MOWERY THEODORE W
Form 4
April 01, 2019

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
MOWERY THEODORE W
(Last) (First) (Middle)
129 SOUTH LEWISBERRY ROAD
(Street)
MECHANICSBURG, PA 17055
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MID PENN BANCORP INC [MPB]

3. Date of Earliest Transaction (Month/Day/Year)
03/29/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Mid Penn Bancorp, Inc. Common Stock	03/29/2019		P		82 (1)	A	$ 24.5	6,818.637 (2)	D	
Mid Penn Bancorp, Inc. Common Stock								6,879.564 (2)	I	IRA
Mid Penn Bancorp,								400 (3)	D	

Inc.
Common
Stock

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MOWERY THEODORE W 129 SOUTH LEWISBERRY ROAD MECHANICSBURG, PA 17055	X			

Signatures

/s/ Theodore W. Mowery	04/01/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares purchased through the Director Stock Purchase Plan.

(2) Balance includes shares acquired through the Dividend Reinvestment Plan.

(3) Shares granted in the form of restricted stock, which vests 100% on the first anniversary of the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ft">$1,945 $3,607 $4,870

Convertible preferred stock dividend
(893) (2,656)

Less: allocation of undistributed earnings to preferred stockholders
(177) (132)

Net income applicable to common stockholders
$1,099 $1,945 $819 $4,870

Denominator:

Basic weighted average shares outstanding
151,916 147,234 150,556 146,875

Add: dilutive effect of options, warrants and restricted stock
12,478 13,886 14,589 9,389

Diluted weighted average shares outstanding
164,394 161,120 165,145 156,264

Net income per common share:

Basic net income per share applicable to common stockholders
$0.01 $0.01 $0.01 $0.03

Diluted net income per share applicable to common stockholders
$0.01 $0.01 $0.00 $0.03

The basic net income per common share is computed by dividing net income, adjusted for dividends related to the Company s preferred stock during the periods they were outstanding, by the weighted average number of common shares outstanding during the period. For periods in which the Company generated income when the preferred stock was outstanding, the two-class method was used to calculate basic earnings per share whereby net income, adjusted for dividends related to the Company s preferred stock, is allocated on a pro-rata basis between common and preferred stockholders, as required by EITF Issue 03-6 Participating Securities and the Two-Class Method under FASB Statement No. 128, due to the preferred stockholders right to participate in dividends declared on the Company s common stock.

The diluted net income per common share generally would assume the conversion of the preferred stock into common stock, if dilutive, and also incorporates the incremental impact of shares issuable upon the assumed exercise of stock options and warrants and the impact of unvested restricted stock awards. However, since the impact to diluted earnings per share of the assumed conversion of the convertible preferred stock into common stock is anti-dilutive, 24,516,044 shares were excluded from the calculation of diluted earnings per share for the three and nine months ended September 30, 2006, respectively.

The number of incremental shares from the assumed exercise of stock options and warrants is calculated by applying the treasury method. Common shares related to the stock options and warrants where the exercise price exceeded the average market price of the Company s common shares or the assumed exercise would have been anti-dilutive during the periods presented were also excluded from the diluted earnings per share calculation. The total number of shares excluded from the diluted net income per common share computation were 30,468,381 and 25,923,132 for the three and nine months ended September 30, 2006, respectively, and 5,820,862 and 8,300,748 for the three and nine months ended September 30, 2005, respectively.

10. Segment Information

Segment information is presented in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. This standard is based on a management approach, which requires segmentation based upon the Company s internal organization and disclosure of revenue and operating expenses based upon internal accounting methods. The Company s management evaluates performance and allocates resources based on two segments consisting of Real Estate Services for those products and services offered to industry professionals trying to reach new movers and manage their relationships with them and Move-Related Services for those products and services offered to other advertisers who are trying to reach those consumers in the process of a move. We have reclassified previously reported segment information to conform to the current period presentation. This is consistent with the data that is made available to our management to assess performance and make decisions.

The expenses presented below for each of the business segments include an allocation of certain corporate expenses that are identifiable and benefit those segments and are allocated for internal management reporting purposes. The unallocated expenses are those corporate overhead expenses that are not directly attributable to a segment and include: corporate expenses, such as finance, legal, internal business systems, and human resources; amortization of intangible assets and stock-based charges. There is no inter-segment revenue. Assets and liabilities are not fully allocated to segments for internal reporting purposes.

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

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	Three Months Ended							
	September 30, 2006				September 30, 2005			
	Real Estate Services	Move-Related Services	Unallocated	Total	Real Estate Services	Move-Related Services	Unallocated	Total
Revenue	$ 53,395	$ 22,277	$	$ 75,672	$ 47,161	$ 19,177	$	$ 66,338
Cost of revenue	8,352	7,631	984	16,967	6,961	6,545	395	13,901
Gross profit (loss)	45,043	14,646	(984)	58,705	40,200	12,632	(395)	52,437
Sales and marketing	17,469	9,793	1,666	28,928	14,506	7,495	448	22,449
Product and web site development	6,279	1,207	952	8,438	4,272	1,111	463	5,846
General and administrative	7,230	4,555	9,165	20,950	5,451	3,207	13,497	22,155
Amortization of intangible assets			497	497			734	734
Restructuring charges			(278)	(278)				
Total operating expenses	30,978	15,555	12,002	58,535	24,229	11,813	15,142	51,184
Income (loss) from operations	$ 14,065	$ (909)	$ (12,986)	$ 170	$ 15,971	$ 819	$ (15,537)	$ 1,253

	Nine Months Ended							
	September 30, 2006				September 30, 2005			
	Real Estate Services	Move-Related Services	Unallocated	Total	Real Estate Services	Move-Related Services	Unallocated	Total
Revenue	$ 154,743	$ 63,799	$	$ 218,542	$ 132,594	$ 53,453	$	$ 186,047
Cost of revenue	24,481	22,455	2,884	49,820	20,718	18,506	1,117	40,341
Gross profit (loss)	130,262	41,344	(2,884)	168,722	111,876	34,947	(1,117)	145,706
Sales and marketing	51,869	27,663	3,049	82,581	44,968	21,576	956	67,500
Product and web site development	18,721	3,506	3,359	25,586	11,244	2,772	1,271	15,287
General and administrative	22,631	12,338	26,335	61,304	16,222	9,577	32,425	58,224
Amortization of intangible assets			1,833	1,833			2,889	2,889

Restructuring charges			(278)	(278)			(1,442)	(1,442)
Total operating expenses	93,221	43,507	34,298	171,026	72,434	33,925	36,099	142,458
Income (loss) from operations	$ 37,041	$ (2,163)	$ (37,182)	$ (2,304)	$ 39,442	$ 1,022	$ (37,216)	$ 3,248

11. Settlement of Securities Class Action Lawsuit and Potential Obligations to Cendant Corporation

Beginning in December 2001, numerous separate complaints purporting to be class actions were filed in various jurisdictions alleging that the Company and certain of its current and former officers and directors violated certain provisions of the Securities Exchange Act of 1934, as amended (the Exchange Act). In March 2002, the California State Teachers Retirement System was named lead plaintiff (the Plaintiff), and the complaints were consolidated in the United States District Court, Central District of California (the Securities Class Action Lawsuit). In August 2003, the Company entered into a settlement agreement with the Plaintiff to resolve all outstanding claims against the Company in the Securities Class Action Lawsuit.

In March 2003, the District Court in the Securities Class Action Lawsuit dismissed with prejudice several defendants, including Cendant Corporation (Cendant). On June 30, 2006, the United States Court of Appeals for the Ninth Circuit (Ninth Circuit) affirmed the dismissals, but remanded the case to the District Court to determine whether it would be possible for the Plaintiff to amend its complaint to state a claim against any of the dismissed defendants consistent with the Ninth Circuit s opinion in the case. The Plaintiff filed a motion for leave to file a second amended complaint naming several defendants, including Cendant, and the District Court has scheduled the hearing on that motion for December 18, 2006. If Cendant is ultimately found liable or settles the claims against it in the Securities Class Action Lawsuit, Cendant will likely seek indemnification, contribution or similar relief from the Company up to the amount for which it is held liable or for which it settles. However, in March 2004, as part of the Company s settlement of the Securities Class Action Lawsuit, the United States District Court issued an order approving the Company s settlement and barring claims by third parties against the Company for indemnification, contribution and similar relief with respect to liability such third parties may have in the Securities Class Action Lawsuit.

The March 2004 order may preclude Cendant from seeking indemnification, contribution or similar relief from the Company in the event Cendant is found liable or settles claims against it in the Securities Class Action Lawsuit. However, the Company has been advised by counsel that the law is unclear on whether Cendant would be so precluded. Therefore, the Company would likely incur significant expenses in defending such an action by Cendant and could ultimately be found liable to Cendant or settle with Cendant, notwithstanding the bar order. Such expenses, liability or settlement could have a material adverse effect on the Company s results of operations and financial position.

In addition, if Cendant is not permitted to share in the settlement of the Securities Class Action Lawsuit (which would be the case if Cendant is ultimately found liable in the Securities Class Action Litigation), the Company has agreed to pay or otherwise provide to Cendant the amount of money and/or other consideration that Cendant would have been otherwise entitled to receive from that portion of the class action settlement fund provided by the Company had Cendant been a class member and Cendant s proof of claim in respect of its shares had been accepted in full. Because Cendant s status in the Securities Class Action Litigation

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has not been finally resolved, Cendant has not yet received any of the cash or shares of stock the Company paid in the settlement, but rather Cendant s allocation of the cash and stock is being held in trust by Plaintiff s counsel. If Cendant is ultimately precluded from participating in the settlement and is not barred from pursuing its claim against the Company, the Company estimates that it would have to pay Cendant approximately $2.3 million in cash and issue to Cendant approximately 3.79 million shares of the Company s common stock.

12. Commitments and Contingencies

Contingencies Under Litigation Settlements

See Note 11, Settlement of Securities Class Action Lawsuit and Potential Obligations to Cendant Corporation, for contingencies related to the settlement of the Securities Class Action Lawsuit.

Contingencies Related to Securities Class Action Lawsuit and the Restatement of Our Financial Statements in 2002

In connection with the accounting matters that resulted in the Securities Class Action Lawsuit described in Note 11 and reflected in the restatement of our financial statements in March 2002, certain of the Company s former officers and employees entered into plea agreements with the United States Attorney s Office and the Securities and Exchange Commission (the SEC) in which they acknowledge violations of federal securities laws, and the Company s former chief executive officer was convicted by the federal district court of numerous violations of federal law. Although the Company has no further indemnification obligations to Messrs. Wolff or Tafeen, the Company may continue to incur additional costs in connection with the accounting matters that resulted in our restatement, including the cost of indemnifying certain other current and former directors and officers, and making documents available to the SEC, the United States Attorney, and other parties in their pursuit of civil actions against the Company s former officers.

Litigation Contingencies

In June 2002, Tren Technologies Holdings LLC (Tren) sued the Company, the NAR and the NAHB in the United States District Court, Eastern District of Pennsylvania for patent infringement based on the Company s operation of the REALTOR.com® and HomeBuilder.com® web sites. Specifically, Tren alleged that it owns a patent (U.S. Patent No. 5,584,025) on an application, method and system for tracking demographic customer information, including tracking information related to real estate and real estate demographics information, and that the Company has developed an infringing technology for the NAR s REALTOR.com® and the NAHB s HomeBuilder.com® web sites. Tren s complaint sought an unspecified amount of damages (including treble damages for willful infringement and attorneys fees) and a permanent injunction against the Company using the technology. In October 2003, Kevin Keithley (Keithley) sued the Company, the NAR and the NAHB in the United States District Court for the Northern District of California asserting that he was the exclusive licensee of U.S. Patent No. 5,584,025 and alleging the same infringement and seeking the same relief. On May 22, 2004, the Company filed with the United States Patent and Trademark Office (USPTO) a Request for Reexamination of the patent at issue in these actions. The Keithley action was stayed pending the reexamination proceeding. In August 2005, the USPTO confirmed the original claims of the patent and allowed additional claims. Accordingly, the stay in the Keithley action was lifted and the parties have agreed that the Keithley action should go forward. On May 24, 2006, the court in Pennsylvania dismissed the Tren case without prejudice. In September 2006, Keithley amended his complaint to add Tren as a plaintiff. The Company believes that the claims in both the Tren and Keithley actions are without merit and intends to vigorously defend the cases.

In March 2004, three former shareholders of WyldFyre Technologies, Inc. (WyldFyre), two of whom had previously opted out of the settlement of the Securities Class Action Lawsuit, filed a complaint in the Superior Court of California, County of Los Angeles against the Company, two of its former officers and Merrill Lynch & Co., Inc. In August 2005, the plaintiffs filed a second amended complaint. In the second amended complaint, two of the three former shareholders allege claims against the Company for vicarious liability for fraud allegedly committed by the Company s former officers, unfair business practices, unjust enrichment and breach of contract arising out of the Company s acquisition of WyldFyre in March 2000. The plaintiffs seek restitution, recissionary or compensatory damages in an unspecified amount, disgorgement of benefits, punitive damages and costs of litigation including attorneys fees. The Company has filed an answer to the second amended complaint. Although most discovery in the case was stayed pending the criminal trial of the Company s former chief executive officer who is a co-defendant in the case, following his conviction in June 2006, discovery has resumed. The Company is vigorously defending this action. At this time, however, the Company is unable to express an opinion on the outcome of this case.

In December 2005, CIVIX-DDI, LLC (CIVIX) filed suit against the NAR, the Company, Hotels.com, L.P. and Hotels.com GP LLC in the United States District Court for the Northern District of Illinois, Eastern Division. The complaint alleges that the Company and the other defendants infringe U.S. Patents 6,385,622; 6,408,307; 6,415,291; and 6,473,692. The complaint alleges

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that the Company and the NAR infringe these patents by offering, providing, using and operating location-based searching services through the REALTOR.com® web site and requests an unspecified amount of damages (including treble damages for willful infringement and attorneys fees) and an injunction. Yahoo! Inc. was added as a defendant in the amended complaint which was filed by CIVIX on January 11, 2006. The Company is defending both itself and the NAR. On January 26, 2006, the Company and the NAR filed their answer and counterclaims responding to CIVIX s complaint denying that the Company and the NAR infringed on these patents and asserted that these patents are invalid. CIVIX has replied to the answer and counterclaims filed by the Company and the NAR. On May 31, 2006, the case was consolidated with another action brought by CIVIX against Orbitz, LLC, Yellowpages.com and Travelocity.com, Inc. The Company is continuing its evaluation and investigation of the allegations made in the lawsuit and intends to vigorously defend against them.

In June 2006, InternetAd Systems, LLC (InternetAd) filed suit against the Company, Turner Broadcasting Systems, Inc., FreeRealTime.com, Inc., Knight Ridder Digital, and Condenet, Inc. in the United States District Court for the Northern District of Texas, Dallas Division. The complaint alleges that InternetAd is licensee of U.S. Patents 5,572,643; 5,737,619; 6,185,586; and 6,457,025, and that the Company infringes these patents by manufacturing, making, having made, and/or using products and/or advertising systems through the Company s web sites. InternetAd requests an unspecified amount of damages, as well as interest, attorney fees and costs, and an injunction. On August 10, 2006, the Company filed its answer and counterclaims in which it denied that the Company infringes such patents and asserts that such patents are invalid. The Company intends to vigorously defend against this lawsuit.

As part of the sale in 2002 of the Company s ConsumerInfo division to Experian Holdings, Inc. (Experian), $10.0 million of the purchase price was put in escrow to secure our indemnification obligations (the Indemnity Escrow). The Indemnity Escrow was scheduled to terminate in the third quarter of 2003, but prior to the scheduled termination, Experian demanded indemnification from the Company for claims made against Experian or its subsidiaries by several parties and the Federal Trade Commission (FTC), including allegations of unfair and deceptive advertising in connection with ConsumerInfo s furnishing of credit reports and providing Advice for Improving Credit that appeared on its web site both before, during, and after the Company s ownership of ConsumerInfo. Under the stock purchase agreement, pursuant to which the Company sold ConsumerInfo to Experian, the Company could have elected to defend against the claims, but because the alleged conduct occurred both before and after its sale to Experian, the Company elected to rely on Experian to defend it. Accordingly, the Company has not made a complete evaluation of the underlying claims, but rather receives periodic updates from Experian and its counsel concerning their defense of the claims. The FTC action against Experian has now been resolved by stipulated judgment that requires, among other things, that refunds be made available to certain customers who purchased ConsumerInfo products during the period November 2000 through September 2003. The Company is unable to estimate the amounts for which Experian will seek indemnity from it at this time. Other civil actions for which Experian demanded indemnification from the Company continue. Because those cases are continuing, the amounts to be paid by Experian arising from these actions for which Experian will seek indemnity from the Company cannot be estimated. There is no assurance that Experian will not seek to recover from the Company an amount in excess of the Indemnity Escrow. Under the terms of the stock purchase agreement, the Company s maximum potential liability for the claims by Experian is capped at $29.3 million less the balance in the Indemnity Escrow, which was $7.8 million at September 30, 2006.

In the opinion of the Company, the costs associated with the resolution of existing legal claims cannot be precisely estimated at this time, and the Company has not yet determined whether such costs will have a material adverse impact on the Company s financial position, results of operations or cash flows.

Contingencies

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

13. Acquisition

On February 21, 2006, the Company acquired certain assets and assumed certain liabilities of Moving.com, Inc. from TMP Directional Marketing, LLC for approximately $9.6 million in cash. Moving.com connects consumers with moving companies, van lines, truck rental providers and self storage facilities. The acquisition has been accounted for as a purchase. The acquisition cost has been allocated to the assets acquired based on their respective fair values. The excess of purchase consideration over net tangible assets acquired of approximately $4.5 million has been allocated to identifiable intangible assets and is being amortized on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years with the exception of trade and domain names which have an indefinite life. The remaining $4.4 million of purchase price represents goodwill.

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

This Form 10-Q and the following Management s Discussion and Analysis of Financial Condition and Results of Operations include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This Act provides a safe harbor for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements other than statements of historical fact that we make in this Form 10-Q are forward-looking. In particular, the statements herein regarding industry prospects and our future consolidated results of operations or financial position are forward-looking statements. Forward-looking statements reflect our current expectations and are inherently uncertain. Our actual results may differ significantly from our expectations. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Form 10-Q, as well as those discussed in our Annual Report on Form 10-K for the year ended December 31, 2005, and in other documents we file with the Securities and Exchange Commission, or SEC. This Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2005 and the Forms 10-Q for the quarters ended March 31, 2006 and June 30, 2006.

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. That 15% ownership 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 have created an online service that enables consumers to find real estate listings and other content related to residential real estate, moving and relocation. Our web sites collectively have become the leading consumer destination on the Internet for home and real estate-related information based on the number of visitors, time spent on our web sites and number of property listings. We generate most of our revenue from selling advertising and marketing solutions to both real estate industry participants, including real estate agents, homebuilders, and rental property owners, and other local and national advertisers interested in reaching our consumer audience before, during or after a move. We also provide software solutions to real estate agents to assist them in managing their client interactions and architects home plans to consumers considering building a new home. We derive all of our revenues from our North American operations.

During the second quarter of 2006, we launched Move.com ™ as a real estate listing and move-related search site. Shortly after its launch, Move.com ™ replaced HomeBuilder.com®, RENTNET® and Homestore.com® and we began promoting those services under the Move ™ brand. Our primary consumer web site is now Move.com ™ which provides new home, apartment, corporate housing, and self-storage listings and is a home information resource site with an emphasis on content related to mortgage financing, moving and storage, and home and garden activities. Our web sites also include REALTOR.com®, the official site of the NAR; SeniorHousingNet ™ .com, a comprehensive resource for seniors; and Moving.com ™ which connects consumers with moving companies, van lines, truck rental providers and self storage facilities.

Basis of Presentation

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

Business Trends and Conditions

In recent years, our business has been, and we expect will continue to be, influenced by a number of macroeconomic, industry-wide and product-specific trends and conditions:

Market and economic conditions. In recent years, the U.S. economy has experienced low interest rates, and volatility in the equities markets. Against this backdrop, housing starts remained strong, while the supply of apartment housing has generally

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exceeded demand. The foregoing conditions have meant that homebuilders spent less on advertising, given the strong demand for new houses. Conversely, apartment owners have not spent as much money on advertising, as they have sought to achieve cost savings during the difficult market for apartment owners. Both of these trends have impacted our ability to grow our business. The impact of the recent rise in interest rates, on job creation, housing starts and home sales has caused slowing demand for homes. While interest rates have stabilized over the last quarter, there is still uncertainty in the market about interest rate trends and their impact on the value of residential real estate. As a result, the number of homes listed for sale by realtors and homebuilders has increased dramatically in the past twelve months as sales have slowed down. We believe this slow down could increase marketing spending on the internet and provide us with opportunities for revenue growth.

Evolution of Our Product and Service Offerings and Pricing Structures.

Real Estate Services segment: Our Real Estate Services segment evolved as a business providing Internet applications to real estate professionals. In recent years, it became apparent that our customers valued the media exposure that the Internet offered them, but not all of the technology that we were offering. Many of our customers objected to our proposition that they purchase our templated web site in order to gain access to our networks. In addition, we were charging a fixed price to all customers regardless of the market they operated in or the size of their business. Our Top Producer® product was a desktop application that required some knowledge of the operations of a desktop computer.

In 2003, we responded to our customers needs and revamped our service offerings. We began to price our services based on the size of the market and the number of properties the customer displayed. For many of our customers this change led to substantial price increases over our former technology pricing. This change has been reasonably well-accepted by our customers.

In late 2002, Top Producer® introduced a monthly subscription model of an online application. This had a negative impact on our revenues over the first eighteen months of this offering as we attempted to build the subscriber base. While our desktop product was still attractive to some real estate professionals, our customer base has shifted to the online application which will completely replace our desktop product by the end of fiscal 2006.

Move-Related Services segment: The uncertain economic conditions from early 2001 through 2003 had an adverse effect on our Welcome Wagon® business. Our primary customers are small local merchants trying to reach new movers and economic conditions have negatively impacted the small business more than other businesses. These economic conditions have caused a decline in our revenue in this segment from 2002 to 2005. We are starting to see some improvement in market conditions in some geographic areas. Our product offerings in this segment are not as advanced as other competitive offerings. We are in the process of modifying our products and until these are accepted in the market, this segment may not yield meaningful growth, if at all.

Investment Strategy: We have made substantial investments in our business in recent years in order to improve our ability to bring consumers and advertisers together. As a result of our greater understanding of both consumer and customer needs, we have concluded that we need to demonstrate strong capabilities in four core areas: size and quality of consumer audience, depth and breadth of content, enduring industry relationships, and scalable business models. We recently announced significant changes to our branding, product and pricing strategies to better align our solutions with these core competencies.

Acquisition

On February 21, 2006, we acquired certain assets and assumed certain liabilities of Moving.com, Inc. from TMP Directional Marketing, LLC for approximately $9.6 million in cash. Moving.com connects consumers with moving companies, van lines, truck rental providers and self storage facilities. The acquisition has been accounted for as a purchase. The acquisition cost has been allocated to the assets acquired based on their respective fair values. We have integrated Moving.com s product offering into our new Move™ offering in 2006.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, uncollectible receivables, intangible and other long-lived assets and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There were no significant changes to our critical accounting policies during the nine months ended September 30, 2006, as compared to those policies disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, other than those related to its accounting for stock-based compensation.

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On January 1, 2006, we adopted the provision of SFAS 123R, which requires that compensation expense be measured and recognized 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 also required in estimating the number of share-based awards that are expected to be forfeited. Our computation of expected volatility is based on a combination of historical and market-based implied volatility. Due to the unusual volatility of our stock price around the time of the restatement of our financial statements in 2002 and several historical acquisitions that changed our risk profile, historical data was more heavily weighted toward the most recent three years of stock activity. The expected term of options granted was derived by averaging the vesting term with the contractual term.

We recorded stock-based compensation expense net of estimated forfeitures. In determining the estimated forfeiture rates, we periodically conduct an assessment of the actual number of instruments that have been forfeited to date as well as those expected to be forfeited in the future. We consider many factors when estimating expected forfeitures, including the type of award, the employee class and historical experience. The estimation of stock awards that will ultimately be forfeited requires significant judgment and to the extent that actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period such estimates are revised. In the three months ended September 2006, we recognized changes in estimates related to our forfeiture rate.

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.

Recent Accounting Developments

In July 2006, the FASB issued Interpretation No. 48 (FIN No. 48) Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS No. 109. FIN No. 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. We are currently assessing the possible impact implementing FIN No. 48 may have on our financial position and results of operations.

In June 2006, FASB ratified EITF Issue No. 06-03 How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation) (EITF No. 06-03). Under EITF No. 06-03, a company must disclose its accounting policy regarding the gross or net presentation of certain taxes. If taxes included in gross revenues are significant, a company must disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of this EITF are those that are imposed on and concurrent with a specific revenue-producing transaction. Taxes assessed on an entity s activities over a period of time, such as gross receipts taxes, are not within the scope of the EITF. EITF No. 06-03 is effective for the first annual or interim reporting period beginning after December 15, 2006. We will continue to report taxes collected from customers on a net presentation basis after adoption of EITF No. 06-03.

Legal Contingencies

We are currently involved in certain legal proceedings, as discussed in Note 11, Settlement of Securities Class Action Lawsuit and Potential Obligations to Cendant Corporation, and Note 12, Commitments and Contingencies , to our unaudited Condensed Consolidated Financial Statements contained in Item 1 of this Form 10-Q. For those matters where we have reached agreed-upon settlements, we have estimated the amount of those settlements and accrued the amount of the settlement in our financial statements. Because of the uncertainties related to both the amount and range of loss on the remaining 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 determine whether reasonable estimates of the liability can be made. Unfavorable outcomes or significant estimates of our potential liability could materially impact our results of operations and financial position.

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Results of Operations

Three Months Ended September 30, 2006 and 2005

Revenue

Revenue increased approximately $9.3 million, or 14%, to $75.6 million for the three months ended September 30, 2006 from $66.3 million for the three months ended September 30, 2005. The increase in revenue was due to increases of $6.2 million in the Real Estate Services segment and $3.1 million in the Move-Related Services segment. These increases by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue, including non-cash stock-based compensation, increased approximately $3.1 million, or 22%, to $17.0 million for the three months ended September 30, 2006 from $13.9 million for the three months ended September 30, 2005. The increase was primarily due to increases in personnel related costs of $1.3 million, increases in material and shipping costs of $1.4 million, and other increases of $0.4 million.

Gross margin percentage decreased to 78% for the three months ended September 30, 2006 compared to 79% for the three months ended September 30, 2005. The decrease is primarily due to a decrease in margin in the Real Estate Services segment resulting from the launch of our new Move ™ website in May of 2006.

Operating Expenses

Sales and marketing. Sales and marketing expenses, including non-cash stock-based compensation and charges, increased approximately $6.5 million, or 29%, to $28.9 million for the three months ended September 30, 2006 from $22.4 million for the three months ended September 30, 2005. The increase was primarily due to an increase in distribution and marketing costs of $4.3 million, increased personnel related costs of $2.0 million, and other increases of $0.2 million.

Product and web site development. Product and web site development expenses, including non-cash stock-based compensation, increased approximately $2.6 million, or 45%, to $8.4 million for the three months ended September 30, 2006 from $5.8 million for the three months ended September 30, 2005, primarily due to an increase in consulting and personnel related costs to develop the new Move ™ web site and to improve our product offerings in our REALTOR.com®, Top Producer®, and Welcome Wagon® businesses.

General and administrative. General and administrative expenses, including non-cash stock-based compensation and charges, decreased approximately $1.2 million, or 5%, to $21.0 million for the three months ended September 30, 2006 from $22.2 million for the three months ended September 30, 2005. The decrease was primarily due to a $5.5 million decrease in legal fees resulting from our obligation to advance legal fees to certain former officers in 2005 and other decreases of $0.5 million, partially offset by an increase of $3.6 million in expense during the three months ended September 30, 2006 for non-cash stock-based compensation associated with the adoption of Statement of Financial Accounting Standards No. 123 (revised 2004), Share Based Payment, (SFAS 123R) as of January 1, 2006 and an increase in bad debt expense of $1.2 million.

Amortization of intangible assets. Amortization of intangible assets decreased approximately $237,000 to $497,000 for the three months ended September 30, 2006 from $734,000 for the three months ended September 30, 2005. The decrease in amortization was primarily due to certain intangible assets becoming fully amortized.

Stock-based compensation and charges. The following chart summarizes the stock-based compensation and charges that have been included in the following captions for each of the periods presented (in thousands):

	Three Months Ended September 30,	
	2006	**2005**
Cost of revenue	$ 18	$
Sales and marketing	354	74
Product and web site development	249	
General and administrative	3,695	78

$ 4,316	$ 152

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Stock-based compensation and charges increased for the three months ended September 30, 2006 compared to the three months ended September 30, 2005 primarily due to the adoption of SFAS 123R as of January 1, 2006 and the award of restricted stock units to certain executive officers.

Interest Income, Net

Interest income, net, increased $1.4 million to $1.9 million for the three months ended September 30, 2006 compared to $521,000 for the three months ended September 30, 2005, primarily due to increases in short-term investment balances and higher interest yields on those balances.

Other Income, Net

Other income, net, decreased $72,000 for the three months ended September 30, 2006 compared to the three months ended September 30, 2005, primarily due to the sale of certain assets in the three months ended September 30, 2005.

Income Taxes

As a result of year-to-date operating losses and our inability to recognize a benefit from our deferred tax assets, we have not recorded a tax provision for income taxes for the three month periods ended September 30, 2006 and 2005. As of December 31, 2005, we had $1,012.6 million of net operating loss carryforwards for federal and foreign income tax purposes, which expire beginning in 2008. We have provided a full valuation allowance on our deferred tax assets, consisting primarily of net operating loss carryforwards, due to the likelihood that we may not generate sufficient taxable income during the carryforward period to utilize the net operating loss carryforwards.

Segment Information

Segment information is presented in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. This standard is based on a management approach, which requires segmentation based upon our internal organization and disclosure of revenue and operating expenses based upon internal accounting methods. Our management evaluates performance and allocates resources based on two segments consisting of Real Estate Services for those products and services offered to industry professionals trying to reach new movers and manage their relationships with them and Move-Related Services for those products and services offered to other advertisers who are trying to reach those consumers in the process of a move. We have reclassified previously reported segment information to conform to the current period presentation. This is consistent with the data that is made available to our management to assess performance and make decisions.

The expenses presented below for each of the business segments include an allocation of certain corporate expenses that are identifiable and benefit those segments and are allocated for internal management reporting purposes. The unallocated expenses are those corporate overhead expenses that are not directly attributable to a segment and include: corporate expenses, such as finance, legal, internal business systems, and human resources; amortization of intangible assets and stock-based charges. There is no inter-segment revenue. Assets and liabilities are not fully allocated to segments for internal reporting purposes.

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

	Three Months Ended							
	September 30, 2006				September 30, 2005			
	Real Estate Services	Move-Related Services	Unallocated	Total	Real Estate Services	Move-Related Services	Unallocated	Total
Revenue	$ 53,395	$ 22,277	$	$ 75,672	$ 47,161	$ 19,177	$	$ 66,338
Cost of revenue	8,352	7,631	984	16,967	6,961	6,545	395	13,901
Gross profit (loss)	45,043	14,646	(984)	58,705	40,200	12,632	(395)	52,437
Sales and marketing	17,469	9,793	1,666	28,928	14,506	7,495	448	22,449
Product and web site development	6,279	1,207	952	8,438	4,272	1,111	463	5,846

General and administrative	7,230	4,555	9,165	20,950	5,451	3,207	13,497	22,155
Amortization of intangible assets			497	497			734	734
Restructuring charges			(278)	(278)				
Total operating expenses	30,978	15,555	12,002	58,535	24,229	11,813	15,142	51,184
Income (loss) from operations	$ 14,065	$ (909)	$ (12,986)	$ 170	$ 15,971	$ 819	$ (15,537)	$ 1,253

Real Estate Services

Real Estate Services consists of products and services that promote and connect real estate professionals to consumers through our REALTOR.com®, New Homes and Rentals on Move.com ™ and SeniorHousingNet ™.com web sites, in addition to our

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customer relationship management applications for REALTORS® offered through our Top Producer® business. During the second quarter of 2006, we launched Move.com ™ as a real estate listing and move-related search site. Shortly after its launch, Move.com ™ replaced HomeBuilder.com® and RENTNET®.com and we began promoting those under the Move ™ brand. Our revenue is derived from a variety of advertising and software services, including enhanced listings, company and property display advertising, customer relationship management applications and web site sales which we sell to those businesses interested in reaching our targeted audience or those professionals interested in being more effective in managing their contact with consumers.

Real Estate Services revenue increased $6.2 million, or 13%, to $53.4 million for the three months ended September 30, 2006, compared to $47.2 million for the three months ended September 30, 2005. The revenue increase was primarily generated by an increase in our REALTOR.com® business driven by increased customer count and higher average spending per customer on our Enhanced Listing Product and increased Featured Home revenue and an increase in our Top Producer® product offerings as our subscriber base for the on-line software continues to grow. These increases were partially offset by decreased revenue from our New Homes and Rentals businesses. Real Estate Services revenue represented approximately 71% of total revenue for the three months ended September 30, 2006 and 2005, respectively.

Real Estate Services expenses increased $8.1 million, or 26%, to $39.3 million for the three months ended September 30, 2006, compared to $31.2 million for the three months ended September 30, 2005. We incurred $1.3 million in expense for non-cash stock-based compensation during the three months ended September 30, 2006 associated with the adoption of SFAS 123R as of January 1, 2006. The remaining increase was primarily due to a $4.3 million increase in personnel and consulting costs resulting from increased product development and sales and marketing efforts, a $2.2 million increase in distribution and marketing costs, and other operating cost increases of $0.3 million.

Real Estate Services generated operating income of $14.1 million for the three months ended September 30, 2006 compared to operating income of $16.0 million for the three months ended September 30, 2005, primarily due to the increased expenses discussed above. We have announced plans for additional investments in our New Homes and Rentals businesses and the conversion to our Move.com ™ website could continue to negatively impact our operating income in this segment for the near future.

Move-Related Services

Move-Related Services consists of advertising products and lead generation tools including display, text-link and rich advertising positions, directory products, price quote tools and content sponsorships on Move.com ™ , Moving.com ™ , and other related sites which we sell to those businesses interested in reaching our targeted audience. In addition, it includes our Welcome Wagon® new-mover direct mail advertising products and the sale of new home plans and related magazines through our Homeplans business.

Move-Related Services revenue increased $3.1 million, or 16%, to $22.3 million for the three months ended September 30, 2006, compared to $19.2 million for the three months ended September 30, 2005. There was a $2.4 million increase in revenue as a result of the acquisition of Moving.com ™ on February 22, 2006. The remaining increase was partially generated by an increase in the Welcome Wagon® business through improved local book revenue and increased on-line advertising revenue, offset by a decline in revenues from our Homeplans business. Move-Related Services revenue represented approximately 29% of total revenue for the three months ended September 30, 2006 and 2005, respectively.

Move-Related Services expenses increased $4.8 million, or 26%, to $23.2 million for the three months ended September 30, 2006, compared to $18.4 million for the three months ended September 30, 2005. The increase was due to a $2.2 million increase in expenses as a result of the acquisition of Moving.com ™ , increased sales and marketing costs of $1.4 million, increased bad debt expense of $0.8 million primarily due to one customer, and other operating cost increases of $0.4 million.

Move-Related Services generated an operating loss of $909,000 for the three months ended September 30, 2006 compared to an operating income of $819,000 for the three months ended September 30, 2005 primarily due to factors outlined above. We have announced plans for continued investments in our Welcome Wagon® business that could negatively impact our operating results in this segment for the remainder of 2006 and into 2007. We expect that our recent acquisition of Moving.com ™ will contribute to increased revenue in this segment in the near future, but may not contribute to profitability in 2006.

Unallocated

Unallocated expenses decreased $2.5 million or 16%, to $13.0 million for the three months ended September 30, 2006 compared to $15.5 million for the three months ended September 30, 2005. Increases of $2.4 million in expense for non-cash stock-based compensation during the three months ended September 30, 2006 associated with the adoption of SFAS 123R as of January 1, 2006 and the award of restricted stock units to certain executive officers and other increases of $0.6 million were offset by a reduction in legal fees of $5.5 million resulting from our obligation to advance legal fees to certain former officers in 2005.

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Nine Months Ended September 30, 2006 and 2005

Revenue

Revenue increased approximately $32.5 million, or 17%, to $218.5 million for the nine months ended September 30, 2006 from $186.0 million for the nine months ended September 30, 2005. The increase in revenue was due to increases of $22.1 million in the Real Estate Services segment and $10.4 million in the Move-Related Services segment. These increases by segment are explained in the segment information below.

Cost of Revenue

Cost of revenue, including non-cash stock-based compensation, increased approximately $9.5 million, or 24%, to $49.8 million for the nine months ended September 30, 2006 from $40.3 million for the nine months ended September 30, 2005. The increase was primarily due to increases in personnel related costs of $4.3 million, increases in material and shipping costs of $3.7 million and other increases of $1.5 million.

Gross margin percentage remained relatively stable decreasing to 77% for the nine months ended September 30, 2006 compared to 78% for the nine months ended September 30, 2005.

Operating Expenses

Sales and marketing. Sales and marketing expenses, including non-cash stock-based compensation and charges, increased approximately $15.1 million, or 22%, to $82.6 million for the nine months ended September 30, 2006 from $67.5 million for the nine months ended September 30, 2005. The increase was primarily due to an increase in distribution and marketing costs of $9.7 million, increased personnel related costs of $5.2 million and other marketing cost increases of $0.2 million.

Product and web site development. Product and web site development expenses, including non-cash stock-based compensation, increased approximately $10.3 million, or 67%, to $25.6 million for the nine months ended September 30, 2006 from $15.3 million for the nine months ended September 30, 2005, primarily due to an increase in consulting and personnel related costs to develop the new Move.com ™ web site and to improve our product offerings in our REALTOR.com®, Top Producer®, and Welcome Wagon® businesses.

General and administrative. General and administrative expenses, including non-cash stock-based compensation and charges, increased approximately $3.1 million, or 5%, to $61.3 million for the nine months ended September 30, 2006 from $58.2 million for the nine months ended September 30, 2005. The increase was primarily due to $7.7 million in expense taken for non-cash stock-based compensation during the nine months ended September 30, 2006 associated with the adoption of SFAS 123R as of January 1, 2006, an increase in consulting expenses of $3.4 resulting from various corporate projects including the planning of the relocation of our data center, an increase in bad debt expense of $1.2 million and other cost increases of $0.5 million, offset by a decrease in legal fees of $9.7 million resulting from our obligation to advance legal fees to certain former officers in 2005.

Amortization of intangible assets. Amortization of intangible assets decreased approximately $1.1 million to $1.8 million for the nine months ended September 30, 2006 from $2.9 million for the nine months ended September 30, 2005. The decrease in amortization was primarily due to certain intangible assets becoming fully amortized.

Stock-based compensation and charges. The following chart summarizes the stock-based compensation and charges that have been included in the following captions for each of the periods presented (in thousands):

	Nine Months Ended September 30,	
	2006	**2005**
Cost of revenue	$ 176	$
Sales and marketing	1,282	223
Product and web site development	1,088	
General and administrative	7,656	446

	$ 10,202	$ 669

Stock-based compensation and charges increased for the nine months ended September 30, 2006 compared to the nine months ended September 30, 2005, primarily due to the adoption of SFAS 123R as of January 1, 2006 and the award of restricted stock units to certain executive officers.

Interest Income, Net

Interest income, net, increased $3.9 million to $5.3 million for the nine months ended September 30, 2006 compared to $1.4 million for the nine months ended September 30, 2005, primarily due to increases in short-term investment balances and higher interest yields on those balances.

Other Income, Net

Other income, net, increased $350,000 for the nine months ended September 30, 2006 compared to the nine months ended September 30, 2005, primarily due to the receipt of Company shares from an escrow related to the original iPlace acquisition in 2001.

Income Taxes

As a result of year-to-date operating losses and our inability to recognize a benefit from our deferred tax assets, we have not recorded a tax provision for income taxes for the nine month periods ended September 30, 2006 and 2005. As of December 31, 2005, we had $1,012.6 million of net operating loss carryforwards for federal and foreign income tax purposes, which expire beginning in 2008. We have provided a full valuation allowance on our deferred tax assets, consisting primarily of net operating loss carryforwards, due to the likelihood that we may not generate sufficient taxable income during the carryforward period to utilize the net operating loss carryforwards.

Segment Information

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

	Nine Months Ended							
	September 30, 2006				September 30, 2005			
	Real Estate Services	Move-Related Services	Unallocated	Total	Real Estate Services	Move-Related Services	Unallocated	Total
Revenue	$ 154,743	$ 63,799	$	$ 218,542	$ 132,594	$ 53,453	$	$ 186,047
Cost of revenue	24,481	22,455	2,884	49,820	20,718	18,506	1,117	40,341
Gross profit (loss)	130,262	41,344	(2,884)	168,722	111,876	34,947	(1,117)	145,706
Sales and marketing	51,869	27,663	3,049	82,581	44,968	21,576	956	67,500
Product and web site development	18,721	3,506	3,359	25,586	11,244	2,772	1,271	15,287
General and administrative	22,631	12,338	26,335	61,304	16,222	9,577	32,425	58,224
Amortization of intangible assets			1,833	1,833			2,889	2,889
Restructuring charges			(278)	(278)			(1,442)	(1,442)
Total operating expenses	93,221	43,507	34,298	171,026	72,434	33,925	36,099	142,458
Income (loss) from operations	$ 37,041	$ (2,163)	$ (37,182)	$ (2,304)	$ 39,442	$ 1,022	$ (37,216)	$ 3,248

Real Estate Services

Real Estate Services revenue increased $22.1 million, or 17%, to $154.7 million for the nine months ended September 30, 2006, compared to $132.6 million for the nine months ended September 30, 2005. The revenue increase was primarily generated by an increase in our REALTOR.com® business driven by increased customer count and higher average spending per customer on our Enhanced Listing Product and increased Featured Home and Featured Agent revenue and an increase in our Top Producer® product offerings as our subscriber base for the on-line software continues to grow. These increases were partially offset by decreases in our New Homes and Rentals business and our web site products. Real Estate Services revenue represented approximately 71% of total revenue for the nine months ended September 30, 2006 and 2005.

Real Estate Services expenses increased $24.5 million, or 26%, to $117.7 million for the nine months ended September 30, 2006, compared to $93.2 million for the nine months ended September 30, 2005. We incurred $3.7 million in expense for non-cash stock-based compensation during the nine months ended September 30, 2006 associated with the adoption of SFAS 123R as of January 1, 2006. The remaining increase was due to a $14.5 million increase in consulting and personnel related costs primarily related to increased product development efforts, a $5.6 million increase in distribution and on-line marketing costs, and other operating cost increases of $0.7 million.

Real Estate Services generated operating income of $37.0 million for the nine months ended September 30, 2006 compared to operating income of $39.4 million for the nine months ended September 30, 2005, primarily due to the increased expenses discussed above. We have announced plans for additional investments in our New Homes and Rentals businesses and the conversion to our Move.com ™ website could negatively impact our operating income in this segment for the near future.

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Move-Related Services

Move-Related Services revenue increased $10.4 million, or 19%, to $63.8 million for the nine months ended September 30, 2006, compared to $53.4 million for the nine months ended September 30, 2005. There was a $5.1 million increase in revenue as a result of the acquisition of Moving.com ™ on February 22, 2006. Additionally, there was an increase in the Welcome Wagon® business through improved local book revenue and continued growth in our Pinpoint product and an increase in our on-line advertising revenue. These increases were partially offset by a decline in revenues from our Homeplans business. Move-Related Services revenue represented approximately 29% of total revenue for the nine months ended September 30, 2006 and 2005.

Move-Related Services expenses increased $13.6 million, or 26%, to $66.0 million for the nine months ended September 30, 2006, compared to $52.4 million for the nine months ended September 30, 2005. The increase was due to a $4.4 million increase in expenses as a result of the acquisition of Moving.com ™ , increased cost of sales of $2.3 million associated with the increased book and Pinpoint product revenue discussed above, increased distribution and marketing costs of $1.0 million, increased personnel related costs in sales and marketing of $3.3 million, increased personnel related costs in general and administrative of $1.3 million, increased bad debt expense of $0.8 million primarily due to one customer, and other cost increases of $0.5 million.

Move-Related Services generated an operating loss of $2.2 million for the nine months ended September 30, 2006 compared to operating income of $1.0 million for the nine months ended September 30, 2005, primarily due to factors outlined above. We have announced plans for continued investments in our Welcome Wagon® business that could negatively impact our operating results in this segment for the remainder of 2006 and into 2007. We expect that our recent acquisition of Moving.com ™ will contribute to increased revenue in this segment in the near future, but may not contribute to profitability in 2006.

Unallocated

Unallocated expenses remained constant at $37.2 million for the nine months ended September 30, 2006 and 2005, respectively. Increases of $5.1 million in expense for non-cash stock-based compensation during the nine months ended September 30, 2006 associated with the adoption of SFAS 123R as of January 1, 2006 and the award of restricted stock units to certain executive officers and increases in consulting costs associated with various corporate projects, including the planning of the relocation of our data center, of $4.6 million were offset by a decrease in legal fees of $9.7 million resulting from our obligation to advance legal fees to certain former officers in 2005.

Liquidity and Capital Resources

Net cash provided by operating activities of $13.1 million for the nine months ended September 30, 2006 was attributable to the net income from operations of $3.6 million, plus non-cash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, stock-based compensation and charges and other non-cash items, aggregating to $21.2 million offset by changes in operating assets and liabilities of $11.7 million. This was negatively impacted in the nine month period ended September 30, 2006 by the $9.5 million in payments for the settlement of litigation and former officers   legal expenses.

Net cash provided by operating activities of $6.1 million for the nine months ended September 30, 2005 was attributable to the net income of $4.9 million, plus non-cash expenses including depreciation, amortization of intangible assets, provision for doubtful accounts, stock-based compensation and charges and other non-cash items, aggregating to $9.4 million offset by changes in operating assets and liabilities of $8.2 million.

Net cash used in investing activities of $17.1 million for the nine months ended September 30, 2006 was primarily attributable to $1.2 million in net maturities of short-term investments, offset by the acquisition of Moving.com of $9.6 million and capital expenditures of $8.7 million. Net cash provided by investing activities of $0.1 million for the nine months ended September 30, 2005 was attributable to $7.7 million in net maturities of short-term investments and $0.1 million in proceeds from sale of assets, offset by capital expenditures of $7.7 million.

Net cash provided by financing activities of $3.9 million for the nine months ended September 30, 2006 was attributable to proceeds from the exercise of stock options of $5.2 million and reductions in restricted cash of $0.8 million offset by payments on capital lease obligations of $2.1 million. Net cash provided by financing activities of $1.1 million for the nine months ended September 30, 2005 was attributable to the exercise of stock options of $1.6 million and decreases in restricted cash of $0.9 million, offset by payments on capital leases of $1.4 million.

We have generated positive operating cash flows in each of the last two years. We have stated our intention to invest in our products, our infrastructure, and in branding Move.com ™ although we have not determined the actual amount of those future expenditures. We have no material financial commitments other than those under capital and operating lease agreements and distribution and marketing agreements and our operating agreement with the NAR. Our existing cash and short-term investments, and any cash generated from operations will be sufficient to fund our working capital requirements, capital expenditures and other obligations for the foreseeable future.

Although our annual net losses have been decreasing and we anticipate becoming profitable in the future, we announced our

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new brand Move ™ and certain business model changes in February 2006 that will require considerable investment with no assurances that our future financial performance will be enhanced by these new initiatives. Specifically, in June 2006, we changed our corporate name to Move, Inc. and introduced our new Move ™ brand, under which we now promote three consumer offerings: REALTOR.com®, WelcomeWagon.com ™ , and a new website, Move.com ™ . We will incur considerable costs in introducing and maintaining our new brand, which may not produce the same or greater revenue than we have experienced in the past.

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

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

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio. We have not used derivative financial instruments in our investment portfolio. We invest our excess cash in money-market funds, auction rate securities, debt instruments of high quality corporate issuers and debt instruments of the U.S. Government and its agencies, and, by policy, this limits the amount of credit exposure to any one issuer.

Investments in both fixed rate and floating rate interest earning instruments carries a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

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

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

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

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PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

From time to time, we are party to various litigation and administrative proceedings relating to claims arising from our operations in the ordinary course of business. See the disclosure regarding litigation included in Note 11, Settlement of Securities Class Action Lawsuit and Potential Obligations to Cendant Corporation, and Note 12, Commitments and Contingencies, to our unaudited Condensed Consolidated Financial Statements contained in Item 1 of this Form 10-Q, which disclosure is incorporated herein by reference and updates information contained in the Form 10-K for the year ended December 31, 2005 and in the Forms 10-Q for the quarters ended March 31, 2006 and June 30, 2006. As of the date of this Form 10-Q 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.

Item 1A. ***Risk Factors***

You should consider carefully the following risk factors, and those presented in our Annual Report on Form 10-K for the year ended December 31, 2005, and other information included or incorporated by reference in this Form 10-Q. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem to be currently immaterial also may impair our business operations. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected.

Risks Related to our Business

Changes to our product offerings on our new home and apartment web sites may not be accepted by our customers.

In the past, we have charged homebuilders and rental owners to list their properties on our HomeBuilder.com® and RENTNET® web sites. When we launched Move.com ™ on May 1, 2006, we replaced our new home site, HomeBuilder.com®, and our apartment rental site, RENTNET®, with Move.com ™ . In conjunction with this change, we began to display any new home and apartment listings for no charge. We seek revenue from enhanced listings, including our Showcase Listing and Featured Listing products, as well as other forms of advertising on the sites. We price subscriptions to Showcase Listings based on regional rate cards. Featured Listings, which appear above the algorithmically-generated search results, are priced on a fixed cost-per-click basis. We anticipate transitioning in the future to a real-time, auction based cost-per-click pricing for Featured Listings.

When we launched Move.com ™ , existing listing subscription customers were transitioned into our new products having comparable value for the duration of their existing subscription. Although the customers reaction to these new products has been favorable, there can be no assurance that our current new home and apartment customers will continue to purchase these new offerings in amounts sufficient to both replace the listing subscription revenue we will be losing and provide a return on our costs and investments associated with our new brand and these new products.

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

We have incurred net losses every year since 1993, except for modest net income in 2005, including net losses of $7.9 million and $47.1 million, for the years ended December 31, 2004 and 2003, respectively. As of September 30, 2006, we have an accumulated deficit of approximately $2.0 billion. Although our annual net losses have been decreasing and we anticipate becoming profitable in the future, we announced our new Move ™ brand and certain business model changes in February 2006 that will require considerable investment with no assurances that our future financial performance will be enhanced by these new initiatives. Specifically, in February 2006, we introduced our new Move ™ brand, under which we promote three consumer offerings: REALTOR.com®, WelcomeWagon.com ™ , and a new web site, Move.com ™ , and on June 22, 2006, we changed our corporate name from Homestore, Inc. to Move, Inc. We will incur considerable costs in introducing and maintaining our new brand and there can be no assurances that these costs will produce the same or greater revenue than we have experienced in the past.

Move.com ™ , which we launched on May 1, 2006, replaced our Homestore.com®, HomeBuilder.com® and RENTNET® web sites. In the past, we have charged homebuilders and rental owners to list their properties on our HomeBuilder.com® and RENTNET® web sites. With the launch of Move.com ™ , we will provide the listings for no charge and offer enhanced listing products and traditional text advertisements. Pricing structures include monthly fixed fee and cost-per-click based pricing. Due to the potential loss of revenue from paid listings that could result from our new pricing structures, our results of operations could be adversely affected, particularly through the end of 2006, as we seek to transition our customers to the new pricing model. In addition, over the longer term there can be no assurance that this new business model will produce sufficient revenue to cover the considerable investment we intend to make in these new initiatives or to replace the listings revenue.

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Confusion among consumers about our new name and the related rebranding of some of our web sites could adversely affect our business.

Move.com, which we launched on May 1, 2006, replaced our Homestore.com®, HomeBuilder.com® and RENTNET® web sites. On June 22, 2006, we changed our corporate name from Homestore, Inc. to Move, Inc. Until the Move ™ brand becomes recognized in the markets in which we compete, we could experience some confusion by consumers and temporarily be at a competitive disadvantage. Although we intend to devote substantial resources to promoting our new name and communicating with consumers, the transition period may take longer than anticipated and our business may, during that period, be adversely affected.

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

None.

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

None.

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

None.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibits

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

MOVE, INC.

By: /s/ W. MICHAEL LONG

W. Michael Long
Chief Executive Officer

By: /s/ LEWIS R. BELOTE, III

Lewis R. Belote, III
Chief Financial Officer

Date: November 7, 2006

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EXHIBIT INDEX

Exhibit Number	Description
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