

MOVE INC  
Form DEF 14A  
April 25, 2008

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Move, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

- Fee paid previously with preliminary materials:
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

**Move, Inc.**  
**30700 Russell Ranch Road**  
**Westlake Village, California 91362**

---

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held June 12, 2008**

---

*To Our Stockholders:*

The annual meeting of stockholders of Move, Inc., a Delaware corporation, will be June 12, 2008 at 9:30 a.m., local time, at the Sheraton Gateway Hotel Los Angeles located at 6101 W. Century Boulevard, Los Angeles, California 90045, for the following purposes:

1. To elect the eight directors nominated for election by the governance and nominating committee of our board of directors, each to serve for a term through the annual meeting of stockholders in 2009 and until their respective successors have been duly elected and qualified; and
2. To ratify the appointment of Move Inc.'s independent auditors for the fiscal year ending December 31, 2008;
3. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

The foregoing matters are described in more detail in the enclosed proxy statement. Only stockholders of record at the close of business on the record date, April 14, 2008, are entitled to receive notice of and vote at the annual meeting or any postponement or adjournment thereof.

Pursuant to new rules promulgated by the Securities and Exchange Commission (the "SEC"), we are providing access to our proxy materials over the Internet. On or about May 2, 2008, we will mail our stockholders a Notice Regarding Availability of Proxy Materials (the "Notice"), in connection with the solicitation of proxies by our board of directors for use at the annual meeting of stockholders and any adjournments or postponements thereof. On the date of mailing, we will make our Proxy Statement, including this Notice of Annual Meeting and the Annual Report publicly available on the Internet according to the instructions provided in the Notice. The Notice will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice will also instruct you as to how you may submit your proxy over the Internet or by mail, including how to receive a printed copy of our proxy materials.

By Order of the Board of Directors,  
JAMES S. CAULFIELD  
*Executive Vice President, General Counsel  
and Secretary*

Westlake Village, California  
April 24, 2008

**Whether or not you plan to attend the Annual Meeting, your vote is very important, and we encourage you to vote promptly. If you execute a proxy over the Internet or by mailing in a proxy card, but later decide to attend the annual meeting in person, or for any other reason desire to revoke your proxy, you may do so at any time before your proxy is voted.**

---

## PROXY STATEMENT

---

**This proxy statement is furnished on behalf of the board of directors of Move, Inc., a Delaware corporation (the "Move" or the "Company"), for use at Move's annual meeting of stockholders to be held on June 12, 2008 at 9:30 a.m., local time, and at any postponement or adjournment thereof. The annual meeting will be held at the Sheraton Gateway Hotel Los Angeles located at 6101 W. Century Boulevard, Los Angeles, California 90045.**

These proxy solicitation materials were first made available on or about May 2, 2008 to all stockholders entitled to vote at the annual meeting.

### ABOUT THE MEETING

#### ***What is the purpose of the annual meeting?***

At the annual meeting, stockholders will vote on the matters outlined in the accompanying notice of annual meeting of stockholders, including the election of eight directors.

There are currently eleven directors serving on the board of directors of the Company. These directors have historically been divided into three classes serving staggered terms. At our 2005 annual meeting of stockholders, the stockholders approved our Restated Certificate of Incorporation, which became effective when it was filed with the Secretary of State of the State of Delaware on June 23, 2005. This Restated Certificate of Incorporation effected amendments to our Certificate of Incorporation then in effect resulting in the elimination of the classification of our board of directors in 2008. Beginning with this annual stockholders' meeting, all directors to be elected by the holders of our common stock and Series B Convertible Participating Preferred Stock (the "Series B Preferred Stock"), voting as a single class, will be elected at each annual meeting for a term of one year. Accordingly, seven of our directors, Joe F. Hanauer, William E. Kelvie, Kenneth K. Klein, Geraldine B. Laybourne, W. Michael Long, V. Paul Unruh and Bruce G. Willison have been nominated and are being submitted for re-election to our holders of common stock and Series B Preferred Stock, voting as a single class as indicated under "Who is entitled to vote?" below. In addition, one of our current directors, John Doerr, will not stand for re-election at our 2008 annual meeting of stockholders. Accordingly, our governance and nominating committee of the board of directors has conducted an extensive search for an appropriate nominee to replace Mr. Doerr. In accordance with its criteria for evaluating director nominees, the governance and nominating committee has nominated Steven H. Berkowitz for election to the Company's board of directors at the 2008 annual stockholders meeting by our holders of common stock and Series B Preferred Stock, voting as a single class.

Separately, by virtue of their ownership of the outstanding shares of the Series B Preferred Stock, Elevation Partners, L.P. and its affiliate Elevation Employee Side Fund, LLC (together "Elevation") are currently entitled to elect two directors (each, a "Series B Director") pursuant to the Certificate of Designation of the Series B Preferred Stock. Following their purchase of the Series B Preferred Stock in 2005, Elevation elected Roger B. McNamee and Fred D. Anderson to the Board. As with the other directors, under the Restated Certificate of Incorporation Mr. Anderson and Mr. McNamee's current terms expire at this annual meeting. Elevation has indicated its intent to re-elect Mr. Anderson and Mr. McNamee as the Series B Directors at the annual meeting. Because Mr. Anderson and Mr. McNamee will be elected by Elevation, their election will not be voted on by holders of our common stock and Series A Preferred Stock. See "Management - Directors and Executive Officers" for more information.

In addition, pursuant to its ownership of our sole outstanding share of Series A Preferred Stock (the "Series A Preferred Stock"), the National Association of REALTORS® (the "NAR") has the right to elect one of our directors (the "Series A Director"). At our 2007 Annual Meeting the NAR elected Thomas M. Stevens to serve as the Series A Director. Mr. Stevens term also expires at this annual meeting. The NAR has notified us that it intends to elect Catherine B. Whatley to serve as the Series A Director as of our 2008 Annual Meeting.

**Who is entitled to vote?**

Only stockholders of record who owned our common stock or Series B Preferred Stock at the close of business on the record date, April 14, 2008, are entitled to vote at the annual meeting or any postponement or adjournment of the meeting. Pursuant to the Certificate of Designation of the Series B Preferred Stock, the holders of the Series B Preferred Stock are entitled to vote with the holders of common stock, voting as a single class on any matter to come before the stockholders of the Company on an as converted basis. The holders of the common stock are not entitled to vote on the election of the Series B Directors.

Pursuant to its ownership of our sole outstanding share of Series A Preferred Stock the NAR has the right to elect the Series A Director. The holders of the common stock are not entitled to vote on the election of the Series A Director.

**What is the board of directors' recommendation on the proposals?**

The board of directors recommends a vote FOR the election of Steven H. Berkowitz, Joe F. Hanauer, William E. Kelvie, Kenneth K. Klein, Geraldine B. Laybourne, W. Michael Long, V. Paul Unruh and Bruce G. Willison as directors.

The board of directors recommends a vote FOR the proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended December 31, 2008.

**How do I vote?**

The Notice will also instruct you as to how you may submit your proxy over the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

If your shares are held in [street name] by your broker or bank, you may receive a form from your broker or bank seeking instructions as to how your shares should be voted. If you do not instruct your broker or bank how to vote, your broker or bank will vote your shares if it has discretionary power to vote on a particular matter.

You may also attend the annual meeting and vote in person if you are a stockholder of record on the record date. If your shares are held in street name, you may vote your shares in person only if you have a legal proxy from the entity that holds your shares giving you the right to vote the shares. A legal proxy is a written document from your brokerage firm or bank authorizing you to vote the shares it holds in its name. If you attend the meeting and vote your shares by ballot, your vote at the meeting will revoke any vote you submitted over the Internet or by mail. Even if you currently plan to attend the meeting, we recommend that you also vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

**Can I change my vote after I return my proxy?**

Yes, you have the right to revoke your proxy at any time before the annual meeting by submitting another proxy by mail or via the Internet that is later dated, by notifying our corporate secretary in writing, or by voting in person at the annual meeting.

**Who will count the votes?**

Broadridge Financial Solutions, Inc. ([Broadridge]) will count the votes and act as the inspector of elections.

**What shares are included on the proxy?**

The shares on your proxy represent ALL of your shares. If you do not return your proxy card(s) or vote over the Internet, your shares will not be voted.

---

***What does it mean if I get more than one Notice?***

If your shares are registered differently and are in more than one account, you may receive more than one Notice. We encourage you to have all accounts registered in the same name and address (whenever possible). You can accomplish this by contacting our transfer agent, Mellon Investor Services (800-356-2017) or, if your shares are held in street name, by contacting the broker or bank that holds your shares.

***How many shares can vote?***

As of the record date 151,759,217 shares of common stock were issued and outstanding. Each holder of common stock is entitled to one vote for each share of common stock held. In addition, as of the record date, approximately 108,492.81 shares of our Series B Preferred Stock, which are convertible into 25,831,621 shares of our common stock, were issued and outstanding. Each holder of Series B Preferred Stock is entitled to a number of votes equal to the number of shares of common stock into which all of the outstanding shares of Series B Preferred Stock held by such holder on the record date are convertible immediately prior to the vote, or approximately 238 votes for each share of Series B Preferred Stock held.

***What is a quorum?***

The presence at the meeting in person or by proxy of the holders of a majority of the shares of stock entitled to vote at the meeting will constitute a quorum for the transaction of business. Proxies marked as abstaining on any matter to be acted upon by stockholders and broker non-votes will be treated as present for purposes of determining a quorum. A broker non-vote occurs when you fail to provide voting instructions for shares you hold in street name. Under those circumstances, your broker may be authorized to vote for you on some routine matters but is prohibited from voting on other matters. Those matters for which your broker cannot vote result in broker non-votes.

***What is required to approve the proposals?***

For the election of the directors (other than the Series B Directors and Series A Director), once a quorum has been established, the nominees for director shall be elected by a plurality of the votes cast at the meeting. Accordingly, the eight nominees for director who are to be elected by holders of the common stock and the holders of Series B Preferred Stock, voting as a single class, who receive the most votes of the common stock and the Series B Preferred Stock (on an as converted basis) will become directors of Move.

For the ratification of the appointment of the independent auditors, once a quorum has been established, the measure shall be approved if a majority of the votes cast at the meeting vote FOR the ratification.

If a broker indicates on its proxy that it does not have discretionary authority to vote on a particular matter, the affected shares will be counted as shares present for the purpose of determining the presence of a quorum. Broker non-votes will be treated as not entitled to vote with respect to the election of a director and will have no impact on the outcome of the vote with respect to this proposal. Broker non-votes will have no impact on the outcome of the vote with respect with to the proposal to ratify the appointment of the independent auditors.

***What happens if I abstain?***

Proxies marked abstain will be counted as shares present for the purpose of determining the presence of a quorum, but for purposes of determining the outcome of a proposal, shares represented by these proxies will not be treated as affirmative votes. With respect to the election of directors, you may vote FOR one or more or all nominees or WITHHOLD AUTHORITY to vote for one or more or all nominees, with no separate provision to abstain in such vote. For proposals requiring the approval of holders of a majority of the shares of stock entitled to vote thereon that are present in person or represented by proxy at the meeting and are voted for or against the proposal, an abstention will have no impact on the outcome of the vote with respect to this proposal.

---

***How will Move solicit proxies?***

We have retained Broadridge to assist in the distribution of proxy materials. The costs and expenses of preparing and mailing proxy solicitation materials for the annual meeting and reimbursements paid to brokerage firms and others for their reasonable out-of-pocket expenses for forwarding proxy solicitation materials to stockholders will be borne by us. We have not retained a proxy solicitation service to assist in soliciting proxies. If, however, a proxy solicitation service is retained, the costs will be borne by us. Proxies may also be solicited in person, by telephone, or by facsimile by our directors, officers, and employees without additional compensation being paid to these persons.

**PROPOSAL 1 □ ELECTION OF DIRECTORS**

Our bylaws provide that the authorized number of directors may be fixed by resolution of the board of directors from time to time; provided, however, that the number of directors shall not be increased above eleven directors nor decreased below seven directors without stockholder approval. Currently, the board has fixed the number of directors at eleven. Our board is currently divided into three classes as nearly equal in size as possible and historically had staggered three year terms. At our 2005 annual meeting of stockholders, the stockholders approved our Restated Certificate of Incorporation, which became effective when it was filed with the Secretary of State of the State of Delaware on June 23, 2005. This Restated Certificate of Incorporation effected amendments to our Certificate of Incorporation as then in effect resulting in the elimination of the classification of our board of directors in 2008. In particular, pursuant to our Restated Certificate of Incorporation, the terms of the directors that were elected at our annual meetings of stockholders in 2005, 2006 and 2007, all expire at this 2008 annual stockholders meeting. Accordingly, all directors will be elected at this and each annual meeting thereafter for a term of one year. The Restated Certificate of Incorporation also provides that, notwithstanding the above, each director shall hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the director nominees named on the Notice and the proxy card. If any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominee designated by the present board of directors to fill the vacancy. Each of the nominees named on the Notice and proxy card has agreed to serve as director, if elected.

The nominees nominated by the governance and nominating committee of our board of directors for election as directors by the holders of our common stock and the holders of the Series B Preferred Stock, voting as a single class, are Steven H. Berkowitz, Joe F. Hanauer, William E. Kelvie, Kenneth K. Klein, Geraldine B. Laybourne, W. Michael Long, V. Paul Unruh and Bruce G. Willison. As described elsewhere herein, Elevation has indicated its intent to re-elect Fred D. Anderson and Roger B. McNamee as the Series B Directors at the annual meeting, and the NAR has indicated its intent to elect Catherine B. Whatley as the Series A Director. Information about these nominees, our other directors and our executive officers is set forth below in the section entitled □Management □ Directors and Executive Officers□.

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE DIRECTOR NOMINEES LISTED IN THE PROXY.**

---

**PROPOSAL 2  
RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

The audit committee of the board of directors has selected Ernst & Young LLP as the Company's independent auditors for the current fiscal year ending December 31, 2008. The audit committee has also pre-approved the engagement of Ernst & Young LLP to provide federal, state and Canadian tax return preparation, advisory and related services to the Company during 2008. Although ratification by the stockholders of the selection of Ernst & Young LLP as the Company's independent auditors is not required by law or by the bylaws of the Company, the

audit committee believes it is appropriate to seek stockholder ratification of this appointment in light of the critical role played by the independent auditors in auditing the Company's financial statements. If this selection is not ratified at the annual meeting of stockholders, the audit committee may reconsider its selection of independent auditors for the fiscal year ending December 31, 2008.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting and will have an opportunity to respond to appropriate questions and make a statement if they desire to do so.

### Fees Billed for Services Rendered by Independent Auditors

Ernst & Young LLP served as the Company's principal independent accountants to audit the Company's financial statements for the fiscal years ended December 31, 2007 and December 31, 2006. The fees billed in the fiscal years ended December 31, 2007 and December 31, 2006 for Ernst & Young's services to us were:

	Year ended December 31, 2007	Year ended December 31, 2006
Audit Fees(1)	\$1,383,000	\$1,560,000
Audit-Related Fees(2)	4,000	-
Tax Fees(3)	200,000	114,000
All Other Fees(4)	-	-
<b>Total Fees</b>	<b>\$1,587,000</b>	<b>\$1,674,000</b>

- (1) [Audit Fees] are fees billed by Ernst & Young LLP for professional services rendered for the audit of the Company's financial statements for 2007 and 2006, the audit of management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, the auditor's report on the effectiveness of internal control over financial reporting as of December 31, 2007 and December 31, 2006, for the review of the Company's financial statements included in the Company's quarterly reports on Form 10-Q filed with the SEC during 2007 and 2006, and for services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.
- (2) [Audit Related Fees] are fees billed by Ernst & Young LLP for 2007 and 2006 for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above under the caption [Audit Fees.] These services primarily related to accounting and auditing consultation.
- (3) [Tax Fees] are fees billed by Ernst & Young LLP for 2007 and 2006 for professional services rendered for tax compliance, tax advice and tax planning for the Company, and includes preparation of Canadian tax return, review of Federal tax return, review of certain State tax returns, assistance with documentation of net operating loss carry forwards, and assistance with a Canadian research and development study.
- (4) No fees were billed by Ernst & Young LLP for professional services rendered during 2007 and 2006 other than as stated above under the captions [Audit Fees,] [Audit Related Fees] and [Tax Fees.]

The audit committee's policy is to approve in advance all audit and permitted non-audit services provided by the independent accountants. In 2007 and 2006, the audit committee approved in advance any services provided by the independent auditors and the related fees. Those services only involved accounting consultation and general corporate tax services. In addition, in December 2003, the audit committee authorized the committee's

audit committee financial expert to pre-approve on behalf of the audit committee permitted auditing and non-auditing

5

services of \$50,000 or less to be provided by Ernst & Young LLP or any other accounting services firms, with the audit committee financial expert to report each pre-approval of services to the full committee at its next scheduled meeting after such pre-approval.

None of the audit and non-audit services described above were approved by the audit committee pursuant to the waiver of pre-approval provisions set forth in applicable rules of the SEC.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE  FOR  THE PROPOSAL TO RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR 2008. THE PERSONS NAMED IN THE FORM OF PROXY WILL VOTE THE PROXY AS SPECIFIED. IF NO SPECIFICATION IS MADE, THE PROXY WILL BE VOTED  FOR  THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP.**

6

## MANAGEMENT

### Directors and Executive Officers

The following table sets forth information regarding our nominees for election as directors, our incumbent directors, and our executive officers.

Name	Age	Position
Joe F. Hanauer	70	Chairman of the Board and Director
L. John Doerr	56	Director
Fred D. Anderson	63	Director
William E. Kelvie	60	Director
Kenneth K. Klein	64	Director
Geraldine B. Laybourne	59	Director
W. Michael Long	55	Chief Executive Officer and Director
Roger B. McNamee	51	Director
V. Paul Unruh	59	Director
Bruce G. Willison	59	Director
Thomas M. Stevens	58	Director
Lorna Borenstein	40	President
Lewis R. Belote, III	52	Chief Financial Officer
James S. Caulfield	44	Executive Vice President, General Counsel and Secretary
Allan D. Dalton*	59	President, Move new business venture
Errol G. Samuelson	42	Executive Vice President, Move, Inc. President, REALTOR.com® and Top Producer
Eric G. Thorkilsen**	57	President, Move Related Services Division
Steven H. Berkowitz	49	Director nominee

\* Mr. Dalton resigned as President of the new business venture effective February 29, 2008 and now serves the Company as a Senior Advisor. He is no longer an executive officer of the Company.

\*\* Mr. Thorkilsen tendered his resignation to the Company, effective as of April 30, 2008.



Pursuant to the Certificate of Designation for the Series B Preferred Stock, the holders of Series B Preferred Stock, voting as a separate class, are entitled to elect the two Series B Directors. Thus by virtue of their ownership of the outstanding shares of our Series B Preferred Stock, Elevation currently has the right to designate and to elect two of our directors, and Elevation exercised that right in 2005, electing Messrs. Anderson and McNamee as directors. Messrs. Anderson and McNamee are both up for election as Series B Directors at this annual meeting. If, however, the aggregate number of shares of Series B Preferred Stock issued on the original issuance date, November 29, 2005, that are outstanding on the record date for determining the stockholders entitled to vote at the next annual meeting of stockholders falls below two-thirds but is at least one-third of the shares of Series B Preferred Stock issued on November 29, 2005 (100,000 shares were issued on that date), as adjusted for certain events, then the holders thereof will be entitled to elect only one Series B Director as a separate class. Subject to certain limitations, only holders of Series B Preferred Stock are entitled to remove or fill vacancies for Series B Directors.

In addition, pursuant to the Stockholders Agreement between the Company and Elevation dated November 29, 2005 (the "Elevation Stockholders Agreement"), following the conversion of any of the 100,000 shares of Series B Preferred Stock originally purchased by Elevation on November 29, 2005 into shares of common stock (and without duplication of the board seats provided for in the provisions above) for so long as Elevation holds at least a number of converted shares equal to two-thirds of the purchased shares on an as converted basis, Elevation Partners, L.P. shall have the right to nominate two directors for election to the board of directors, and for so long as Elevation holds a number of converted shares equal to less than two-thirds but at least one-third of the purchased shares on an as converted basis, Elevation Partners, L.P. shall have the right to nominate one director for election

7

---

to the board of directors. The Elevation Stockholders Agreement also provides that Elevation is required to vote their shares in the manner recommended by the board of directors with respect to the election or removal of directors, other than any of the Series B Directors.

As disclosed in a Current Report on Form 8-K on March 17, 2008, the NAR notified us that it intends to elect Catherine B. Whatley as its director representative, effective as of our 2008 annual stockholders meeting. Ms. Whatley will replace Thomas M. Stevens, whose term is scheduled to expire at this annual stockholders meeting. By virtue of its ownership of our sole outstanding share of Series A Preferred Stock, the NAR has the right to elect the Series A Director. In addition, if there is any vacancy in the office of the Series A Director, then a director to hold office for the unexpired term of the Series A Director may be elected by the vote or written consent of the holder of the Series A Preferred Stock.

*Catherine B. Whatley*, 57, has been president and owner of Buck & Buck, Inc., REALTORS® since 1986. Ms. Whatley is vice chair of the board of directors of JEA, a municipally-owned utility authority, and serves on several REALTOR® association non-profit boards.

*Steven H. Berkowitz*, 49, has served as Senior Vice President of the Online Services Group at Microsoft Corporation, a software and services company, since May 2006. Mr. Berkowitz is responsible for running the Online Business group, which includes MSN.com, MSNTV and MSN Internet Access programming, advertising sales, business development, and marketing for Live Platform, MSN and Windows Live. Prior to joining Microsoft in May 2006, Mr. Berkowitz served as chief executive officer of Ask Jeeves, an online search engine, from January 2004 until August 2005, when the business was sold to IAC/InterActiveCorp. After acquisition by IAC/InterActiveCorp., Ask Jeeves was renamed IAC Search and Media, and Mr. Berkowitz served as its chief executive officer until May 2006. Mr. Berkowitz was president of the Web Properties Division of Ask Jeeves from May 2001 until December 2003.

*Joe F. Hanauer* has served as one of our directors since November 1996, as vice chairman of the board from November 2001 to January 2002, chairman of the board since January 2002, and lead independent director since December 2004; he was the NAR representative on the board through November 2000. Since 1988, Mr. Hanauer, through Combined Investments, L.P., has directed investments in companies primarily involved in real estate and financial services. Mr. Hanauer is a former chairman and director of Grubb & Ellis Company and a former chairman of Coldwell Banker Residential Group, Inc. Mr. Hanauer is a trustee of each of Calamos Investment Trust, Calamos Advisors Trust and Calamos Convertible Opportunities and Income Fund, and a member of the NAR. Mr. Hanauer serves as our representative on the Policy Advisory Board of the Joint Center for Housing

Studies at Harvard University.

*Fred D. Anderson* has served as one of our directors (as one of two Elevation representatives) since December 2005. Mr. Anderson co-founded and has been a managing director of Elevation Partners, L.P., a private equity firm focused on the media and entertainment industries since July 2004. From March 1996 to June 2004, Mr. Anderson served as executive vice president and chief financial officer of Apple Inc., a manufacturer of personal computers and related software. Prior to joining Apple, from August 1992 to March 1996, Mr. Anderson was corporate vice president and chief financial officer of Automatic Data Processing, Inc., an electronic transaction processing firm. On April 24, 2007, the SEC filed a complaint against Mr. Anderson and another former officer of Apple Inc. The complaint alleged that Mr. Anderson failed to take steps to ensure that the accounting for an option granted in 2001 to certain executives of Apple, including himself, was proper. Simultaneously with the filing of the complaint, Mr. Anderson settled with the SEC, neither admitting nor denying the allegations in the complaint. In connection with the settlement, Mr. Anderson agreed to a permanent injunction from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and Section 16(a) of the Exchange Act and Rules 13b2-2 and 16a-3 thereunder, and from aiding and abetting future violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, and 14a-9 thereunder. He also agreed to disgorge approximately \$3.5 million in profits and interest from the option he received and to pay a civil penalty of \$150,000. Under the terms of the settlement, Mr. Anderson may continue to act as an officer or director of public companies. Mr. Anderson also serves on the board of directors of eBay, Inc. and Palm, Inc.

8

---

*L. John Doerr* has served as one of our directors since August 1998. Mr. Doerr has been a general partner of Kleiner Perkins Caufield & Byers, a venture capital firm, since 1980. Prior to his tenure at Kleiner Perkins Caufield & Byers, Mr. Doerr was employed by Intel Corporation for five years. He serves on the board of directors of Amazon.com, Inc., and Google Inc.

*William E. Kelvie* has served as one of our directors since August 1998. He has served as chief executive officer of Overture Corporation, an information technology company, since July 2000. Prior to his tenure at Overture Corporation, Mr. Kelvie was the executive vice president and chief information officer responsible for information technology systems at the Federal National Mortgage Association (Fannie Mae), the world's largest non-bank financial services company, from 1992 to 2000.

*Kenneth K. Klein* has served as one of our directors since August 1998. He is president and chief executive officer of a privately held group of companies involved in diversified residential and light commercial construction and land development, including Kleinco Construction Services, Inc., of which Mr. Klein has served as president and chief executive officer since 1980. Mr. Klein was national vice president of the National Association of Home Builders during the calendar years 1999 and 2000. He serves on the board of directors of First Fidelity Bank, an Oklahoma based regional bank, and Habitat for Humanity International.

*Geraldine B. Laybourne* has served as one of our directors since June 2006. In 1998, Ms. Laybourne founded Oxygen Media, LLC, an independent cable television network with programming tailored to the interests of women, and served as its chairman and chief executive officer since its inception until its sale in November 2007. Ms. Laybourne currently serves on several boards and advisory committees, including Insight Communications Company, Inc., Vassar College, The National Cable & Telecommunications Association, The National Council for Families and Television, and Cable Positive.

*W. Michael Long* has served as our chief executive officer and as one of our directors since January 2002. From November 1999 to April 2001, Mr. Long served as chairman of the board and as a director of Healtheon/WebMD Corporation (Healtheon/WebMD; now known as HLTH Corporation), a provider of healthcare information services and technology solutions. From July 1997 to November 1999, Mr. Long served as chief executive officer of Healtheon Corporation.

*Roger B. McNamee* has served as one of our directors (as one of two Elevation representatives) since December 2005. Mr. McNamee co-founded and has been a managing director of Elevation Partners, L.P., since July 2004. Prior to joining Elevation, Mr. McNamee, as a principal of investment firm Integral Capital Partners, was a co-founder of Silver Lake Partners, a private equity firm, where he is also an advisory director. In 1991, Mr. McNamee co-founded the investment firm Integral Capital Partners, where he is currently an advisory director of the general partner of Integral's seventh investment fund and continues as a managing member of the general

partner of its previous investment funds.

*Thomas M. Stevens* has served as one of our directors since June 2007 (as the NAR representative). Mr. Stevens has also served as the NAR's representative on the board of directors of RealSelect, Inc., a wholly owned subsidiary of the Company, since June 2007. Mr. Stevens served as senior vice president for NRT Incorporated/Realogy (NRT), a residential real estate brokerage, from 2005 until December 31, 2007. He served as senior vice president for the Mid-Atlantic region of NRT from 2002 until 2005 and as President of Coldwell Banker Residential Brokerage-Washington, from 2002 until 2005. Mr. Stevens served on the board of directors of the NAR from 1987 until 2007, and served on the Executive Committee of the NAR from 1996 until 2007. He served as the 2007 Immediate Past President of the NAR, as President in 2006, President-Elect in 2005 and First Vice President in 2004.

*V. Paul Unruh* has served as one of our directors since May 2003. For 25 years, Mr. Unruh worked at Bechtel, a privately held global engineering and construction services organization. Prior to his retirement in 2002, Mr. Unruh served as vice chairman of Bechtel Group, Inc. from January 2001 to December 2002 and president of Bechtel Enterprises, a development and financing subsidiary, from July 1997 to January 2001. Mr. Unruh is currently a director of Symantec Corporation, a software company, and Heidrick & Struggles International, Inc., a provider of senior-level executive search and leadership services.

*Bruce G. Willison* has served as one of our directors since December 2002. Since January 2006, Mr. Willison has served as Professor of Management of the UCLA Anderson School of Management. From 1999 to December 2005, Mr. Willison served as Dean of the UCLA Anderson School of Management. This appointment followed a

9

---

26-year career in the banking industry, most recently as president and chief operating officer of H.F. Ahmanson & Co., the parent company of Home Savings of America. Mr. Willison is a director of Health Net, Inc., an integrated managed care organization, and IndyMac Bancorp, Inc., the parent company of IndyMac Bank.

*Lorna Borenstein* has served as our president since May 2007. From October 2004 until April 2007, Ms. Borenstein held a number of executive positions at Yahoo!, an internet company, including vice president, product for Yahoo!'s strategy on youth and education, global vice president and general manager of Yahoo! Personals and vice president, marketing of Yahoo! Search & Marketplace Group. From August 2000 to October 2004, Ms. Borenstein held a number of executive positions at internet company eBay, Inc, most recently serving as vice president and general manager of eBay, Inc. Ms. Borenstein has also practiced law at Peterson & Ross in Chicago, Illinois, and Osler, Hoskin & Harcourt, in Toronto, Ontario, and served as assistant counsel at Hewlett-Packard (HP) Canada Ltd.

*Lewis R. Belote, III* has served as our chief financial officer since January 2002. From May 1998 to April 2001, Mr. Belote served as senior vice president, finance of Healtheon/WebMD (now known as HLTH Corporation). From June 1996 to May 1998, Mr. Belote served as senior vice president and chief financial officer for ActaMed Corporation. Prior to 1996, Mr. Belote served for twelve years with the accounting firm of Ernst & Young LLP.

*James S. Caulfield* has served as our executive vice president, general counsel and secretary since October 2006. Mr. Caulfield has been a member of our legal department since February 2004 and has also served as our senior vice president, deputy general counsel and assistant secretary from March 2006 to October 2006. Prior to joining us, Mr. Caulfield was vice president and general counsel of Lincoln Financial Advisors Corporation, a financial planning firm, from March 2002 to February 2004.

*Allan D. Dalton* accepted a new position, as of March 2008, to serve as a senior advisor to the Company. From February 2007 until February 29, 2008, Mr. Dalton served as president of our new business venture creating new products and services for sale to consumers and real estate professionals. From December 2006 to February 2007, he served as president of our Real Estate Services Division. From October 2002 to December 2006, Mr. Dalton was president and chief executive officer of REALTOR.com®, one of our consumer websites and the official Internet site of the NAR. From August 2002 to October 2002, Mr. Dalton served as executive vice president of Coldwell Banker New England Metro, the largest real estate services organization in New England. From January 1998 to August 2002, Mr. Dalton was senior vice president of NRT Incorporated.

*Errol G. Samuelson* has served as one of our executive vice presidents and president of REALTOR.com® since February 2007. Mr. Samuelson was hired as senior vice president of operations of Top Producer in August 2003, and has served as president of Top Producer since October 2003. From January 2002 to August 2003, Mr. Samuelson was an independent consultant and co-founder/principal of the consulting firm Pranix, Inc. From January 2001 to December 2001, Mr. Samuelson served as our director of international marketing and vice president of product strategy.

*Eric Thorkilsen* has served as president of our Move-Related Services division since December 2006, and has tendered his resignation effective as of April 30, 2008. Immediately prior to joining us, Mr. Thorkilsen was founder and managing partner at Lifestyle Media Partners, a media consulting firm. From January 2005 to March 2006, Mr. Thorkilsen served as senior vice president of business development and directed all multi-media brand development and extensions for the HGTV, the Food Network, DIY, Fine Living and Great American Country properties for the E.W. Scripps Company, a multimedia holding company. From 1973 to December 2004, Mr. Thorkilsen held several positions at Time Warner Inc., a media and entertainment company.

10

---

## MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Other than Mr. Long, due to his position as our chief executive officer, Mr. Stevens, due to his position with the NAR, and Messrs. Anderson and McNamee for reasons described below, the board of directors has determined that each member of the board meets the requirements for being "independent" as defined by applicable law, SEC rules and regulations, and NASDAQ listing standards, each as they may be interpreted and amended from time to time, as well as other legal requirements applicable to us. The Company believes that the board of directors will also determine during its independence review that Mr. Berkowitz meets the independence requirements prescribed in the preceding sentence. In 2005, the Company made \$2,321,577 in payments to Elevation in connection with the purchase by Elevation of our Series B Preferred Stock. Because of their relationship with Elevation as described in "Security Ownership of Certain Beneficial Owners and Management" and the payments made by the Company to or on behalf of Elevation in connection with the sale of Series B Preferred Stock, Messrs. Anderson and McNamee are not considered to be independent at this time under NASDAQ listing standards and thus are not considered independent at this time by the board of directors.

With regard to the independence determinations discussed above, the board considered Mr. Doerr's status as a general partner of Kleiner Perkins, which owns 2.55% of the Company's common stock, and his indirect joint ownership with Mr. Long, of real estate purchased for conservation purposes. The board also considered Mr. Unruh's status as a director of Heidrick & Struggles International, which the Company engaged in connection with director search services in 2006 and 2007.

The board of directors held a total of eleven meetings during the year ended December 31, 2007. During that period, each director attended at least 75% of the aggregate of the total number of meetings of the board (held during the period for which he or she has been a director) and the total number of meetings of all board committees on which that director served (during the periods that he or she served), except for Messrs. Doerr and Anderson. Last year we inadvertently reported that William Kelvie attended less than 75% of the total number of board and committee meetings. This was incorrect as Mr. Kelvie attended more than 75% of the total number of board and committee meetings for 2006.

The board has the following standing committees: an audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, a management development and compensation committee, and a governance and nominating committee. Each of these committees has a written charter, and such charters, as well as our corporate governance guidelines, code of conduct and business ethics, and other governing documents, can be found on our website at <http://investor.move.com>.

### Audit Committee

The audit committee's principal functions are to:

- independently and objectively monitor the periodic reporting of our financial condition and results of operations;

- monitor reviews of the adequacy of the accounting and financial reporting processes and systems of internal control conducted by our independent auditors and financial and senior management;
- review and evaluate the independence and performance of our independent auditors;
- approve related party transactions;
- retain and manage the relationship with our independent auditors; and
- facilitate communication among our independent auditors, management and the board of directors.

Our audit committee consists of Messrs. Klein, Willison and Unruh. Each of the members of the audit committee meets the standards of independence applicable to audit committee members under applicable SEC rules and NASDAQ listing standards. The board has determined that Mr. Unruh meets the requirements of an [audit committee financial expert] as defined in SEC rules and regulations. The audit committee held nine meetings during 2007.

---

### **Management Development and Compensation Committee**

The management development and compensation committee's principal functions are to:

- review the ongoing development of our leadership development programs, succession planning, mission statement and operating values;
- review and approve goals and objectives relevant to the chief executive officer's compensation, evaluate his performance in light of those goals and objectives, and set his compensation level (including, but not limited to, salary, long and short-term incentive plans, retirement plans, deferred compensation plans, equity award plans, and change in control or other severance plans, as the committee deems appropriate) based on this evaluation;
- review and approve our overall compensation policies, including as they relate to the board, our chief executive officer and other executive and senior officers and employees;
- review and approve the compensation levels for executive officers (including, but not limited to, salary, long and short-term incentive plans, retirement plans, deferred compensation plans, equity award plans, and change in control or other severance plans, as the committee deems appropriate); and
- administer and make recommendations to the board with respect to our incentive-compensation plans and equity-based compensation plans.

Our management development and compensation committee consists of Messrs. Hanauer and Willison. Each of these directors is a non-employee director within the meaning of Section 16 of the Securities Exchange Act, an outside director within the meaning of Section 162(m) of the Internal Revenue Code, and an independent director under applicable NASDAQ listing standards. The management development and compensation committee held ten meetings during 2007. The management development and compensation committee may delegate to the extent permitted by applicable law, SEC rules and Nasdaq listing standards, to one or more members of the committee or to an officer, the power to designate officers and employees of the Company and its subsidiaries who will receive awards, and the number and type of awards, under the Company's incentive compensation plans and equity-based incentive plans. See [Compensation Discussion and Analysis] for further discussion of the committee's processes and procedures.

### **Governance and Nominating Committee**

The governance and nominating committee's principal functions are to:

- identify and make recommendations to the board of directors on individuals qualified to serve as our board members;
- review and re-evaluate our corporate governance guidelines at least twice per year;
- review and recommend the re-nomination of incumbent directors;
- review and recommend appointments to other committees;
- lead the board in its annual review of the board's performance; and
- perform other tasks, such as studying the size, committee structure, or meeting frequency of the board.

Our governance and nominating committee consists of Messrs. Hanauer and Kelvie, and Ms. Laybourne. Each of these directors is an independent director under applicable NASDAQ listing standards. The committee held five meetings during 2007.

The governance and nominating committee will consider all stockholder recommendations for candidates for the board of directors, which should be sent by stockholders to the governance and nominating committee in the care of our secretary, in accordance with the applicable timeliness and information requirements of our bylaws, Delaware law, and the SEC rules. To facilitate consideration by the governance and nominating committee, the recommendation should also be accompanied by a full statement of the qualifications of the recommended nominee and the consent

12

---

of the recommending stockholder to be named in our proxy materials. In addition to considering candidates suggested by stockholders, the governance and nominating committee considers potential candidates recommended by current directors, company officers, employees and others.

Potential new directors are identified, screened, recommended, and nominated by the governance and nominating committee. The governance and nominating committee screens all potential candidates in the same manner regardless of the source of the recommendation. Any vacancy on the board of directors is filled by the affirmative vote of a majority of the independent board members then in office.

In addition to the mandatory retirement age of 75, the governance and nominating committee has adopted the following criteria for the evaluation of director nominees:

- the board of directors as a whole shall be appropriately diverse with members coming from targeted industries and a variety of career paths and skill sets, including experience in business and management, leadership and strategic planning and crisis response;
- the board of directors seeks to attract members from several industries, including technology, the Internet, real estate, real estate finance or related activities, financial services, media, marketing, accounting and finance, education and other core industries related to Move;
- that a preponderance of the board's members will have occupied positions in senior management, including CEO positions, with companies engaged in the industries referenced above and that the related companies will have generated at least \$250 million in revenues annually;
- all board members must be able to meet the time commitment of active board responsibility, and no candidate will be nominated for director if the board determines that such candidate serves on a number of other boards of directors, or has extensive other obligations, that prevent such candidate from meeting the time commitments required for service on the board;
- the board seeks members representing a diversity of skill sets in order to both enable the board to consider the variety of issues it expects to consider, as well as to offer management the kinds of resources they may need to operate more effectively; and

- board members are sought who possess personal integrity and high moral and ethical standards, and who can be expected to be committed to represent the long-term interests of stockholders.

The Company paid fees in 2007 to a professional search firm to assist in identifying individuals to serve as a reserve pool of potential director nominees. Mr. Berkowitz was recommended by the professional search firm Heidrick & Struggles International, Inc.

The board provides a process for stockholders to send communications to the entire board or any of the directors individually. Stockholders may send written communications to the board, or to any of the individual directors, in the care of our secretary. All communications will be compiled by the secretary and are forwarded to the addressees or distributed at the next scheduled board meeting.

The board of directors encourages its members to attend our annual meeting of stockholders. Messrs. Hanauer, Kelvie, Long, McNamee, Stevens, Unruh, Willison and Ms. Laybourne attended our 2007 annual meeting.

### Director Compensation

Non-employee directors (other than any director who is entitled to a seat on our board of directors on a contractual basis) receive an annual retainer of \$25,000 in cash, which is paid in quarterly installments. Each committee chair receives an additional annual retainer of \$5,000 in cash, except the chairman of the audit committee who receives \$10,000 in cash. Each of the non-employee directors (other than any director who is entitled to a seat on our board of directors on a contractual basis) also receives \$1,500 in cash per meeting for each board meeting attended in person (and \$1,000 for each telephonic meeting) that requires a significant commitment of time. In addition, members of the committees of the board receive \$2,000 for attending an audit committee meeting or \$1,500 for each other committee meeting attended (and \$1,500 for each telephonic audit committee meeting or \$1,000 for each other telephonic committee meeting) that requires a significant commitment of time. Mr. Hanauer, in his capacity as chairman of the board, receives an additional annual retainer of \$70,000 in cash, which is paid in quarterly installments.

13

In June 2007, each non-employee director (other than any director who is entitled to a seat on our board of directors on a contractual basis) was granted 12,500 restricted shares of our common stock under our 1999 Stock Incentive Plan. Mr. Hanauer, in his capacity as chairman of the board, was granted an additional 12,500 restricted shares. No stock options were included as part of the 2007 grants to directors. Each restricted stock award will vest three years after the grant date. All restricted stock will immediately vest if the director is not nominated for reelection, is nominated for re-election and is not elected, or must resign due to health reasons, or upon such director's death. Upon a director's resignation or termination for other reasons, including, but not limited to, business conflicts with us, all of the director's unvested restricted stock will terminate immediately with the exception of restricted stock granted on June 14, 2007, which shall vest pro-rata upon such board member's resignation or termination due to a business conflict with the Company. Our employee directors do not receive any compensation for their services as a director.

The following table sets forth the cash and other compensation paid by the Company in 2007 to the members of the board of directors for all services in all capacities, other than to Mr. Long, whose compensation is disclosed in the Summary Compensation Table.

Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (2))	Total (\$)
Joe F. Hanauer	123,500	84,316	855	208,671
Fred D. Anderson	□	□	□	□
L. John Doerr	31,500	42,158	342	74,000
William E. Kelvie	39,500	42,158	342	82,000
Kenneth K. Klein	58,500	42,158	342	101,000
Geraldine B. Laybourne	38,500	44,413	□	82,913
Roger B. McNamee	□	□	□	□

Edgar Filing: MOVE INC - Form DEF 14A

V. Paul Unruh	49,500	42,158	4,721	96,379
Bruce G. Willison	64,000	42,158	342	106,500
Thomas M. Stevens				

(1) Consists of the following amounts (which are described in the narrative preceding the table):

Director	Annual Retainer (\$)	Committee Chair Retainer (\$)	Meeting Fees (\$)
Hanauer	95,000	5,000	23,500
Anderson			
Doerr	25,000		6,500
Kelvie	25,000		14,500
Klein	25,000	10,000	23,500
Laybourne	25,000		13,500
McNamee			
Unruh	25,000		24,500
Willison	25,000	5,000	34,000
Stevens			

(2) Reflects the dollar amount recognized by the Company as an expense in 2007 for financial statement reporting purposes relating to restricted stock awards and past option grants. The directors did not receive any option awards in 2007, but the Company recognized an expense in 2007 for prior year option grants. The fair values of these awards and the amounts expensed in 2007 were determined in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment (which we refer to as FAS 123R). The assumptions used in determining these amounts are set forth in Note 13 to the Company's consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC.

14

The following table shows the restricted stock awarded to each director during 2007:

Name	Grant Date	Number of Shares (#)	Grant Date Fair Value of Restricted Stock Award (\$)
Hanauer	06/14/2007	25,000	106,250
Anderson			
Doerr	06/14/2007	12,500	52,625
Kelvie	06/14/2007	12,500	52,625
Klein	06/14/2007	12,500	52,625
Laybourne	06/14/2007	12,500	52,625
McNamee			
Unruh	06/14/2007	12,500	52,625
Willison	06/14/2007	12,500	52,625
Stevens			

The aggregate numbers of stock options and shares of restricted stock held by each director as of December 31, 2007 are reflected in the following table.

Director	Stock Options	Restricted Stock
Hanauer	222,500	317,788
Anderson		
Doerr	67,500	85,300
Kelvie	45,000	97,300



Edgar Filing: MOVE INC - Form DEF 14A

Klein	76,000	97,300
Laybourne	□	34,500
Long	□	□
McNamee	□	□
Unruh	40,000	110,300
Willison	40,000	110,300
Stevens	□	□

(h)  
Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rates and market risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(2)  
Summary of Significant Accounting Policies

(a)  
Basis of Presentation

The Plan's financial statements have been prepared on an accrual basis of accounting. Benefits are recorded when paid. Cash equivalents are generally funds held in money market funds at December 31, 2017 and 2016.

(b)  
Investments and Notes Receivable from Participants

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of

fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 or 2016. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

(c)  
Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles (U.S. GAAP); requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

6

---

BAR HARBOR BANKSHARES 401(k) PLAN

Notes to Financial Statements

December 31, 2017, and 2016

(d) Subsequent Events

There were no significant subsequent events between December 31, 2017 and through the date of this filing.

Fair Values of Financial Instruments

US GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that (3) prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (Contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Stable value fund and Common Trust Funds: The Morley Stable Value Fund is valued at the Net Asset Value ("NAV") of shares held by the Plan based on the fair value of its underlying assets reported in the fund's audited financial statements.

Mutual funds: Mutual funds are valued at quoted market prices, representing the net asset value of shares held by the Plan, and is classified as Level 1, as they are actively traded and no valuation adjustments have been applied.

Common Stock: The Bar Harbor Bankshares common stock is valued at quoted market prices and is classified as Level 1, as they are actively traded and no valuation adjustments have been applied.

## BAR HARBOR BANKSHARES 401(k) PLAN

Notes to Financial Statements

December 31, 2017, and 2016

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in valuation methodology during the year ended December 31, 2017 or 2016.

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Money Market funds	\$318	\$	—\$	—\$318
Mutual funds	28,757,126	—	—	28,757,126
Common Stock of Bar Bankshares	7,752,575	—	—	7,752,575
Investments at fair value	36,510,019			36,510,019
Common or Collective Trust Funds (a)		—	—	6,352,325
Total Investments at fair value	\$36,510,019	\$	—\$	—\$42,862,344

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Money Market funds	\$563	\$	—\$	—\$563
Mutual funds	10,776,417	—	—	10,776,417
Common Stock of Bar Bankshares	5,613,820	—	—	5,613,820
Investments at fair value	16,390,800			16,390,800
Common or Collective Trust Funds (a)		—	—	3,783,290
Total Investments at fair value	\$16,390,800	\$	—\$	—\$20,174,090

There were no transfers between levels during 2017.

(a) In accordance with ASU 2015-07, certain investments that are measured at fair value using NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for plan benefits.

The following tables set forth additional disclosures of Plan's investments whose fair value is estimated using NAV per share (or its equivalent) as of December 31, 2017 and 2016.



## BAR HARBOR BANKSHARES 401(k) PLAN

Notes to Financial Statements

December 31, 2017, and 2016

Fair Value Estimated Using NAV Per Share

December 31, 2017

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Stable Value Fund:				
Morley Stable Value Fund	\$1,911,689	\$	—Daily	12 Months
Common Trust Funds:				
BlackRock US Debt Index FD CLR (b)	358,128	\$	—Daily	N/A
BlackRock EAFE Equity Index FDR CLR R (c)	404,361	\$	—Daily	N/A
BlackRock Russell 2000 Index FDCL R (d)	417,355	\$	—Daily	N/A
BlackRock Midcap Equity Index FD CL R (e)	625,555	\$	—Daily	N/A
BlackRock Equity Index FD CLR (f)	2,635,237	\$	—Daily	N/A

Fair Value Estimated Using NAV Per Share

December 31, 2016

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Stable Value Fund:				
Morley Stable Value Fund	\$1,074,356	\$	—Daily	12 Months
Common Trust Funds:				
BlackRock US Debt Index FD CLR (b)	3,859	\$	—Daily	N/A
BlackRock EAFE Equity Index FDR CLR R (c)	7,096	\$	—Daily	N/A
BlackRock Russell 2000 Index FDCL R (d)	294,715	\$	—Daily	N/A
BlackRock Midcap Equity Index FD CL R (e)	373,115	\$	—Daily	N/A
BlackRock Equity Index FD CLR (f)	2,030,149	\$	—Daily	N/A

The BlackRock U.S. Debt Index Fund is designed to achieve investment results that are similar to the price and (b)yield performance, before fees and expenses, of the Barclays Capital U.S. Aggregate Bond Index. The Fund is invested solely in the BlackRock U.S. Debt Index Fund managed by BlackRock Institutional Trust Company, N.A.

The BlackRock EAFE Equity Index Fund is designed to achieve investment results that are similar to the price and (c)yield performance, before fees and expenses, of the MSCI EAFE Index. The Fund is invested solely in the BlackRock EAFE Equity Index Fund managed by BlackRock Institutional Trust Company, N.A.

The BlackRock Russell 2000 Index Fund is designed to achieve investment results that are similar to the price and (d)yield performance, before fees and expenses, of the Russell 2000 Index. The Fund is invested solely in the BlackRock Russell 2000 Index Fund managed by BlackRock Institutional Trust Company, N.A.

BAR HARBOR BANKSHARES 401(k) PLAN

Notes to Financial Statements

December 31, 2017, and 2016

The BlackRock Mid Cap Equity Index Fund is designed to achieve investment results that are similar to the price (e) and yield performance, before fees and expenses, of the S&P Midcap 400 Index. The Fund is invested solely in the BlackRock Mid Cap Equity Index Fund managed by BlackRock Institutional Trust Company, N.A.

The investment objective of the BlackRock Equity Index Fund is designed to achieve investment results that are (f) similar to the price and yield performance, before fees and expenses, of the S&P 500 Index. The Fund is invested solely in the BlackRock Equity Index Fund managed by BlackRock Institutional Trust Company, N.A.

(4) Income Tax  
Status

The Plan is based on a prototype plan. The Internal Revenue Service (IRS) informed the plan sponsor, in an opinion letter dated March 31, 2014, that the form of the Plan is acceptable under the requirements of the Internal Revenue Code ("IRC"). An employer may rely on a favorable opinion letter issued to a prototype sponsor as evidenced that the Plan is qualified under Code Section 401 (a) as provided in Revenue Procedure 2011-49.

Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the current plan is designed and being operated in compliance with applicable requirements of the IRC so that the plan is qualified and the related trust is tax exempt.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, There were no uncertain positions taken or expected to



be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

(5) Party-in-Interest Transactions

Shares of common stock issued by the Company represent certain Plan investments (See Note 3). The decision to invest in Company stock is voluntary on the part of the participants. These transactions are party-in-interest transactions. Senior officers are prohibited from purchasing,

selling, or reallocating their positions in the Company's common stock during times of established blackouts or while in possession of insider information. Effective December 1, 2010, Reliance Trust Company became Trustee and investments (including Bar Harbor Bankshares) were held by Fidelity Investments. Participant loan distributions and repayments are also considered party in interest transactions.

(6) Reconciliation of Financial Statements to Form 5500

There are no differences between net assets or the net increase in net assets available for plan benefits between Form 5500 and the financial statements as of and for the years ended December

31, 2017 and  
2016.

10

---

## Schedule 1

BAR HARBOR BANKSHARES 401(k) PLAN  
 Schedule H, Line 4i - Schedule of Assets Held at End of Year  
 December 31, 2017

(a)	(b) Identity of Issuer, borrower, lessor, or similar party	(c) Description of investment, number of shares, and rate of interest	(d) Cost	(e) Current Value
	Cash-Pass through account	Interest rate - .24%	**	70,482
	Fidelity Gov't Money Market	Money market fund	**	318
	American Target Fund 2015-2050	Target Funds, 1,796,240.357 shares	**	25,181,337
	American Europacific Growth Fund	Foreign equity mutual fund, 19,525.759 shares	**	1,097,738
	American New Perspective Fund	Foreign equity mutual fund, 41,972.793 shares	**	1,811,546
	Prudential Short Term Corp Bond	Bond mutual fund, 42,099.425 shares	**	463,310
*	Bar Harbor Bankshares	Common stock, 287,026.096 shares	**	7,752,575
	Morley Stable Value Fund	Stable Value Fund, 79,222.305 shares	**	1,911,689
	BlackRock Equity Index FD CL R	Common Trust Fund, 7,835.970 shares	**	2,635,237
	BlackRock Strategic Income Opps Instl	Equity Mutual Fund, 20,346.558 shares	**	203,195
	BlackRock US Debt Index FDC R	Common Trust Fund, 2,246.160 shares	**	358,128
	BlackRock EAFE Equity Index FDCLR	Common Trust Fund, 3,985.424 shares	**	404,361
	BlackRock Russell 2000 Index FD C R	Common Trust Fund, 2,496.294 shares	**	417,355
	BlackRock Midcap Equity Index FDCLR	Common Trust Fund, 3,538.604 shares	**	625,555
*	Participant Loans Receivable	Interest rate -3.25% - 5.50%	—	1,059,813 \$43,992,639

\* Party-in-interest

\*\* Per ERISA guidelines, the cost of investments is not required to be included in this schedule

See accompanying report of independent registered public accounting firm.

#### REQUIRED INFORMATION

The Bar Harbor Bankshares 401(k) Plan (the Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and supplemental schedule of the Plan for the two fiscal years ended December 31, 2017 and 2016, have been prepared in accordance with the financial reporting requirements of ERISA, and are attached hereto as Appendix 1 and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustees who administer the Bar Harbor Bankshares 401(k) Plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Bar Harbor Bankshares 401(k) Plan

By: /s/Marsha C. Sawyer      Date: June 29, 2018

Marsha C. Sawyer  
Plan Administrator

EXHIBIT INDEX

Exhibit No.	Exhibit
<u>23.1</u>	<u>Consent of RSM US LLP</u>