MOVE INC
Form 10-K
February 18, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2013

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 *(State or other jurisdiction of incorporation or organization)*	**95-4438337** *(I.R.S. Employer Identification No.)*
10 Almaden Blvd, Suite 800 **San Jose, California** *(Address of principal executive offices)*	**95113** *(Zip Code)*

Registrant's telephone number, including area code:
(408) 558-7100
Securities Registered Pursuant to Section 12(b) of the Act:

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

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

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

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

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

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 ý No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 ý	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 ý

Aggregate market value of voting common stock held by non-affiliates of the registrant as of June 30, 2013*	$ 495,647,109
Number of shares of common stock outstanding as of February 7, 2014	39,291,591

* Based on the closing price of the common stock of $12.82 per share on June 28, 2013 (as the market was not open on June 30, 2013, the last day of our second quarter), as reported on The NASDAQ Stock Market and, for purposes of this computation only, the assumption that all of the registrant's directors, executive officers and beneficial owners of 10% or more of the registrant's common stock are affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

In accordance with General Instruction G(3) to Form 10-K, certain information in the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission relating to the registrant's 2014 Annual Meeting of Stockholders is incorporated by reference into Part III.

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MOVE, INC.
FORM 10-K
For the Fiscal Year Ended December 31, 2013

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

PART I

Item 1. *Business*

OVERVIEW

With realtor.com® as our flagship web site and brand, Move, Inc. ("Move", the "Company", "we", "our" or "us") is a 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 20 years in this business, Move is positioned to address the needs and wants of both consumers and real estate professionals ("customers") 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.

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 United States ("U.S.") as well as properties for sale from another 36 countries worldwide. Our for-sale listing content, comprising over 4 million properties as of December 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 more than 98% of all for-sale properties listed in the U.S. We source this content directly from our relationships with more than 800 Multiple Listing Services ("MLS") across the country, which represents nearly all MLSs, with approximately 90% of the active 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 27 million users, viewing an average of nearly 440 million pages and spending an average of over 500 million minutes on the realtor.com® web site and mobile applications each month over the last twelve-month period, have exposure to over 400,000 real estate professionals on realtor.com® and our mobile applications. We delivered approximately 35% more connections between consumers and our customers during the year ended December 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 our ListHub™ business, 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.

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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® software-as-a-service ("SaaS") customer relationship management ("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 over 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.

We believe our competitive advantages include the following:

- A large and highly engaged consumer audience in the online real estate marketplace across multiple consumer platforms, including web, mobile and social;
- Real-estate listing content that is deep, broad, accurate and current;
- Leadership with respect to the volume and depth of industry relationships with brokers, agents, MLSs and other real estate professionals;
- National scope with local expertise;
- An exceptionally high number of connections facilitated between consumers and real estate professionals;
- The largest syndication platform in the U.S. which provides listings to nearly 130 publishers;
- A leading software and services product suite that helps the real estate industry optimize their marketing spend from the point of connection to close; and
- A substantial revenue base.

We were incorporated in the State of Delaware in 1993 under the name InfoTouch Corporation. In February 1999, we changed our corporate name to Homestore.com, Inc. In May 2002, we changed our name to Homestore, Inc. In June 2006, we changed our name to Move, Inc. See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a further description of our history. Our corporate headquarters are located in San Jose, California. Our phone number is (408) 558-7100.

PRODUCTS AND SERVICES

Our products and services are broadly defined into two 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.

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realtor.com®

Realtor.com® is the official web site of the National Association of Realtors (the "NAR"), the largest trade association in the U.S. that represents residential and commercial real estate professionals, including brokers, agents, property managers, appraisers, counselors and others engaged in all aspects of the real estate industry. The NAR had over one million members as of December 31, 2013. We have an exclusive and perpetual agreement with the NAR for use of realtor.com® in the consumer internet space. Under our agreement with the NAR, we operate realtor.com®, and, as such, we present basic MLS property listings to consumers on our web site and our mobile applications at no charge to real estate professionals, in addition to presenting other property information.

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 Showcase Listing Enhancements, Co-Broke and Featured Homes™

Our listing advertisements product line, which includes Showcase Listing Enhancements, Co-Broke and Featured Homes™, allows real estate agents, brokers and franchises to enhance, prioritize and connect with consumers of for-sale property listings within the realtor.com® web site and mobile applications. Enhancements may include more prominent featuring and prioritization on the search results page, additional photos, virtual tours and video, personalization and branding for the listing agent or broker, and an ability to connect with consumers through web site transfers and phone or email communication. Listing advertisements are typically priced based on the geographic market, the size and engagement of our consumer audience in that market and/or the historical listing count for the past twelve months an agent or broker may have, and are typically sold on a subscription basis.

Non-Listing Advertisements Display Advertising, Featured Community™ and Featured Competitive Market Analysis ("Featured CMA™")

Our non-listing advertisements product line allows real estate agents, brokers and franchises, as well as non-real estate related advertisers (such as personal banking and mortgage companies, insurance providers, home improvement retailers, moving service providers and other consumer product and service companies) to connect with our highly engaged and valuable consumer audience in the real estate search process. We offer these advertisers a variety of products and services including sponsorships, graphical display advertisements, text links, directories, Featured Community™ and Featured CMA™. Pricing models include cost-per-thousand ("CPM"), cost-per-click ("CPC"), cost-per-unique user and subscription-based sponsorships of specific content areas or specific targeted geographies.

Rentals, Senior Housing, Moving.com™ and Doorsteps®

We separately operate several other web sites providing single family and multi-family rental listings, 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. In addition, through the acquisition of Doorsteps® in the second quarter of 2013, we now offer homebuyers content, tools and advice along every step of the home buying process and help professionals connect, engage and collaborate with homebuyers during every step of the transaction.

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Our Consumer Advertising products represented 77% of our overall revenues for the fiscal year ended December 31, 2013 and 81% of our overall revenues for fiscal years ended December 31, 2012 and 2011.

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.

SaaS CRM Products

By offering both realtor.com® advertising systems and productivity and lead management tools through our Top Producer® and TigerLead® SaaS CRM products, we are able to help grow and enrich connections between our customers and consumers, and help our customers better manage those connections in an effort to facilitate transactions and grow their businesses.

Top Producer® and TigerLead® are our SaaS products providing productivity and lead management tools tailored to real estate agents on a subscription basis. These products 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 internet data exchange ("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. The Top Producer® product line also now includes expanded features offered through technology purchased as part of the FiveStreet, Inc. ("FiveStreet") acquisition in the fourth quarter of 2013. FiveStreet's software consolidates leads from over 60 lead providers including realtor.com® and other major real estate sites, and automates the process of rapidly responding to, assigning and distributing leads. It provides agents with a single unified dashboard, ensuring leads aren't lost or overlooked, and provides web and mobile tools for rapid response.

TigerLead® Search Engine Marketing

In addition, through our TigerLead® product suite, 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. Pricing is based upon a percentage of marketing spend each month.

ListHub™ Listing Syndication and Reporting

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 23% of our overall revenues for the fiscal year ended December 31, 2013 and 19% of our overall revenues for fiscal years ended December 31, 2012 and 2011.

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COMPETITION

Realtor.com® competes in a highly fragmented and highly complex local real estate marketplace. We believe the winner in this market will effectively balance the needs and wants of both consumers and real estate professionals, which we believe realtor.com® is uniquely positioned to do. Further, as consumers increasingly rely on the Internet and mobile devices for real estate information, we believe that advertising dollars in this marketplace will continue to move online and that we will benefit from this trend. We compete to attract a sizable and engaged consumer audience interested in the real estate content and information provided through our web site and mobile applications, and we compete to attract real estate professionals and non-real estate related advertisers interested in connecting with those consumers. There are a variety of national and local companies, including both online and offline offerings, that compete for a consumer audience and for advertising spend within the real estate value chain.

Our primary competition within realtor.com® falls into two general categories: (i) online real estate media companies; and (ii) offline advertising offerings including newspaper classifieds, direct mail and other traditional offline media. While we do not provide significant offline advertising offerings, we view the companies in this space as competitors for available advertising spend by real estate professionals and non-real estate-related advertisers. Competitors in the online space include Classified Ventures, LLC (operator of HomeGain.com), Dominion Enterprises (operator of Homes.com), Google Inc., Market Leader, Inc. (a subsidiary of Trulia, Inc.), Redfin, Homefinder.com LLC, ZipRealty Inc., Trulia Inc., Zillow, Inc. (operator of the Yahoo!-Zillow Real Estate Network) and others. Competitors in the offline space include major local newspapers such as the Tribune Company and the Gannett Company, as well as a multitude of local print, direct mail, radio and other traditional offline media.

The barriers to entry for web-based services and businesses are low. We believe we would have a distinct advantage for some time over emerging or growing online businesses, given the breadth, depth and accuracy of our content, and given the resulting consumer audience we attract and real estate professional relationships we have built. However, we may not be able to maintain that advantage, and existing or future competitors could create other products and services that could be more attractive to consumers and real estate professionals than our products and services.

Our Software and Services products, including Top Producer®, TigerLead® and ListHub™, face competition from Market Leader (owned and operated by Trulia, Inc.), CoreLogic's Residential Real Estate productivity tools, Real Estate Digital ("RED"), ALa Mode, Inc. and Fidelity National Information Solutions, Inc., which offer competing solutions to real estate professionals. Top Producer® also competes with horizontal customer relationship management offerings such as Microsoft Corporation's Outlook solution, Best Software Inc.'s ACT! solution, FrontRange Solution, Inc.'s Goldmine product, and Salesforce.com. TigerLead® also competes with lead generation and management product offerings such as BoomTown!, Zurple, Inc., Commissions Inc., and IDX Broker. Certain online media companies such as Classified Ventures, LLC and Market Leader, Inc. are providing drip marketing solutions that incorporate aspects of lead management, which over time could pose a competitive threat to Top Producer® or TigerLead®. ListHub™ also competes with Point2 Internet Systems Inc., which is also a listing syndicator.

Our Rentals products compete with Classified Ventures LLC (operator of Apartments.com and ApartmentHomeLiving.com), Dominion Enterprises (operator of ForRent.com), Network Communications Inc. (operator of ApartmentFinder.com), Primedia Inc. (operator of ApartmentGuide.com, Rentals.com and RentalHouses.com) and Viva Group, Inc. (an eBay company and operator of Rent.com). The Rentals products also compete with offline apartment guide publishers such as Classified Ventures, Inc., Primedia Inc. and Network Communications, Inc.

Our Senior Housing product competes with other web sites that offer comparable products, such as A Place for Mom, Inc., Caring.com and Dominion Enterprises (operator of SeniorOutlook.com).

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Our Moving.com™ product competes with other web sites that offer comparable products, such as USAmovingcompanies.com, movingestimates.com, and 123movers.com.

See "Risk Factors Risks Related to our Business" for additional discussion of factors relating to our competition.

SEASONALITY

Our traffic generally declines on all our web sites during the fourth quarter due to weather and the holiday season when consumers are less likely to search for real estate. This seasonal decline in traffic can negatively impact our non-listing advertisements revenue in the fourth quarter, as this business includes revenue models that are directly tied to traffic levels. This seasonal decline in traffic can also negatively impact the revenue from our "Featured Listings" products in Rentals as that revenue is generated on a CPC basis.

GEOGRAPHIC REGIONS

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

INFRASTRUCTURE AND TECHNOLOGY

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

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

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

INTELLECTUAL PROPERTY

We protect our research, development, technology and other property through a combination of trademarks, copyrights, trade secrets, patents, confidentiality agreements and other contractual means relating to access to or use of our proprietary or confidential information and assets.

In addition to our exclusive license rights from the NAR to use the realtor.com® mark and brand, our registered trademarks include "Move," "Top Producer" and other marks and logos used in our business. We also have unregistered marks and logos as well as domain names that we use to differentiate our products and services. We will continue to pursue additional trademarks, registrations and domain names if it is cost-effective and appropriate.

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We have nine patents issued in the U.S., which expire between 2016 and 2029. These cover inventions relating to real estate listing search, database creation and updating, managing and closing real estate transactions, lead distribution and management, and mortgage-related tools and methods. We also have seven patent applications pending in the U.S. and Canada which apply to other inventions related to our business and research. We will pursue these applications and additional patents if it is cost-effective and appropriate.

In addition to intellectual property rights, we also make use of other methods to protect our proprietary or confidential information and assets. These include, for example, web site and mobile application terms of use, download and access agreements, appropriate agreements with our customers, outside consultants, suppliers and advisors and confidentiality and invention agreements with our employees.

Despite our precautions, our intellectual property is subject to a number of risks that may materially adversely affect our business.

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

EMPLOYEES

As of December 31, 2013, we had 913 active full-time equivalent employees. We consider our relations with our employees to be good. No employee is represented by a collective bargaining agreement and we have never had a work stoppage. We believe that our future success will depend in part on our ability to attract, integrate, retain and motivate highly qualified personnel and upon the continued service of our senior management and key technical personnel.

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

AVAILABLE INFORMATION

We file with the U.S. Securities and Exchange Commission ("SEC") annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as well as our proxy statements and other information. In most cases, these documents are available, without charge, on our web site at *http://investor.move.com* as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, without charge, from Move, Inc., Investor Relations, 10 Almaden Blvd. Suite 800, San Jose, California 95113. You may also read and copy these documents at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549 under our SEC file number (000-26659), and you may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In most cases, these documents are also available on the SEC's web site at *http://www.sec.gov*.

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Item 1A. *Risk Factors*

Our business, financial condition, operating results and cash flows may be impacted by a number of factors. A discussion of the risks associated with these factors is included below. You should consider carefully the following risk factors, which are the material risks currently known by us, and other information included or incorporated by reference in this Annual Report on Form 10-K. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected.

RISKS RELATED TO OUR BUSINESS

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

Except for net income of $0.6 million in 2013, $5.6 million in 2012, $7.3 million in 2011, $20.9 million in 2006, and $0.5 million in 2005, we have incurred net losses every year since 1993, including net losses of $15.5 million and $6.9 million for the years ended December 31, 2010 and 2009, respectively. We have an accumulated deficit of $2.0 billion. Current market conditions around residential real estate make it difficult to project if we will become consistently profitable in the future. Furthermore, we continue to make significant changes to our organizational structure and our business models in response to increased competition in the marketplace. While these changes are being implemented with the belief that they will strengthen our business and our market position in the long run, there can be no assurance that these changes will generate additional revenue or a more efficient cost structure, which will be needed to sustain profitability.

We have a significant amount of indebtedness consisting of our convertible senior notes. We may not be able to generate enough cash flow from our operations to service or pay principal on our indebtedness, and we may incur additional indebtedness in the future.

As of December 31, 2013, our total consolidated indebtedness totaled $82.5 million, all of which constituted indebtedness under our 2.75% convertible senior notes due September 1, 2018 (the "Notes") in the principal amount of $100 million. Our ability to make payments on, and to refinance, the Notes and any future indebtedness, and to fund planned capital expenditures, research and development efforts, working capital, acquisitions and other general corporate purposes depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond our control. If we do not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to pay our indebtedness, including payments of principal upon conversion of the Notes or on their maturity, or to fund our liquidity needs, we may be forced to refinance all or a portion of our indebtedness, including the Notes, on or before the maturity thereof, sell assets, reduce or delay capital expenditures, seek to raise additional capital or take other similar actions. We may not be able to effect any of these actions on commercially reasonable terms or at all. Our ability to refinance our indebtedness will depend on our financial condition at the time, the restrictions in the instruments governing our indebtedness and other factors, including market conditions. In addition, in the event of a default with respect to the Notes, the holders of the Notes and/or the trustee under the indenture governing the Notes may accelerate the payment of our obligations under the Notes, which could have a material adverse effect on our business, financial condition and results of operations. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would likely have an adverse effect, which could be material, on our business, financial condition and results of operations.

In addition, our indebtedness combined with our other financial obligations and contractual commitments could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;

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- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a competitive disadvantage compared to our competitors who have less debt; and
- limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other purposes.

Any of these factors could materially and adversely affect our business, financial condition and results of operations. In addition, if we incur additional indebtedness, which we are not prohibited from doing under the terms of the indenture governing the Notes, the risks related to our business and our ability to service our indebtedness would increase.

In the event the conditional conversion feature of the Notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. The terms of our Notes permit us to settle them, upon conversion by the holders thereof, in cash, stock, or a combination thereof. To the extent we use stock for settlement, our existing stockholders may be diluted.

Competition for our services may adversely impact our business.

Our existing and potential competitors include web sites offering real estate related content and services as well as general purpose online services, and traditional media such as newspapers, magazines and television that compete for advertising dollars. The real estate search services market, which is the primary market in which we operate, is becoming increasingly competitive. A number of competitors have emerged or intensified their focus on the real estate market. These competitors include Classified Ventures, LLC (operator of HomeGain.com), Dominion Enterprises (operator of Homes.com), Google Inc., Market Leader, Inc. (operator of RealEstate.com and a subsidiary of Trulia, Inc.), Redfin, Homefinder.com LLC, ZipRealty Inc., Trulia, Inc., Zillow, Inc. (operator of the Yahoo!-Zillow Real Estate Network) and others. In the rentals market these competitors include Classified Ventures, LLC (operator of Apartments.com and ApartmentHomeLiving.com), Dominion Enterprises (operator of ForRent.com), Network Communications Inc. (operator of ApartmentFinder.com), Primedia Inc. (operator of ApartmentGuide.com, Rentals.com and RentalHouses.com) and Viva Group, Inc. (an eBay company and operator of Rent.com). Additional competitors operate general interest consumer web sites that offer home, moving and finance content and include Living Choices (a division of Network Communications, Inc.) and ServiceMagic, Inc. (a division of InterActive Corp).

The barriers to entry for web-based services and businesses are low, which means new competitors may easily enter the market. In addition, parties with whom we have listing and marketing agreements could choose to develop their own Internet strategies or competing real estate sites. Furthermore, real estate brokers or other web site operators, due to evolving policies, rules, regulatory initiatives, conventions and strategies, might be able to aggregate listing data for display over the Internet in ways comparable to, or more effective than, the realtor.com® web site. Developments such as these could impact how consumers and customers value our content and product offerings on the realtor.com® web site. Also, developments in the real estate search services market might also encourage additional competitors to enter that market. Some of our existing and potential competitors have longer operating histories in the Internet market, greater name recognition, larger consumer bases and significantly greater financial, technical and marketing resources than we do. The rapid pace of technological change constantly creates new opportunities for existing and new competitors and it can quickly render our existing technologies less valuable.

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We cannot predict how, if at all, our competitors or others might respond to our initiatives. We also cannot provide assurance that our offerings will be able to compete successfully against any competitors.

We might not be able to obtain more, or more current, listings from MLSs and real estate brokers than other web site operators, and we might not be able to successfully syndicate listings content beyond our own web sites.

We believe that part of the success of realtor.com® depends on displaying a larger and more current database of existing homes for sale than other web sites. We obtain these listings through agreements with MLSs and real estate brokers; these agreements normally have fixed terms, typically 12 to 36 months. At the end of the term of each agreement, the MLS or broker could choose not to renew the agreement with us. There are no assurances the MLSs and brokers will continue to renew their agreements to provide listing data to us. If they choose not to renew their relationship with us, then realtor.com® could become less attractive to consumers, and thus less attractive to our advertising customers. Furthermore, due to available technology and evolving policies, rules, regulatory initiatives, conventions and strategies in the real estate industry (as mentioned above), web site operators might be able to aggregate, and keep current, listing data for display over the Internet in ways comparable to, or more effective than, the realtor.com® web site.

As we invest time, effort and resources toward developing syndication models for disseminating listing content beyond realtor.com® and our other web sites, MLSs, brokers and others could choose to withhold or withdraw listings or cooperation from those initiatives. This could cause us to fail to realize fee, advertising and other revenue from these efforts, or to sufficiently do so, could cause us to fail to realize a return, or an adequate return, on those investments and could prevent us from being able to develop and grow our syndication business.

Poor execution could harm our business, reputation, profitability and growth.

We might fail to, or fail to properly or adequately, identify, plan, integrate, manage, leverage and otherwise execute on new systems developments, new product launches, new web site features, our partnering ventures (such as in the mortgage and new construction areas), newly-acquired businesses and assets, the building and nurturing of our brands, brand awareness and our general reputation, new resource allocations and other current and new operational initiatives in a savvy, timely, efficient and cost-effective manner. For example, we might fail to achieve effective coordination of various functions and teams within the Company so that projects and initiatives are executed effectively and timely, or we might experience unsatisfactory working relations, early or undesirable agreement terminations, poor performance or business disputes with companies with whom we establish strategic or other business ventures or alliances so that our revenue, strategies and reputation are adversely affected or so that operations, efficiencies and business opportunities are impaired, disrupted, lost or never realized. Failures such as these could harm our competitive position, increase our costs, cause us losses, cause us to fail to realize a return, or a sufficient return, on our investment outlays, cause operational disruptions and difficulties, damage or limit profitability and growth prospects, limit our ability to make needed investments in our business, harm our reputation, limit our ability to attract consumers and customers and limit our ability to sustain and increase revenue.

We might be unable to interest a sufficient number of new advertisers in purchasing advertising presence on our web sites, or we might fail to retain advertisers who do purchase advertising from us. These circumstances could adversely affect revenue, growth and profitability, could prevent us from effectively monetizing the advertising potential of our web sites, and could limit our ability to make additional investments in our business.

We might make errors in executing, or fail to effectively manage, our customer support function. This could result in negative publicity, damage our reputation, harm customer relationships and diminish interest in, loyalty to and use of our web sites, products and services.

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Our quarterly financial results are subject to significant fluctuations.

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

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

- the level at which real estate agents, brokers and rental owners renew the arrangements through which they obtain our services;
- a continued, or renewed, downturn in, or a slow (rather than speedy) recovery of, the residential real estate market and the consequent impact on advertising;
- the amount of advertising sold on our web sites and the timing of payments for this advertising; and
- the costs from litigation, including the cost of settlements and any damages awarded against us.

The mortgage, real estate, financial and credit markets recently experienced (and may in the future experience) severe disruption which had, and may continue to have, an adverse effect on our business, financial condition and results of operations.

The continuing sluggishness of and challenges occurring in both the U.S. and global economies have resulted in a severe tightening in the credit markets, a low level of strength and liquidity in many financial markets, and volatility in credit and equity markets. Such economic difficulties and weakness could adversely impact our business in a number of ways.

In addition, changes in governmental participation in the mortgage market could adversely impact the residential real estate industry, which could negatively impact our business.

In recent years, the U.S. residential real estate market experienced a significant downturn due to downward pressure on housing prices, credit constraints inhibiting homebuyers, foreclosures, and an exceptionally large inventory of unsold homes. The effects of this downturn on the housing market have persisted for several years but key market indicators, such as home prices and time on market, suggest that the housing market may have started to improve. However, a number of factors, including rising mortgage prices, could affect such improvement, and, as a result, we cannot predict when the market and related economic forces will return the U.S. residential real estate industry to normal conditions. Until such time, our customers' ability and willingness to advertise, or to continue to advertise, on our web sites could be adversely impacted.

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

Our business and operations might subject us to claims, litigation and other proceedings brought by private parties and governmental authorities. We are currently involved in several matters, which are described in Note 21, "Commitments and Contingencies Legal Proceedings," to our consolidated financial statements in Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

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

- stop making, selling, incorporating or using goods, services or technology that are (or allegedly are) impacted by the relevant intellectual property rights threatening or asserted against us;

- pay significant sums to obtain a license to the relevant intellectual property rights; and

- redesign goods, services or technology that are (or allegedly are) impacted by the intellectual property rights threatening or asserted against us.

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

We rely on intellectual property and proprietary rights.

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

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

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

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Our intellectual property is subject to a number of risks and an adverse outcome may materially adversely affect our business.

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

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

The realtor.com® trademark and web site address and the REALTOR® trademark are owned by the NAR. The NAR licenses these trademarks to our subsidiary RealSelect under a license agreement, and RealSelect operates the realtor.com® web site under an operating agreement (as amended) with the NAR. Our operating agreement with the NAR contains a number of provisions that restrict how we operate our business. For example:

- we are restricted in the type and subject matter of advertisements on the realtor.com® web site;
- the NAR has the right to approve how we use its trademarks, and we must comply with its quality standards for the use of these marks; and
- we must meet performance standards relating to the availability time of the realtor.com® web site.

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

Although the realtor.com® operating agreement is a perpetual agreement, the NAR may terminate it for a variety of reasons. These include:

- the acquisition of us or RealSelect by another party without the NAR's consent;
- if traffic on the realtor.com® site falls below 500,000 unique users per month;
- a substantial decrease in the number of property listings on our realtor.com® site that are provided by REALTORS® and REALTOR®-owned and controlled entities; and
- a breach of any of our other obligations under the agreement that we do not cure within 30 days of being notified by the NAR of the breach.

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

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In addition to limitations and risks of the kind set forth above, our business relationship with the NAR could erode, become strained or otherwise develop adversely or non-amicably. This could arise from poor management of the relationship, existing or new areas of conflict or potential conflict between our interests and the NAR's interests, changes in the real estate industry or from other causes. Adverse circumstances such as these could result in significant erosion of or damage to our business since, among other reasons, many of our customers and data providers are members of, have interests that are closely aligned with or are otherwise influenced by or inclined favorably toward the NAR.

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

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

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

At December 31, 2013, we had gross net operating losses carry forwards ("NOLs") for federal and state income tax purposes of $910.6 million and $223.1 million, respectively, and we could generate NOLs in future years. The federal NOLs will begin to expire in 2017. In 2013, $69.8 million of the state NOLs expired and will continue to expire from 2014 until 2033. Gross net operating loss carry forwards for both federal and state tax purposes might be subject to an annual limitation under relevant tax laws. Currently, the NOLs have a full valuation allowance recorded against them. Of the $910.6 million federal NOLs, $149.9 million may belong to members of the Company's group that cannot be consolidated for federal income tax purposes. Consequently, those NOLs would not be available to us to offset taxable income in the future. The NOLs indicated above are subject to a full valuation allowance.

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

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

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

Delaware law, our certificate of incorporation and bylaws, our operating agreement with the NAR, and other agreements with business partners could have the effect of delaying or preventing a third party from acquiring us, even if a change in control would be beneficial to our stockholders. For example, our stockholders are unable to act by written consent or to fill any vacancy on the Board of Directors. Our stockholders cannot call special meetings of stockholders for any purpose, including removing any director or the entire Board of Directors without cause. In addition, the NAR could terminate the realtor.com® operating agreement if we are acquired and the NAR does not consent to the acquisition.

REAL ESTATE INDUSTRY RISKS

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

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

During recessionary periods, there tends to be a corresponding decline in demand for real estate, generally and regionally, that could adversely affect certain segments of our business. Such adverse effects often include a general decline in rents and home values (and thus sales prices), a decline in leasing activity, a decline in the level of investments in, and the value of, real estate, and an increase in defaults by tenants under their respective leases and homeowners on their respective mortgage loans. All of these adverse effects, in turn, adversely affect our customers' revenue from rents, property management fees, brokerage commissions and other fees; and these adverse effects on our customers' revenue can influence our customers to reduce, suspend or stop their purchases of advertising and other products and services from us.

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

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

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We have risks associated with changing government regulations, including regulation of the real estate and mortgage industries.

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

In addition, the qualified mortgage rules that went into effect in January 2014 and any changes in legislation or policy that limit or eliminate the mortgage interest deduction for homeowners could adversely affect our business.

We dedicate significant resources to marketing our subscription products and services to real estate professionals and interruptions could be harmful.

Real estate agents are generally independent contractors of brokerages rather than employees. As a result, it is often necessary for us to communicate with real estate agents on an individual basis when marketing our services, which results in relatively high fixed costs associated with our inside and field-based sales activities. In addition, because we offer services to both real estate brokerages and agents, we are often required to contact brokerages and agents separately when marketing our products and services. Furthermore, if for any reason our marketing to real estate professionals was interrupted, such as by interruptions of web site availability or disruptions to email, telephone or other marketing communication media, whether due to technological reasons, industry changes, third-party conduct or other reasons, this could have a material negative impact on our business.

INTERNET INDUSTRY RISKS

Systems or security attacks or failures could harm our business.

We might sustain temporary or permanent outages of our computers or software equipment, which could have an adverse effect on our business. We currently do not have fully redundant systems for our web sites and other services at an alternate site. Therefore, our systems are vulnerable to damage from break-ins, unauthorized access, vandalism, fire, water damage, earthquakes, power loss, telecommunications failures and similar events. Although we maintain insurance against fires, earthquakes and general business interruptions, the amount of coverage, while adequate to replace assets and compensate for losses incurred, might not be adequate to compensate for the disruption it causes our customers and consumers, which could affect our future revenues and traffic. We also might have instances of single points of failure in our networks, processes and systems, and this could result in our sustaining outages, or outages of excessive duration, as well as other disruptions in our web sites or to our business.

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Experienced computer programmers seeking to intrude or cause harm, or hackers, might attempt to penetrate our network security from time to time, or lapses on the part of our contractors or ourselves in using safeguards and proper processes relating to security could occur. If a hacker were to penetrate our network or systems security, they could destroy, damage or misappropriate credit card, financial, personal, confidential and proprietary content and information, cause interruptions in our services, dilute the value of our offerings to customers and damage our reputation, our customer relationships and the confidence we need customers and consumers to have in us and in our systems. We might be required to expend significant capital and resources to protect against, to respond to, or to alleviate, problems caused by hackers. We also might not have a timely remedy against a hacker who is able to penetrate our network security. In addition to purposeful security breaches, the inadvertent transmission of computer viruses or other harmful code or files could expose us to system damage, operational disruption, loss of data, regulatory action, litigation and other risks of loss or harm. These events could continue for extended periods of time before being detected or remedied. In addition, insurance might not exist or be adequate to compensate for these circumstances.

We depend on continued performance of and improvements to our computer network.

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

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

We provide third-party content on our web sites, particularly real estate listings. We could be exposed to liability with respect to this third-party content. Persons might assert, among other things, that by directly or indirectly carrying such content or providing a link to web sites operated by third parties, we should be liable for patent, copyright or trademark infringement, misappropriation, defamation, fair-housing law violations or other violations of laws, harms or wrongful actions resulting from or associated with such third-party content, links or web sites. They could also assert that such third-party content, links or web sites lack needed disclosures or contain false statements, misrepresentations, errors or omissions. Consumers or others could seek damages and other recourse for losses incurred if they rely upon or are injured by such third-party content or web sites, and regulators or others could seek fines and other recourse against us.

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

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

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

We maintain the following principal facilities as of December 31, 2013:

	Location	Square Feet	Lease Expiration
Principal executive and corporate office, product development and marketing	San Jose, CA	32,405	2018
Sales, engineering, finance, legal and human resources	Westlake Village, CA	76,048	2016
Sales, engineering, product development and marketing	Richmond, Canada(1)	67,229	2014
Operations and customer service center	Scottsdale, AZ	46,182	2019
Datacenter	Phoenix, AZ	8,114	2017
Sales and engineering	Los Angeles, CA	5,203	2014
Sales and engineering	Morgantown, WV(2)	3,704	2014
Sales offices	Alexandria, VA	3,431	2014
Sales office	Manhattan, NY	700	2014

(1) Pursuant to a lease amendment, effective January 1, 2014, the leased space in Richmond, Canada will be reduced to 48,616 square feet and the lease will expire in 2020.

(2) Pursuant to a new lease and simultaneous cancellation of the existing lease, effective January 2014, the leased space in Morgantown, WV will be increased to 5,148 square feet and the new lease will expire in 2020.

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

Item 3. *Legal Proceedings*

From time to time, we are party to various litigation and administrative proceedings relating to claims arising from our operations in the ordinary course of business. As of the date of this Annual Report on Form 10-K, and except as set forth herein, we are not a party to any other litigation or administrative proceedings that management believes will have a material adverse effect on our business, results of operations, financial condition or cash flows.

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 ours who had purchased enhanced listings from us. 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 our 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, we 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 we do 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 our allegations, and asserted counterclaims against us 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. We are not named as a defendant in the REAL California Action; however, we are 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 District 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 of the patent. 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.

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 our motion for summary judgment on our claim 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 us, but remanded the case to the District Court for a determination of induced infringement under the standard set forth in *Akamai Technologies, Inc. v. Limelight Network, Inc., 692 F.3d 1301 (Fed. Cir. 2012) (S.Ct. Cert. No. 12-960)*. We filed a motion for rehearing to the Circuit Court on May 3, 2013. On June 12, 2013, the Circuit Court denied our motion and remanded the case to the District Court. On January 10, 2014, the U. S. Supreme Court granted writ of certiorari in the *Akamai* case on the issue of whether the Circuit Court erred in holding that a defendant may be held liable for inducing patent infringement even in the absence of a finding of direct infringement. On February 3, 2014, the District Court entered an order staying the case pending the U.S. Supreme Court decision in the *Akamai* case. We intend to vigorously defend all claims. At this time, however, we are unable to express an opinion on the outcome of these cases.

In March 2010, Smarter Agent, LLC ("Smarter Agent") filed suit against Move, Inc., against our affiliate, RealSelect, Inc. ("RealSelect"), and also against other co-defendants Boopsie, Inc., Classified Ventures, LLC, Hotpads, Inc., IDX, Inc., Multifamily Technology Solutions, Inc., D/B/A MyNewPlace, Primedia, Inc., Consumer Source, Inc., Trsoft, Inc., D/B/A PlanetRE, Trulia, Inc., Zillow, Inc., and ZipRealty, Inc. in the U.S. District Court for the District of Delaware. The complaint alleges that we and RealSelect, Inc. infringe U.S. Patents 6,385,541; 6,496,776; and 7,072,665 ("Patents in Suit") by offering an

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iPhone application for the realtor.com® web site and requested an unspecified amount of damages (including enhanced damages for willful infringement and attorneys' fees) and an injunction. On August 31, 2010, co-defendants Boopsie, Inc., Classified Ventures, LLC, Hotpads, Inc., IDX, Inc., Multifamily Technology Solutions, Inc., Primedia, Inc., Consumer Source, Inc., Trsoft, Inc., Trulia, Inc., Zillow, Inc., and ZipRealty, Inc., filed requests for interpartes reexamination of the Patents in Suit with the U.S. Patent and Trademark Office ("PTO"). On September 30, 2010, we filed an answer and counter claims on behalf of Move and RealSelect. On October 22, 2010, SmarterAgent filed its answer to such counter claims. The PTO accepted the Patents in Suit for re-examination and on December 21, 2010, issued an initial office action rejecting all claims in the Patents in Suit. Smarter Agent appealed the PTO's rejection to the Patent Trial and Appeals Board. On March 2, 2011, all parties agreed to stipulate to stay the lawsuit pending the completion of all re-examination proceedings at the USPTO and on March 7, 2011, the court so ordered the stay as requested. We intend to vigorously defend all claims. At this time, however, we are unable to express an opinion on the outcome of this case.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

MARKET INFORMATION

Our common stock, $0.001 par value, is traded on the NASDAQ Global Select Market under the symbol "MOVE." The following table shows the high and low sale prices of the common stock as reported by NASDAQ for the periods indicated.

	High	Low
2012		
First Quarter	$ 10.06	$ 6.36
Second Quarter	9.99	7.84
Third Quarter	9.57	7.69
Fourth Quarter	8.86	6.92
2013		
First Quarter	12.12	7.64
Second Quarter	13.11	9.91
Third Quarter	17.01	12.56
Fourth Quarter	18.36	14.45
2014		
First Quarter (through February 7, 2014)	16.15	12.78

As of February 7, 2014, there were approximately 2,296 record holders of our common stock. Because many of these shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

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DIVIDENDS

We have never declared or paid any cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future, except with respect to our Series A Preferred Stock. We are obligated to pay an annual dividend of $0.08 on the one outstanding share of our Series A preferred stock held by the NAR. Prior to the redemption of the Series B Convertible Participating Preferred Stock ("Series B Preferred Stock") in 2011 and 2012, we were obligated to pay a cash dividend of 3.5% per year of the original price paid per share, paid quarterly.

STOCK REPURCHASES

In February 2011, our Board of Directors authorized a stock repurchase program. Under the program, the Company could repurchase, on the open market, in privately negotiated transactions or otherwise, shares of our common stock, utilizing surplus cash in the amount of up to $25 million. From the inception of the program in February 2011 through the stock repurchase program's expiration in February 2013, we repurchased, and retired, 1,493,127 shares of our common stock in the open market for an aggregate purchase price of $9.7 million.

In March 2013, our Board of Directors authorized another 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 $20.0 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 transactions under this Program are dependant 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. As of December 31, 2013, we had repurchased 84,054 shares of our outstanding common stock in the open market for $1.0 million since the inception of the Program.

Additionally, in August 2013, in connection with the issuance of the Notes, we purchased, and retired, 1,798,561 shares of our outstanding common stock in privately negotiated transactions for an aggregate purchase price of $25.0 million.

The following table provides information regarding our purchases of our common stock during the year ended December 31, 2013.

Period		Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs
					(In thousands)
					$ 20,000
06/1/2013	06/30/2013	84,054	$ 12.01	84,054	$ 18,990
08/1/2013	08/31/2013	1,798,561(1)	$ 13.90		$ 18,990

(1) These shares of stock were purchased in privately negotiated transactions in connection with the issuance of the Notes. These purchases were not made pursuant to a publicly announced repurchase plan or program.

RECENT SALES OF UNREGISTERED SECURITIES

There were no sales of unregistered equity securities by Move, Inc. during the year ended December 31, 2013 that have not previously been reported in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

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STOCKHOLDER RETURN PERFORMANCE GRAPH

The following graph compares, for the period beginning December 31, 2008 through December 31, 2013 during which our common stock has been registered under Section 12 of the Exchange Act, the cumulative total stockholder return for our common stock, the NASDAQ Composite Index and the Morningstar Group Index (Internet Content and Information). The results reflected in the graph assume the investment of $100 on December 31, 2008 in our common stock and those indices and reinvestments of dividends by those companies that paid dividends. The information contained in this graph was prepared by Zacks Investment Research, Inc.

	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Move, Inc.	$ 100.00	$ 103.75	$ 160.63	$ 98.75	$ 118.28	$ 249.84
NASDAQ Composite-Total Returns	$ 100.00	$ 145.34	$ 171.70	$ 170.34	$ 200.57	$ 281.14
Morningstar Internet Content & Information	$ 100.00	$ 190.67	$ 203.31	$ 205.49	$ 204.98	$ 355.07

Item 6. ***Selected Financial Data***

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

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The consolidated statement of operations data for the years ended December 31, 2013, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013 and 2012 are derived from our audited consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. The consolidated statement of operations data for the years ended December 31, 2010 and 2009 and the consolidated balance sheet data as of December 31, 2011, 2010 and 2009 have been derived from audited consolidated financial statements not included in this Annual Report on Form 10-K. Our consolidated financial statements for the year ended December 31, 2009 reflect the classification of our previously owned Welcome Wagon division as discontinued operations.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(In thousands, except per share amounts)				
Consolidated Statement of Operations Data:					
Revenue	$ 227,033	$ 199,233	$ 191,724	$ 197,503	$ 212,009
Costs and operating expenses:					
Cost of revenue[(1)(2)]	45,868	37,421	36,671	39,326	44,834
Sales and marketing[(1)(2)]	90,012	75,089	72,312	77,530	81,726
Product and web site development[(1)]	38,889	37,341	34,732	34,320	27,832
General and administrative[(1)]	47,282	42,360	40,467	42,657	64,944
Amortization of intangible assets	4,421	2,275	1,505	696	473
Restructuring charges					(1,192)
Litigation settlements					4,863
Total costs and operating expenses	226,472	194,486	185,687	194,529	223,480
Operating income (loss) from continuing operations	561	4,747	6,037	2,974	(11,471)
Interest (expense) income, net	(2,559)	(6)	51	910	847
Earnings of unconsolidated joint venture	2,355	1,192	985	1,017	149
Impairment of auction rate securities				(19,559)	
Other income (expense), net	116	89	460	(967)	1,749
Income (loss) from continuing operations before income taxes	473	6,022	7,533	(15,625)	(8,726)
Income tax (benefit) expense	(101)	397	273	(153)	37
Income (loss) from continuing operations	574	5,625	7,260	(15,472)	(8,763)
Loss from discontinued operations[(1)]					(486)
Gain on disposition of discontinued operations					2,303
Net income (loss)	574	5,625	7,260	(15,472)	(6,946)
Convertible preferred stock dividend and related accretion		(942)	(4,069)	(5,383)	(5,244)
Net income (loss) applicable to common stockholders	$ 574	$ 4,683	$ 3,191	$ (20,855)	$ (12,190)
Basic income (loss) per share applicable to common stockholders					
Continuing operations	$ 0.01	$ 0.12	$ 0.08	$ (0.54)	$ (0.37)
Discontinued operations					0.05
Basic income (loss) per share applicable to common stockholders	$ 0.01	$ 0.12	$ 0.08	$ (0.54)	$ (0.32)

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	Year Ended December 31,									
	2013		2012		2011		2010		2009	
	(In thousands, except per share amounts)									
Diluted income (loss) per share applicable to common stockholders										
Continuing operations	$	0.01	$	0.12	$	0.08	$	(0.54)	$	(0.37)
Discontinued operations										0.05
Diluted income (loss) per share applicable to common stockholders	$	0.01	$	0.12	$	0.08	$	(0.54)	$	(0.32)
Shares used in calculation of income (loss) per share										
Basic		39,089		38,705		39,114		38,880		38,342
Diluted		41,236		39,721		39,928		38,880		38,342

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

	Year Ended December 31,									
	2013		2012		2011		2010		2009	
	(In thousands)									
Cost of revenue	$	340	$	268	$	221	$	175	$	181
Sales and marketing		2,379		1,962		1,351		1,598		1,736
Product and web site development		2,719		1,938		1,176		1,616		687
General and administrative		5,250		4,104		3,159		3,901		14,998
Total from continuing operations		10,688		8,272		5,907		7,290		17,602
Total from discontinued operations										64
Total stock-based compensation and charges	$	10,688	$	8,272	$	5,907	$	7,290	$	17,666

(2) Effective October 1, 2013, the Company elected to change the presentation of certain lead acquisition costs and to reclassify these costs from "Cost of revenue" to "Sales and marketing" within its Consolidated Statements of Operations in order to be more consistent with certain of its peers and to combine all traffic acquisition costs that are not considered directly related to the fulfillment of products

into "Sales and marketing." This had the effect of decreasing "Cost of revenue" and increasing "Sales and marketing" expense by $4.0 million, $3.7 million, $3.8 million and $3.7 million, or 2% of revenue, for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.

	December 31,				
	2013	2012	2011	2010	2009
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 118,679	$ 27,122	$ 87,579	$ 158,517	$ 106,487
Total assets	236,789	136,869	164,921	239,018	291,295
Convertible senior notes	82,459				
Series B convertible preferred stock			48,555	116,564	111,541
Total stockholders' equity	108,830	98,010	82,660	82,774	74,197

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

You should read the following discussion in conjunction with our audited consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 and related notes included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. The Company's results of operations discussed below are presented in conformity with U.S. generally accepted accounting principles ("GAAP").

OVERVIEW

Our History

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

Our Business

We 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 a 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 20 years in this business, Move is positioned to address the needs and wants of both consumers and real estate professionals ("customers") 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.

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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 36 countries worldwide. Our for-sale listing content, comprising over 4 million properties as of December 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 more than 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 active 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 27 million users, viewing an average of nearly 440 million pages and spending an average of over 500 million minutes on the realtor.com® web site and mobile applications each month over the last twelve-month period, have exposure to over 400,000 real estate professionals on realtor.com® and our mobile applications. We delivered approximately 35% more connections between consumers and our customers during the year ended December 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 over 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.

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Products and Services

Our products and services are broadly defined into two 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.

We separately operate several other web sites providing single family and multi-family rental listings, 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. In addition, through the acquisition of Doorsteps® in the second quarter of 2013, we now offer homebuyers content, tools and advice along every step of the home buying process and help professionals connect, engage and collaborate with homebuyers during every step of the transaction.

Our Consumer Advertising products represented 77% of our overall revenues for the fiscal year ended December 31, 2013 and 81% of our overall revenues for fiscal years ended December 31, 2012 and 2011.

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. The Top Producer® product line also now includes expanded features offered through technology purchased as part of the FiveStreet, Inc. ("FiveStreet") acquisition in the fourth quarter of 2013. FiveStreet's software consolidates leads from over 60 lead providers including realtor.com® and other major real estate sites, and automates the process of rapidly responding to, assigning and distributing leads. It provides agents with a single unified dashboard, ensuring leads aren't lost or overlooked, and provides web and mobile tools for rapid response.

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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 23% of our overall revenues for the fiscal year ended December 31, 2013 and 19% of our overall revenues for fiscal years ended December 31, 2012 and 2011.

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 fourth quarter of 2013, the U.S. saw a 9% reduction in the median age of inventory compared to the same period in the prior year with inventory levels remaining relatively flat. National median list prices for the fourth quarter of 2013 increased 8% compared to the fourth quarter of 2012.

For the month of December, listings increased 9% since their low in February 2013. Listings had risen steadily in the first nine months of 2013, but declined in the fourth quarter of 2013. Despite continual increases in the number of homes listed, overall inventory remains near historical lows and the number of days on market in December actually increased for the seventh consecutive month, from the near-historic low of 78 days in May on a national level to over 110 days in December.

Mortgage rates have risen in the second half of 2013 from the levels seen in 2012 and earlier in 2013. Mortgage rates are still historically low despite these increases. Banks continue to have tighter credit standards for mortgage loans, which have made home purchases more difficult in recent years. In addition, there is concern about the possible impact of the qualified mortgages rules that went into effect in January 2014, which may decrease mortgage availability. Unemployment rates continue to decline since the beginning of 2013; however, job and wage growth is still tepid and may be impacted by recent and impending changes in fiscal policy. Accordingly, while there are some indicators of an improving housing market, we believe that market conditions could continue to impact spending by real estate professionals in the near term.

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Acquisitions

In the fourth quarter of 2013, we acquired all of the outstanding shares of FiveStreet, Inc., which provides a lead consolidation and response tool for agents, agent-teams and brokerages. The software consolidates leads from various lead providers, including realtor.com® and other major real estate sites, and automates the process of rapidly responding to, assigning and distributing leads. The purchase price was $4.8 million in cash, $3.8 million of which was paid upon closing, with the remainder to be paid in two equal installments on the first and second anniversaries of the acquisition date. The net assets acquired constituted a business at the date of acquisition and, therefore, were accounted for as a business combination, with the total purchase price being allocated to the assets acquired based on their respective fair values. The $4.8 million purchase price was allocated $2.6 million to purchased technology with an estimated useful life of 5 years, $0.3 million to net tangible assets (which included $0.1 million of cash acquired), with the remaining $1.9 million allocated to goodwill. In connection with the purchase accounting, we recorded an income tax benefit of $0.7 million, resulting in additional goodwill of $0.7 million being recorded. The financial results of the acquisition are included in our consolidated financial statements from the date of acquisition. Pro forma information for this acquisition has not been presented because the effects were not material to our historical consolidated financial statements.

In the second quarter of 2013, we 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. The assets acquired constituted a business at the date of acquisition and, therefore, were accounted for as a business combination with the total purchase price being allocated to the assets acquired based on their respective fair values. The $2.3 million purchase price was allocated $1.0 million to domain name, $0.6 million to purchased technology, $0.2 million to web site content, with the remaining $0.5 million allocated to goodwill. The identifiable intangible assets are being amortized over estimated useful lives ranging from 1 to 5 years. The financial results of the acquisition are included in our consolidated financial statements from the date of acquisition. Pro forma information for this acquisition has not been presented because the effects were not material to our historical consolidated financial statements.

In the fourth quarter of 2012, we acquired certain assets and assumed certain liabilities of Relocation.com, LLC, which operated an online marketplace that connects homebuyers and renters with moving and storage professionals and was a direct competitor to our Moving.com™ business. The purchase price was $11.5 million in cash, $9.5 million of which was paid upon closing, with the remaining $2.0 million to be paid in two equal installments on the first and second anniversaries of the acquisition date. The assets acquired constituted a business at the date of acquisition and, therefore, were accounted for as a business combination with the total purchase price being allocated to the assets acquired based on their respective fair values. The $11.5 million purchase price was allocated $3.2 million to definite-lived intangible assets, $3.2 million to indefinite-lived intangible assets, $0.1 million to net tangible assets, with the remaining $5.0 million allocated to goodwill. The identifiable intangible assets are being amortized over estimated lives ranging from 2 to 6 years, with the exception of $3.2 million related to indefinite-lived domain names. The financial results of the acquired business are included in our consolidated financial statements from the date of acquisition. Pro forma information for this acquisition has not been presented because the effects were not material to our historical consolidated financial statements.

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In the third quarter of 2012, we entered into an agreement with Tiger Lead Solutions, LLC ("TigerLead") whereby we acquired substantially all of the operating assets of the TigerLead® business, which provides an integrated set of internet marketing services and SaaS CRM tools to residential real estate professionals to generate, cultivate, and manage leads. The purchase price was $22.0 million in cash, $3.0 million of which was paid into escrow for a one-to-two year period to secure potential liabilities of TigerLead. The assets acquired constituted a business at the date of acquisition and, therefore, were accounted for as a business combination with the total purchase price being allocated to the assets acquired based on their respective fair values. The $22.0 million purchase price was allocated $11.9 million to definite-lived intangible assets, $0.9 million to indefinite-lived intangible assets, $0.1 million to net tangible assets, with the remaining $9.1 million allocated to goodwill. The identifiable intangible assets are being amortized over estimated lives ranging from 6 to 9 years, with the exception of $0.9 million related to indefinite-lived trade name and trademarks. The financial results of the acquired business are included in our consolidated financial statements from the date of acquisition. Pro forma information for this acquisition has not been presented because the effects were not material to our historical consolidated financial statements. In addition, we entered into employment agreements with members of TigerLead's senior management whereby we granted 273,420 restricted stock units with a grant date fair value of $2.2 million. These time-vested restricted stock units vested one year from the date of grant.

In the third quarter of 2011, we acquired the assets of Peep.ly, LLC ("Social Bios"). The Social Bios assets include social media products that can compile and integrate a user's social networking profiles from various social media properties to build a web site landing page that provides a profile of the user and allows the user to conduct a directory search for others whereby the user's social profile is matched against the social profiles of others to determine social overlaps or commonalities. The acquisition did not have a material impact on our consolidated financial position, results of operation or cash flows.

Investment in Unconsolidated Joint Ventures

Mortgage Match

In August 2010, we entered into a joint venture agreement with a national mortgage banker D/B/A Mortgage Match and contributed an initial investment of $0.5 million in exchange for a 49.9% ownership in the joint venture. We recorded our initial investment in the joint venture at $0.5 million, reflecting such cash payment. In addition, we entered into an Interim Services Agreement in August 2010 with the joint venture partner, under which we operated the MortgageMatch.com web site, performed various supporting services and received a fixed monthly fee.

In July 2011, we and our joint venture partner decided to dissolve the joint venture and terminate the Interim Services Agreement. As a result of the dissolution, we received a distribution of $0.5 million which represented the refund of our initial investment. In addition, we incurred $0.6 million in costs related to the dissolution of the joint venture which are included in "General and administrative" expenses within the Consolidated Statements of Operations for the year ended December 31, 2011.

Builders Digital Experience LLC

In October 2009, along with Builder Homesite, Inc. ("BHI") we entered into an agreement to create Builders Digital Experience LLC ("BDX"), a joint venture dedicated to helping new home builders reach buyers with innovative online marketing solutions. Through this joint venture, and in part through operation of a new web site, *www.theBDX.com*, BDX operates the Move.com New Homes Channel, the NewHomeSource.com web site and other web sites focused on the new homes market. The BDX joint venture is located in Austin, Texas. We made cash payments of $6.5 million and contributed customer lists and other business assets in exchange for a 50% ownership in the joint venture. We recorded our initial investment in the joint venture at $6.5 million. The carrying value of the investment in BDX exceeded our proportionate share in the underlying assets of the joint venture by $2.5 million. This excess primarily related to differences in the cash payments and carrying value of the net assets contributed by us and BHI upon the formation of the joint venture and represented goodwill.

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As of December 31, 2013 and 2012, our interest in our unconsolidated joint venture, BDX, amounted to $4.6 million and $4.9 million, respectively, which was recorded in "Investment in unconsolidated joint venture" within the Consolidated Balance Sheets.

We account for our investments in BDX under the equity method of accounting. Under this method, we record our proportionate share of the joint venture's net income or loss based on the monthly financial statements of the joint venture. We record our proportionate share of net income or loss one month in arrears. Our proportionate share of earnings resulting from our investment in BDX was $2.4 million, $1.2 million and $1.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, and was included in "Earnings of unconsolidated joint venture" within the Consolidated Statements of Operations.

We received cash distributions of $2.7 million, $2.0 million and $1.9 million from BDX during the years ended December 31, 2013, 2012 and 2011, respectively. We apply the "cumulative earnings" approach to apportion the cash distributions received from BDX between returns on investment and returns of investment for purposes of classification in our Consolidated Statements of Cash Flows. All cash distributions received are deemed to be returns on our investment in BDX and classified as operating cash flows, unless the cumulative cash distributions exceed our cumulative equity in earnings from our investment in BDX, in which case the excess cash distributions are deemed to be returns of the investment and are classified as investing cash flows.

Critical Accounting Policies, Estimates and Assumptions

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

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

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

Revenue Recognition

Revenues are recognized from services rendered when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists; (ii) services have been rendered; (iii) the selling price is fixed or determinable; and (iv) collectability is reasonably assured. When a revenue agreement involves multiple elements, such as sales of various services in one arrangement or potentially multiple arrangements, the entire fee from the arrangement is allocated to each respective element based on its relative fair value and recognized when the revenue recognition criteria for each element is met. We evaluate whether payments made to customers or revenues earned from vendors have a separate identifiable benefit and whether they are fairly valued in determining the appropriate classification of the related revenue and expense.

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

Stock-Based Compensation

We recognize stock-based compensation at an amount equal to the fair value of share-based payments granted under compensation arrangements. We calculate the fair value of stock options by using the Black-Scholes option-pricing model. The determination of the fair value of share-based awards at the grant date requires judgment in developing assumptions, which involve a number of variables. These variables include, but are not limited to, the expected stock-price volatility over the term of the awards, the expected dividend yield and the expected stock option exercise behavior. Additionally, judgment is required in estimating the number of share-based awards that are expected to forfeit. Our computation of expected volatility is based on a combination of historical and market-based implied volatility. The expected term of stock options granted was derived from an analysis of optionees' historical post-vest exercise behavior.

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

Allowance for Doubtful Accounts

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

Goodwill, Identifiable Intangible Assets and Other Long-Lived Assets

Goodwill and identifiable intangible assets have been recorded in connection with our various acquisitions. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination, and is not amortized. We have both indefinite- and definite-lived intangibles. Definite-lived identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 1 to 15.5 years. We assess the impairment of goodwill, identifiable intangible assets and other long-lived assets, which include property and equipment, on an annual basis as of November 30, or whenever an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying value amount. Events and circumstances that may indicate that an asset is impaired may include significant decreases in the market value of an asset, a significant decline in actual and projected advertising and software license revenue, loss of key customer relationships or renegotiation of existing arrangements, a change in the extent or manner in which an asset is used, shifts in technology, loss of key management or personnel, changes in our operating model or strategy, competitive forces, and other factors.

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Impairment of goodwill is required to be tested at the reporting unit level which is determined through the use of the management approach. The management approach considers the internal organizational structure used by the Chief Operating Decision Maker (the "CODM"), our chief executive officer, for making operating decisions and assessing performance. We are aligned functionally with the management team focused and incentivized around the total company performance. The CODM is provided with reports that show our results on a consolidated basis with additional expenditure information by functional area, but there is no additional financial information provided at any further reporting unit level. Therefore we test goodwill for impairment on a consolidated entity basis.

If events and circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, we record an impairment loss equal to the excess of the asset's carrying value over its fair value. Fair value is determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, quoted market prices or appraised values, depending on the nature of the assets. In testing for a potential impairment of goodwill, we qualitatively evaluate, based on the weight of available evidence, the significance of all identified events and circumstances, including both positive and negative events, in their totality to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that the fair value of the reporting unit (e.g. the consolidated entity) equals or exceeds the carrying value, it is not necessary to perform the quantitative assessment in that year. However, if the qualitative assessment indicated that the fair value of the reporting unit is less than its carrying value, it would be necessary for us to proceed with the two-step quantitative impairment test. When a quantitative assessment is necessary, we will first compare the estimated fair value of the consolidated entity with book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value is less than book value, then we are required to compare the carrying amount of the goodwill with its implied fair value. The estimate of implied fair value of goodwill may require independent valuations of certain internally generated and unrecognized intangible assets such as its subscriber base, software and technology, and patents and trademarks. If the carrying amount of the goodwill exceeds the implied fair value of that goodwill, an impairment loss would be recognized in an amount equal to the excess.

We also utilize a qualitative approach to test indefinite-lived intangible assets for impairment, evaluating these indefinite-lived intangible assets at the lowest level of separation based upon the revenue stream associated with the intangible asset. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. If it is concluded that this is the case, the fair value of the indefinite-lived intangible asset is calculated. Otherwise, it is not necessary to calculate the fair value of the asset in that year. If the carrying amount of the indefinite-lived intangible asset exceeds the fair value of that asset, an impairment loss would be recognized in an amount equal to the excess.

Segment Reporting

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 CODM for making operating decisions and assessing performance. Our organizational structure is aligned functionally with the management team focused and incentivized around the total company performance. We do not provide the CODM with disaggregated data for decision making purposes and, as such, we have determined that only one segment exists.

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Legal Contingencies

We are currently involved in certain legal proceedings, as discussed in Note 21, "Commitments and Contingencies Legal Proceedings" to our consolidated financial statements in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. For those matters where we reach agreed-upon settlements, we estimate the amount of those settlements and accrue the total amount of the settlements in our financial statements. Because of the uncertainties related to both the amount and range of loss on pending litigation, we are unable to make a reasonable estimate of the liability that could result from an unfavorable outcome. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operations and financial position.

Basis of Presentation

Revenue

We derive our revenue primarily from two product groups: (i) Consumer Advertising and (ii) Software and Services. We derive all of our revenue from our operations in North America. As described below, significant management judgments and estimates must be made and used in connection with the revenue recognized in any accounting period.

Consumer Advertising Revenue for our Consumer Advertising products are generated from the sale of online advertising for display on our consumer-facing web sites.

Listing advertisements are typically sold on a fixed-fee subscription basis. Fixed-fee subscription revenue is recognized ratably over the period in which the services are provided. Pricing models for non-listing advertisements are impression-based and include CPM, CPC, cost-per-lead, cost-per-unique user and subscription-based sponsorships of specific content areas or specific targeted geographies. The impression-based agreements range from spot purchases to 12-month contracts. The impression-based revenue is recognized based upon actual impressions delivered and viewed by a user in a period. We measure performance related to advertising obligations on a monthly basis prior to the recording of revenue.

Software and Services Revenue for our Software and Services products are generated from the sale of our SaaS CRM products, search engine marketing and listing syndication and reporting.

We license our SaaS CRM products on a monthly subscription basis. Our hosting arrangements require customers to pay a fixed fee and receive service over a period of time, generally one year. Listing syndication pricing includes fixed- or variable-pricing models based on listing counts. Advanced reporting products are sold on a monthly subscription basis. Revenue for these products is recognized ratably over the service period.

Pricing for our search engine marketing services is based upon the amount of marketing spend each month and is recognized as revenue at the time services are delivered.

Cost of Revenue and Operating Expenses

Cost of Revenue. Cost of revenue consists of expenses related to operating and hosting our web sites and mobile applications and technical support of our SaaS products, including associated headcount expenses, such as salaries, benefits, bonuses, and stock-based compensation expense, as well as licenses and depreciation associated with computer equipment and software. Cost of revenue also includes lead acquisition expenses directly related to fulfilling our marketing services products, credit card processing fees, licensing costs related to our commercial business relationships, including amounts paid to the NAR, hosting costs, ad serving costs paid to third parties and licensed content.

Sales and Marketing. Sales and marketing expenses consist of headcount expenses including salaries, commissions, benefits, bonuses and stock-based compensation expense for sales, customer service, marketing, and public relations employees. Sales and marketing expenses also include advertising costs, licensing costs associated with marketing data, trade show costs, other sales expenses related to promotional and marketing activities, and traffic acquisition costs.

Product and Web Site Development. Product and web site development expenses consist of headcount expenses including salaries, benefits, bonuses and stock-based compensation expense and third-party contractor fees primarily associated with the design, development and testing of our products, web site and mobile applications. Product and web site development also includes amortization expense related to capitalized product and development activities.

General and Administrative. General and administrative expenses consist of headcount expenses including salaries, benefits, bonuses and stock-based compensation expense for executive, finance, accounting, business analytics, back office systems, legal, human resources, recruiting, data warehouse and administrative support personnel. General and administrative expenses also include outside legal, accounting, and other third-party professional service fees, bad debt and other overhead.

Amortization of Intangible Assets. Amortization of intangible assets consists of the amortization of definite-lived intangible assets recorded in connection with acquisitons.

Interest Income

Interest income represents income earned on our cash, cash equivalents and investments.

Interest Expense

Interest expense consists of interest on our senior convertible notes and capital lease obligations. See Note 6, "Debt Convertible Senior Notes" to our consolidated financial statements in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Earnings of Unconsolidated Joint Venture

Earnings of unconsolidated joint venture consist of our proportionate share of the earnings from our unconsolidated joint venture based on the monthly financial statements of the joint venture, which is recorded one month in arrears.

Other Income

Other income represents net income and expenses that are not related to our core business operations. Other income consists of gains on the sale of certain investments, foreign currency gains or losses and gains or losses on the disposition of fixed assets.

Income Taxes

We are subject to income taxes in the U.S. and Canada. However, due to the NOLs and Canadian tax credits generated for tax purposes, we do not record a current U.S. federal or Canadian tax provision. However, we are subject to income taxes in various state jurisdictions and have recorded a current state tax provision. We have recorded a deferred tax provision due to certain indefinite-lived intangible assets being amortized for tax purposes but not for book purposes. In addition, a deferred tax provision is recorded when there is a change in the valuation allowance resulting from a deferred tax liability established as part of a business combination.

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At December 31, 2013, we had gross NOLs for federal and state income tax purposes of $910.6 million and $223.1 million, respectively. We have provided a full valuation allowance against our net deferred tax assets because, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50%) that some or all of the deferred tax asset will not be realized. Therefore, other than the tax provision items described above, no tax liability or expense has been recorded in the financial statements.

RESULTS OF OPERATIONS

We have continued to modify our business model over the past three years. Our prospects should be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in rapidly evolving markets such as the Internet. To address these risks, we must, among other things, be able to continue to:

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

We achieved positive net income for the years ended December 31, 2013, 2012 and 2011, but we may not be able to do so in the future. A more complete description of other risks relating to our business is set forth in Part I, Item 1A, "Risk Factors" of this Annual Report on Form 10-K.

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The following tables set forth our consolidated statements of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Consolidated Statement of Operations Data:			
Revenue			
Consumer advertising	$ 175,890	$ 161,817	$ 155,559
Software and services	51,143	37,416	36,165
Total revenue	227,033	199,233	191,724
Costs and operating expenses:			
Cost of revenue[1][2]	45,868	37,421	36,671
Sales and marketing[1][2]	90,012	75,089	72,312
Product and web site development[1]	38,889	37,341	34,732
General and administrative[1]	47,282	42,360	40,467
Amortization of intangible assets	4,421	2,275	1,505
Total costs and operating expenses	226,472	194,486	185,687
Income from operations	561	4,747	6,037
Interest (expense) income, net	(2,559)	(6)	51
Earnings of unconsolidated joint venture	2,355	1,192	985
Other income, net	116	89	460
Income before income taxes	473	6,022	7,533
Income tax (benefit) expense	(101)	397	273
Net income	574	5,625	7,260
Convertible preferred stock dividend and related accretion		(942)	(4,069)
Net income applicable to common stockholders	$ 574	$ 4,683	$ 3,191

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

Year Ended December 31,		
2013	2012	2011
(In thousands)		

Cost of revenue	$ 340	$ 268	$ 221
Sales and marketing	2,379	1,962	1,351
Product and web site development	2,719	1,938	1,176
General and administrative	5,250	4,104	3,159
Total stock-based compensation and charges	$ 10,688	$ 8,272	$ 5,907

(2) Effective October 1, 2013, the Company elected to change the presentation of certain lead acquisition costs and to reclassify these costs from "Cost of revenue" to "Sales and marketing" within its Consolidated Statements of Operations in order to be more consistent with certain of its peers and to combine all traffic acquisition costs that are not considered directly related to the fulfillment of products into "Sales and marketing." This had the effect of decreasing "Cost of revenue" and increasing "Sales and marketing" expense by $4.0 million and $3.7 million, or 2% of revenue, for the years ended December 31, 2012 and 2011, respectively.

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	Year Ended December 31, 2013	2012	2011
As a Percentage of Revenue:			
Revenue			
Consumer advertising	77%	81%	81%
Software and services	23	19	19
Total revenue	100	100	100
Costs and operating expenses:			
Cost of revenue	20	19	19
Sales and marketing	40	38	38
Product and web site development	17	19	18
General and administrative	21	21	21
Amortization of intangible assets	2	1	1
Total costs and operating expenses	100	98	97
Income from operations		2	3
Interest (expense) income, net	(1)		
Earnings of unconsolidated joint venture	1	1	1
Other income, net			
Income before income taxes		3	4
Income tax (benefit) expense			
Net income		3	4
Convertible preferred stock dividend and related accretion		(1)	(2)
Net income applicable to common stockholders	%	2%	2%

For the Years Ended December 31, 2013 and 2012

Revenue

Revenue increased $27.8 million, or 14%, to $227.0 million for the year ended December 31, 2013, compared to $199.2 million for the year ended December 31, 2012.

Revenue attributable to our Consumer Advertising products increased $14.1 million, or 9%, to $175.9 million for the year ended December 31, 2013, compared to $161.8 million for the year ended December 31, 2012. The increase in revenue was primarily due to increases in our Co-Broke™ and Media advertisement products in our realtor.com® business, along with increases from our Relocation.com acquisition. These increases were partially offset by revenue decreases from our Showcase and Featured products (i.e. Featured Homes™, Featured Community™, Featured CMA™) as well as the discontinuation of our Buyer Assist and PreQual*plus* product.

Revenue from our Software and Services products increased $13.7 million, or 37%, to $51.1 million for the year ended December 31, 2013, compared to $37.4 million for the year ended December 31, 2012. The increase in revenue was primarily due to SaaS product and marketing services revenue associated with TigerLead®, which was acquired in the third quarter of 2012, as well as increased publishing revenue in our

ListHub™ products, partially offset by a decline in revenues from our Top Producer® product suite.

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Costs and Operating Expenses

Cost of Revenue. Cost of revenue, excluding lead acquisition costs reclassified into "Sales and marketing" expenses of $5.9 million and $4.0 million for the years ended December 31, 2013 and 2012, respectively, increased $8.4 million, or 23%, to $45.9 million for the year ended December 31, 2013, compared to $37.4 million for the year ended December 31, 2012. The increase was primarily due to a $5.3 million increase in lead acquisition expenses related to our TigerLead® product that was acquired during the third quarter of 2012. In addition, there was a $1.0 million increase in personnel-related costs, a $0.6 million increase in depreciation expense, a $0.7 million increase in hosting and ad serving costs, a $0.6 million increase in credit card processing fees, and other cost increases of $0.2 million.

Sales and Marketing. Sales and marketing expenses, including lead acquisition costs reclassified from "Cost of revenue" of $5.9 million and $4.0 million for the years ended December 31, 2013 and 2012, respectively, increased $14.9 million, or 20%, to $90.0 million for the year ended December 31, 2013, compared to $75.1 million for the year ended December 31, 2012, primarily due to the increased investment in our marketing department and the rebranding of realtor.com® during the period. This increase included increases in personnel-related costs of $6.3 million, a $4.8 million increase in traffic acquisition costs, which includes a $3.5 million increase related to the Relocation.com acquisition in the fourth quarter of 2012, and a $4.0 million increase in brand and consumer marketing expense, which were partially offset by reductions in other costs of $0.2 million. We expect to continue to incur higher marketing costs in 2014 primarily in the area of brand and consumer marketing.

Product and Web Site Development. Product and web site development expenses increased $1.5 million, or 4%, to $38.9 million for the year ended December 31, 2013, compared to $37.3 million for the year ended December 31, 2012. The increase was primarily due to increases in consulting and personnel-related costs of $3.5 million, which includes an increase of $0.8 million in stock-based compensation, increases in depreciation and amortization of $0.5 million and other cost increases of $0.1 million as we continue to invest in new product initiatives. These increases were partially offset by additional capitalized development costs of $2.6 million during the year ended December 31, 2013, related to building new functionality in several product offerings, including our mobile platforms.

General and Administrative. General and administrative expenses increased $4.9 million, or 12%, to $47.3 million for the year ended December 31, 2013, compared to $42.4 million for the year ended December 31, 2012. The increase was primarily due to increases in personnel-related costs of $3.7 million, including a $1.0 million increase in stock-based compensation primarily due to grants to senior management of newly acquired businesses which were fully vested in the third quarter of 2013. In addition, there was a $0.5 million increase in rent expense related to the relocation of our corporate office in San Jose, California and to our recently acquired businesses, a $0.4 million increase in legal fees and a $0.3 million increase in software and hardware costs.

Amortization of Intangible Assets. Amortization of intangible assets increased $2.1 million to $4.4 million for the year ended December 31, 2013, compared to $2.3 million for the year ended December 31, 2012. This increase was due to the amortization of intangible assets that were newly acquired in the third and fourth quarters of 2012 and during the second and fourth quarters of 2013.

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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):

	Year Ended December 31,	
	2013	2012
Cost of revenue	$ 340	$ 268
Sales and marketing	2,379	1,962
Product and web site development	2,719	1,938
General and administrative	5,250	4,104
Total	$ 10,688	$ 8,272

Stock-based compensation and charges increased $2.4 million for the year ended December 31, 2013, compared to the year ended December 31, 2012, primarily due to grants of time-vested restricted stock units to senior management of newly acquired businesses pursuant to employment agreements that were fully vested as of September 30, 2013, as well as additional grants of time-vested restricted stock units to key employees.

Interest Expense, Net

Interest expense, net was $2.6 million for the year ended December 31, 2013, primarily due to the issuance of the Notes in August 2013. We expect interest expense to be higher in 2014 due to the impact of a full year of expense related to the Notes.

Earnings of Unconsolidated Joint Venture

Our proportionate share of the earnings from our unconsolidated joint venture increased $1.2 million to $2.4 million for the year ended December 31, 2013, compared to $1.2 million for the year ended December 31, 2012. The increase was primarily due to the elimination of amortization expense in the joint venture from an intangible asset that was fully amortized at the end of fiscal 2012.

Other Income, Net

Net other income totaled $0.1 million for the years ended December 31, 2013 and 2012, and was primarily attributable to other income from the sale of certain investments, partially offset by fluctuations in foreign exchange rates and losses on the sales of fixed assets.

Income Taxes

We recorded an income tax benefit of $0.1 million for the year ended December 31, 2013, and we recorded income tax expense of $0.4 million for the year ended December 31, 2012. For the year ended December 31, 2013, we recorded a deferred tax benefit of $0.7 million as a result of a change in the valuation allowance resulting from the deferred tax liability established for the amortizable intangible assets acquired as part of a business combination, partially offset by a $0.6 million deferred tax expense related to amortization of indefinite-lived intangible assets for tax purposes and state income taxes. During the year ended December 31, 2012, we recorded income tax expense of $0.4 million, which includes a $0.3 million deferred tax expense related to amortization of the indefinite-lived intangible assets and $0.1 million in state income taxes.

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For the Years Ended December 31, 2012 and 2011

Revenue

Revenue increased $7.5 million, or 4%, to $199.2 million for the year ended December 31, 2012, compared to $191.7 million for the year ended December 31, 2011.

Revenue attributable to our Consumer Advertising products increased $6.3 million, or 4%, to $161.8 million for the year ended December 31, 2012, compared to $155.6 million for the year ended December 31, 2011. The increase in revenue was primarily due to increases in listing advertisements in our realtor.com® business and to the introduction of our Co-Broke™ and PreQual*plus* products, along with increases from our Relocation.com acquisition, partially offset by revenue decreases from our Featured and Buyers Assist products.

Revenue for our Software and Services products increased $1.3 million, or 3%, to $37.4 million for the year ended December 31, 2012, compared to $36.2 million for the year ended December 31, 2011. 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™ products, partially offset by a decline in revenues from our Top Producer® product suite.

Costs and Operating Expenses

Cost of Revenue. Cost of revenue, excluding lead acquisition costs reclassified into "Sales and marketing" expenses of $4.0 million and $3.7 million for the years ended December 31, 2012 and 2011, respectively, increased $0.8 million, or 2%, to $37.4 million for the year ended December 31, 2012, compared to $36.7 million for the year ended December 31, 2011. The increase was primarily due to a $1.8 million increase in lead acquisition expenses attributable to the newer TigerLead® product along with a $0.5 million increase in consulting costs, partially offset by a $1.3 million decrease in personnel-related costs and a $0.3 million reduction in production and fulfillment costs due to reduced Featured product revenue.

Sales and Marketing. Sales and marketing expenses, including lead acquisition costs reclassified from "Cost of revenue" of $4.0 million and $3.7 million for the for the years ended December 31, 2012 and 2011, respectively, increased $2.8 million, or 4%, to $75.1 million for the year ended December 31, 2012, compared to $72.3 million for the year ended December 31, 2011. As a result of the departure of certain sales management during the year ended December 31, 2012, we recognized $0.5 million in incremental stock-based compensation associated with the acceleration of vesting for outstanding stock option and restricted stock awards and $0.7 million in severance costs. Additionally, there was a $0.6 million increase in licensing costs for marketing data, a $0.9 million increase in traffic acquisition costs and a $0.4 million increase in consulting costs. These increases were partially offset by other cost decreases of $0.3 million.

Product and Web Site Development. Product and web site development expenses increased $2.6 million, or 8%, to $37.3 million for the year ended December 31, 2012, compared to $34.7 million for the year ended December 31, 2011. The increase was primarily due to increases in personnel-related costs and consulting costs as we continue to enhance our product offerings, including the redesign of our realtor.com® web site and the expansion of our mobile applications.

General and Administrative. General and administrative expenses increased $1.9 million, or 5%, to $42.4 million for the year ended December 31, 2012, compared to $40.5 million for the year ended December 31, 2011. The increase was primarily due to an increase in personnel-related costs of $2.6 million, including a $1.0 million increase in stock-based compensation, increased bad debt expense of $0.3 million primarily related to the bankruptcy of one of our customers, a $0.3 million increase in common area maintenance charges related to our leased facilities and other cost increases of $0.1 million. These increases were partially offset by a decrease in outside legal fees of $0.8 million and one-time joint venture dissolution costs of $0.6 million incurred in 2011.

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Amortization of Intangible Assets. Amortization of intangible assets increased $0.8 million to $2.3 million for the year ended December 31, 2012, compared to $1.5 million for the year ended December 31, 2011. This increase was due to the amortization of intangible assets that were newly acquired in the third and fourth quarters of 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):

	Year Ended December 31,	
	2012	**2011**
Cost of revenue	$ 268	$ 221
Sales and marketing	1,962	1,351
Product and web site development	1,938	1,176
General and administrative	4,104	3,159
Total	$ 8,272	$ 5,907

Stock-based compensation and charges increased $2.4 million for the year ended December 31, 2012, compared to the year ended December 31, 2011, primarily due to the grants of time-vested restricted stock units to TigerLead's senior management pursuant to their employment agreements in connection with the acquisition, acceleration of vesting of certain outstanding stock option and restricted stock awards, and new grants of time-vested restricted stock units and stock option awards.

Earnings of Unconsolidated Joint Venture

Our proportionate share of the earnings from our unconsolidated joint venture increased $0.2 million to $1.2 million for the year ended December 31, 2012, compared to $1.0 million for the year ended December 31, 2011.

Other Income, Net

Net other income of $0.1 million for the year ended December 31, 2012, was primarily attributable to other income from the sale of certain investments, partially offset by fluctuations in foreign exchange rates and losses on the sales of fixed assets. Net other income of $0.5 million for the year ended December 31, 2011, primarily consisted of a gain on sale of certain investments, partially offset by losses attributable to fluctuations in foreign exchange rates and losses on the sales of fixed assets.

Income Taxes

During the years ended December 31, 2012 and 2011, we recorded income tax expense of $0.4 million and $0.3 million, respectively, which includes a deferred tax provision related to amortization of indefinite-lived intangible assets for tax purposes and state income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities of $32.7 million for the year ended December 31, 2013, was attributable to net income of $0.6 million, plus non-cash expenses including depreciation, amortization of intangible assets, amortization of debt discount and issuance costs, provision for doubtful accounts, stock-based compensation and charges, earnings of unconsolidated joint venture and other non-cash items aggregating to $25.4 million, a $4.6 million change in operating assets and liabilities and a $2.1 million cash distribution representing a return on our investment in an unconsolidated joint venture.

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Net cash provided by operating activities of $29.1 million for the year ended December 31, 2012, was attributable to net income of $5.6 million, plus non-cash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, stock-based compensation and charges, earnings of unconsolidated joint venture and other non-cash items aggregating to $19.4 million, a $2.9 million change in operating assets and liabilities and a $1.2 million cash distribution representing a return on our investment in an unconsolidated joint venture.

Net cash used in investing activities of $18.2 million for the year ended December 31, 2013, was primarily attributable to capital expenditures of $12.6 million, acquisitions, net of cash acquired, of $5.9 million, and other investing activities of $0.3 million, partially offset by a cash distribution representing a return of our invested capital in an unconsolidated joint venture of $0.6 million.

Net cash used in investing activities of $42.0 million for the year ended December 31, 2012, was primarily attributable to acquisitions, net of cash acquired, of $31.7 million, and capital expenditures of $11.0 million, partially offset by a cash distribution representing a return of our invested capital in an unconsolidated joint venture of $0.8 million.

Net cash provided by financing activities of $77.1 million for the year ended December 31, 2013, was primarily attributable to net proceeds of $96.6 million from the issuance of the Notes and proceeds from the exercise of stock options of $10.1 million, partially offset by repurchases of our common stock of $26.0 million, tax withholdings related to net share settlements of equity awards of $2.6 million and principal payments on loans payable of $1.0 million.

Net cash used in financing activities of $47.6 million for the year ended December 31, 2012, was primarily attributable to the redemption of the balance of the Series B Preferred Stock for $49.0 million, payments of dividends on our Series B Preferred Stock of $0.9 million, tax withholdings related to net share settlements of equity awards of $0.6 million and repurchases of our common stock and principal payments on loans payable totaling $0.2 million, partially offset by proceeds from the exercise of stock options of $3.1 million.

We have generated positive operating cash flows in each of the last three fiscal years. 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.

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 transactions 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. As of December 31, 2013, we have repurchased, and retired, 84,054 shares of our outstanding common stock in the open market for $1.0 million since the inception of the Program.

In August 2013, the Company issued the Notes with a principal amount of $100.0 million. Interest is payable in cash in arrears at a fixed rate of 2.75% on March 1 and September 1 of each year, beginning on March 1, 2014. The Notes mature on September 1, 2018 unless repurchased or converted in accordance with their terms prior to such date. We cannot redeem the Notes prior to maturity. Additionally, in connection with the issuance of the Notes, we purchased, and retired, 1,798,561 shares of our outstanding common stock in privately negotiated transactions for an aggregate purchase price of $25.0 million.

We were previously a party to a revolving line of credit agreement with a major financial institution, providing for borrowings of up to $20.0 million. The revolving line of credit agreement was terminated in August 2013 in conjunction with the issuance of the Notes. There were no amounts outstanding under the revolving line of credit immediately prior to its termination.

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Our material contractual obligations consist of commitments associated with the Notes, short- and long-term liabilities associated with acquisitions, and commitments associated with operating lease agreements, our operating agreement with the NAR and various web services and content agreements. Our contractual obligations as of December 31, 2013, are as follows (in thousands):

	Payments Due by Period				
	Total Payments Due	Due in One Year or Less	Due in One to Three Years	Due in Three to Five Years	Due in Over Five Years
Convertible senior notes, principal amount	$ 100,000	$	$	$ 100,000	$
Fixed-rate interest payable on convertible senior notes	13,910	2,910	5,500	5,500	
Notes payable related to acquisitions	1,950	1,475	475		
Operating lease obligations	22,881	5,059	9,587	6,158	2,077
Other purchase obligations	15,153	4,519	6,250	4,384	
Total	$ 153,894	$ 13,963	$ 21,812	$ 116,042	$ 2,077

Other purchase obligations represent payments required under our operating agreement with the NAR and agreements with various other web service and content providers. Obligations for the years ending 2014 and beyond under the NAR operating agreement are calculated based on amounts paid in 2013 adjusted for changes in the Annual Consumer Price Index for the period ending December 31, 2013. Obligations disclosed above for the NAR operating agreement and one of the content agreements only include estimated payments over the next five years as these agreements have an indefinite term.

We also have commitments of $0.4 million to purchase property, plant and equipment and software maintenance as of December 31, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

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

RECENT ACCOUNTING DEVELOPMENTS

See Note 2, "Summary of Significant Accounting Policies" to our consolidated financial statements included in Part II, Item 8 "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, regarding the impact of certain recent accounting pronouncements on our consolidated financial statements.

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

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We do not have any material foreign currency or other derivative financial instruments.

INTEREST RATE RISK

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 our surplus cash only in government treasury bills.

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In August 2013, the Company issued the Notes with a principal amount of $100.0 million. The Notes mature on September 1, 2018 unless repurchased or converted in accordance with their terms prior to such date. The Company cannot redeem the Notes prior to maturity. Holders may convert their notes prior to maturity upon the occurance of certain circumstances. Upon conversion we would pay the holder an amount of cash equal to the principal amount of the notes. Amounts in excess of the principal amount, if any, may be paid in cash or stock, at our option.

The Notes have a fixed annual interest rate of 2.75%, and therefore, we do not have economic interest rate exposure on the Notes. The carrying value of our Notes was $82.5 million at December 31, 2013. This represents the liability component of the $100.0 million principal balance at December 31, 2013.

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Move, Inc.

We have audited the accompanying consolidated balance sheets of Move, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the financial statements of Builders Digital Experience LLC, a corporation in which the Company has a 50% interest. In the consolidated financial statements, the Company's investment in Builders Digital Experience LLC is stated at $4.6 million as of December 31, 2013, and the Company's equity in the net income of Builders Digital Experience LLC is stated at $2.4 million for the year in the period ended December 31, 2013. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Builders Digital Experience LLC, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Move, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Move, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 18, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 18, 2014

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MOVE, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118,679	$ 27,122
Accounts receivable, net of allowance for doubtful accounts of $665 and $429 at December 31, 2013 and 2012, respectively	11,760	11,759
Other current assets	8,203	7,215
Total current assets	138,642	46,096
Property and equipment, net	23,960	21,975
Investment in unconsolidated joint venture	4,596	4,924
Goodwill, net	41,630	38,560
Intangible assets, net	24,403	24,444
Other assets	3,558	870
Total assets	$ 236,789	$ 136,869
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,912	$ 4,741
Accrued expenses	26,929	20,512
Deferred revenue	7,783	8,520
Total current liabilities	40,624	33,773
Convertible senior notes	82,459	
Other non-current liabilities	4,876	5,086
Total liabilities	127,959	38,859
Commitments and contingencies (Note 21)		
Stockholders' Equity:		
Series A convertible preferred stock		
Common stock, $.001 par value; 125,000 shares authorized, 39,178 and 39,348 shares issued and outstanding at December 31, 2013 and 2012, respectively	39	39
Additional paid-in capital	2,142,516	2,132,189
Accumulated other comprehensive income	138	219
Accumulated deficit	(2,033,863)	(2,034,437)

Total stockholders' equity		108,830		98,010
Total liabilities and stockholders' equity	$	236,789	$	136,869

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

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MOVE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Year Ended December 31,		
	2013	**2012**	**2011**
Revenue	$ 227,033	$ 199,233	$ 191,724
Costs and operating expenses:			
Cost of revenue	45,868	37,421	36,671
Sales and marketing	90,012	75,089	72,312
Product and web site development	38,889	37,341	34,732
General and administrative	47,282	42,360	40,467
Amortization of intangible assets	4,421	2,275	1,505
Total costs and operating expenses	226,472	194,486	185,687