primarily due to the increased investment in our marketing department and the rebranding of realtor.com® during the quarter. This increase was mainly due to increases in personnel-related costs of \$1.7 million, a \$0.6 million increase in brand and consumer marketing expense and other cost increases of \$0.1 million.

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Table of Contents

Product and web site development. Product and web site development expenses increased \$1.1 million, or 13%, to \$9.8 million for the three months ended March 31, 2013, compared to \$8.7 million for the three months ended March 31, 2012. The increase was primarily due to increases in consulting and personnel-related costs as we continue to invest in new product initiatives.

General and administrative. General and administrative expenses increased \$0.7 million, or 6%, to \$11.5 million for the three months ended March 31, 2013, compared to \$10.9 million for the three months ended March 31, 2012. The increase was primarily due to increases in personnel-related costs of \$1.2 million, including a \$0.6 million increase in stock-based compensation, and a \$0.2 million increase in rent expense related to the relocation of our corporate office in San Jose, California. These increases were partially offset by a \$0.4 million decrease in litigation-related charges that occurred in the three months ended March 31, 2012 and a \$0.3 million decrease in bad debt expense primarily due to a significant media customer filing bankruptcy during the three months ended March 31, 2012.

Amortization of intangible assets. Amortization of intangible assets increased \$0.6 million to \$1.0 million for the three months ended March 31, 2013, compared to \$0.4 million for the three months ended March 31, 2012. This increase was due to the amortization of intangible assets that were newly acquired in the year ended December 31, 2012.

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 March 31, | | |
|--|---------------------------------|-------|----------|
| | 2013 | | 2012 |
| Cost of revenue | \$ | 102 | \$ 54 |
| Sales and marketing | | 511 | 289 |
| Product and web site development | | 580 | 359 |
| General and administrative | | 1,430 | 761 |
| Total stock-based compensation and charges | \$ | 2,623 | \$ 1,463 |

Stock-based compensation and charges increased \$1.2 million for the three months ended March 31, 2013, compared to the three months ended March 31, 2012, primarily due to grants of restricted stock units to TigerLead® senior management pursuant to their employment agreements in connection with the acquisition in September 2012, as well as additional grants of time-based restricted stock units to key employees.

Interest (Expense) Income, Net

Interest (expense) income, net remained relatively constant for the three months ended March 31, 2013 and 2012.

Other Expense, Net

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Other expense, net remained relatively constant for the three months ended March 31, 2013 and 2012.

Income Taxes

As a result of our historical net operating losses, we have generally not recorded a provision for income taxes. However, we recorded certain indefinite-lived intangible assets as part of the purchase accounting for acquisitions, which creates a permanent difference as the amortization can be recorded for tax purposes but not for book purposes. For the three months ended March 31, 2013 and 2012, income tax (benefit) expense was computed at the estimated annual effective tax rate based on the total estimated annual tax provision and included state income taxes and a deferred tax provision related to amortization of certain indefinite-lived intangible assets.

Liquidity and Capital Resources

Net cash provided by operating activities of \$3.5 million for the three months ended March 31, 2013, was attributable to a net loss of \$0.1 million, plus noncash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, stock-based compensation and charges, earnings of unconsolidated joint venture and other noncash items aggregating to \$5.5 million and a \$0.6 million cash distribution representing a return on our investment in an unconsolidated joint venture, partially offset by a \$2.5 million change in operating assets and liabilities.

Net cash provided by operating activities of \$4.1 million for the three months ended March 31, 2012, was attributable to net income of \$0.8 million, plus noncash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, stock-based compensation and charges, earnings of unconsolidated joint venture and other noncash items aggregating to \$4.5 million, partially offset by a \$1.2 million change in operating assets and liabilities.

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Table of Contents

Net cash used in investing activities of \$2.3 million for the three months ended March 31, 2013, was primarily attributable to capital expenditures of \$2.9 million, partially offset by a cash distribution representing a return on our investment in an unconsolidated joint venture of \$0.6 million.

Net cash used in investing activities of \$1.9 million for the three months ended March 31, 2012, was primarily attributable to capital expenditures.

Net cash provided by financing activities of \$1.9 million for the three months ended March 31, 2013, was primarily attributable to proceeds from the exercise of stock options of \$2.3 million, partially offset by tax withholdings related to net share settlements of equity awards of \$0.4 million.

Net cash provided by financing activities of \$1.6 million for the three months ended March 31, 2012, was primarily attributable to proceeds from the exercise of stock options of \$2.3 million, partially offset by payments of dividends on our Series B convertible preferred stock of \$0.4 million, tax withholdings related to net share settlements of equity awards of \$0.2 million, and repurchases of common stock and principal payments on loan payable of \$0.1 million.

We have generated positive operating cash flows in each of the last three fiscal years. Our material financial commitments consist of those under operating lease agreements, our operating agreement with the NAR and various web services and content agreements.

In March 2013, our Board of Directors authorized a stock repurchase program (the Program). The Program authorizes, in one or more transactions taking place during a two-year period commencing May 2, 2013, the repurchase of our outstanding common stock utilizing surplus cash in an amount of up to \$20 million. Under the Program, we are authorized to repurchase shares of common stock in the open market or in privately negotiated transactions. The timing and amount of any repurchase transaction under the Program are dependent upon market conditions, corporate considerations, and regulatory requirements. Shares repurchased under the Program will be retired to constitute authorized but unissued shares of our common stock.

We are party to a revolving line of credit agreement with a major financial institution, providing for borrowings of up to \$20.0 million, available until August 31, 2013. At March 31, 2013 and December 31, 2012, we had no borrowings outstanding under the revolving line of credit. The revolving line of credit requires interest payments based on the BBA LIBOR Rate plus 2.5%. There is an unused commitment fee of 0.2% on any unused portion of the line of credit, payable quarterly. Additionally, there is a 0.5% annual fee payable if our average aggregate monthly deposit and investment balances with the financial institution fall below \$35.0 million. Among financial and other covenants, the revolving line of credit agreement provides that we must: maintain tangible net worth of \$50.0 million; maintain minimum unrestricted, unencumbered marketable securities, cash and cash equivalents of the lesser of \$20.0 million or 125% of the outstanding principal balance of the line of credit; and maintain adjusted EBITDA of \$17.0 million on a twelve-month rolling basis. We were in compliance with these covenants as of March 31, 2013. The revolving line of credit is collateralized by our cash deposits, accounts receivable, investments, property and equipment and general intangibles we now or subsequently own. In addition, we have pledged the capital stock of our current and future subsidiaries as further collateral for the revolving line of credit.

We believe that our existing cash and any cash generated from operations will be sufficient to fund our working capital requirements, capital expenditures and other obligations for the foreseeable future.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Market and 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 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 do this primarily by investing our cash only in government treasury bills.

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 (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Table of Contents

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 within the section Legal Proceedings in Note 22, Commitments and Contingencies, within our Consolidated Financial Statements contained in Item 8 in the Annual Report on Form 10-K for the year ended December 31, 2012 (the Annual Report) and in Note 15, Commitments and Contingencies, to the unaudited Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on 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 the Annual Report and in Note 15, Commitments and Contingencies, to the unaudited Condensed Consolidated Financial Statements in this Form 10-Q, we are not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on our business, results of operations, financial condition or cash flows, and there have been no material developments in the litigation or administrative proceedings described in those notes.

Item 1A. Risk Factors

There are certain risks and uncertainties in our business that could cause our actual results to differ materially from those anticipated. A detailed discussion of our risk factors was included in Part I, Item 1A, Risk Factors of the Annual Report as filed with the United States Securities and Exchange Commission (SEC) on February 22, 2013, and has been made available at www.sec.gov and at www.move.com. These risk factors should be read carefully in connection with evaluating our business and in connection with the forward-looking statements and other information contained in this Form 10-Q. Any of the risks described in the Annual Report could materially affect our business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. The risk factors described in the Annual Report are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that are currently deemed to be immaterial, could also materially adversely affect our business, financial condition and/or future results. There were no material changes to the risk factors during the three months ended March 31, 2013, compared to the risk factors set forth in the Annual Report.

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

In February 2011, our Board of Directors authorized a stock repurchase program. From the inception of the program in February 2011 through the stock repurchase program's expiration in February 2013, we repurchased 1,493,127 shares of our common stock in the open market for an aggregate purchase price of \$9.7 million. We did not repurchase any shares of our common stock during the period January 1, 2013 through the program's expiration on February 10, 2013.

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In March 2013, our Board of Directors authorized a stock repurchase program (the Program). The Program authorizes, in one or more transactions taking place during a two-year period commencing May 2, 2013, the repurchase of our outstanding common stock utilizing surplus cash in an amount of up to \$20 million. Under the Program, we are authorized to repurchase shares of common stock in the open market or in privately negotiated transactions. The timing and amount of any repurchase transaction under this Program are dependent upon market conditions, corporate considerations, and regulatory requirements. Shares repurchased under the Program will be retired to constitute authorized but unissued shares of our common stock.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

None.

Item 5. *Other Information*

None.

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Table of Contents

Item 6. Exhibits

| Exhibit No. | Description |
|--------------------|---|
| 3.01.1 | Restated Certificate of Incorporation of Move, Inc., dated June 23, 2005, as amended by the Certificate of Amendment dated June 22, 2006. (Incorporated by reference to Exhibit 3.1 to our quarterly report on Form 10-Q for the quarter ended June 30, 2006 filed August 7, 2006.) |
| 3.01.2 | Certificate of Amendment, dated November 14, 2011 and effective (based on filing with the State of Delaware) November 18, 2011, to the Restated Certificate of Incorporation of Move, Inc., as such Restated Certificate had previously been amended by a Certificate of Amendment dated June 22, 2006. (Incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed November 21, 2011.) |
| 3.01.3 | Certificate of Elimination of Series B Convertible Participating Preferred Stock of Move, Inc., effective May 31, 2012 (nullifying and eliminating Certificate of Designation previously filed as Exhibit 3.01.2 of our Form 10-K for the year ended December 31, 2005 filed March 13, 2006). (Incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed on June 5, 2012.) |
| 3.02.1 | Bylaws of Move, Inc. (Incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed on June 28, 2006.), as amended by the Amendment effective June 15, 2011. (Incorporated by reference to Exhibit 3.02.1 to our annual report on Form 10-K for the year ended December 31, 2011 filed February 17, 2012.) |
| 3.02.2 | Amendment, effective June 15, 2011, to the Bylaws of Move, Inc., relating to the permitted size range for the Board of Directors of Move, Inc. (Incorporated by reference to Exhibit 3.02.1 to our annual report on Form 10-K for the year ended December 31, 2011 filed February 17, 2012.) |
| 3.03.1 | RealSelect, Inc. s Certificate of Incorporation dated October 25, 1996. (Incorporated by reference to Exhibit 3.05.1 to our registration statement on Form S-1 (File No. 333-79689) filed May 28, 1999.) |
| 3.03.2 | RealSelect, Inc. s Certificate of Amendment to Certificate of Incorporation dated November 25, 1996. (Incorporated by reference to Exhibit 3.05.2 to our registration statement on Form S-1/A (File No. 333-79689) filed June 17, 1999.) |
| 4.01 | Form of Specimen Certificate for Common Stock, for use after November 18, 2011, the date of the 1-for-4 reverse stock split of the common stock of Move, Inc. (Incorporated by reference to Exhibit 4.01.1 to our annual report on Form 10-K for the year ended December 31, 2011 filed February 17, 2012.) |
| 10.89 | Amendment to Employment Agreement between Steven H. Berkowitz and Move, Inc. dated January 28, 2013. (Filed herewith.) |
| 10.90 | Amendment to Employment Agreement between Errol Samuelson and Move, Inc. dated January 28, 2013. (Filed herewith.) |
| 10.91 | Amendment to Employment Agreement between James S. Caulfield and Move, Inc. dated January 28, 2013. (Filed herewith.) |
| 10.92 | Amendment of Executive Retention and Severance Agreement between Rachel Glaser and Move, Inc. dated January 28, 2013. (Filed herewith.) |
| 10.93 | Amendment of Executive Retention and Severance Agreement between John Robison and Move, Inc. dated March 6, 2013. (Filed herewith.) |
| 31.01 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.) |
| 31.02 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.) |
| 32.01 | 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. (Furnished herewith.) |
| 32.02 | 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. (Furnished herewith.) |
| 101.INS* | XBRL Instance Document (Furnished herewith.) |
| 101.SCH* | XBRL Taxonomy Extension Schema Document (Furnished herewith.) |
| 101.CAL* | XBRL Taxonomy Calculation Linkbase Document (Furnished herewith.) |
| 101.LAB* | XBRL Taxonomy Label Linkbase Document (Furnished herewith.) |
| 101.PRE* | XBRL Taxonomy Presentation Linkbase Document (Furnished herewith.) |
| 101.DEF* | XBRL Taxonomy Extension Definition Document (Furnished herewith.) |

*Furnished herewith and not deemed filed for purposes of Section 11 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934, as amended.

Table of Contents

SIGNATURES

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

MOVE, INC.

By: */s/ STEVEN H. BERKOWITZ*
Steven H. Berkowitz
Chief Executive Officer

By: */s/ RACHEL C. GLASER*
Rachel C. Glaser
Chief Financial Officer

Date: May 3, 2013

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Table of Contents

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