

HOMESTORE INC
Form DEF 14A
May 25, 2006

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

Homestore, Inc.

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:

4)

Date Filed:

HOMESTORE, INC.
30700 Russell Ranch Road
Westlake Village, California 91362

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held June 22, 2006

To Our Stockholders:

The annual meeting of stockholders of Homestore, Inc. d/b/a Move, a Delaware corporation, will be held on June 22, 2006 at 10:30 a.m., local time, at the Hilton Los Angeles Airport located at 5711 West Century Blvd., Los Angeles, California 90045-5631, for the following purposes:

1. To elect two Class I directors each to serve for a term through the annual meeting of stockholders in 2008 and until their respective successors have been duly elected and qualified;
2. To amend the Company's Restated Certificate of Incorporation to change the Company's name from "Homestore, Inc." to "Move, Inc."; and
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 25, 2006, are entitled to receive notice of and to vote at the annual meeting or any postponement or adjournment thereof.

All stockholders are cordially invited to attend the annual meeting in person. However, if you do not plan to attend the annual meeting, please mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed, postage-prepaid envelope.

By Order of the Board of Directors,
MICHAEL R. DOUGLAS
*Executive Vice President, General Counsel
and Secretary*

Westlake Village, California
May 25, 2006

YOUR VOTE IS IMPORTANT

**TO ASSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE REQUESTED TO
COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS
POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.**

PROXY STATEMENT

This proxy statement is furnished on behalf of the board of directors of Homestore, Inc., a Delaware corporation, for use at Homestore's annual meeting of stockholders to be held on June 22, 2006 at 10:30 a.m., local time, and at any postponement or adjournment thereof. The annual meeting will be held at the Hilton Los Angeles Airport located at 5711 West Century Blvd., Los Angeles, California 90045-5631.

These proxy solicitation materials were first mailed on or about May 25, 2006 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 two Class I directors and the approval of an amendment to our Restated Certificate of Incorporation to change the Company's name from "Homestore, Inc." to "Move, Inc."

There are currently four Class I directors serving on the Board of Directors of the Company. Two of those Class I directors, V. Paul Unruh and Bruce G. Willison, have been nominated and are being submitted for re-election to the holders of our common stock and Series B Convertible Participating Preferred Stock (the "Series B Preferred Stock"), voting as a single class as indicated under "*Who is entitled to vote?*" below. The other two Class I directors are Roger B. McNamee and Alan Yassky.

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. Because Mr. McNamee is a Class I director, his current term expires at this annual meeting. Elevation has indicated its intent to re-elect Mr. McNamee as a Series B Director at the annual meeting. Because Mr. McNamee will be elected by Elevation, his 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.

By virtue of its ownership of our sole outstanding share of Series A preferred stock, the National Association of REALTORS® has the right to elect one of our directors (such director, a "Series A Director"), and the National Association of REALTORS® previously exercised that right to elect Mr. Yassky as a director. The National Association of REALTORS® has indicated its intent to re-elect Mr. Yassky as a Series A Director. Because Mr. Yassky will be elected by the National Association of REALTORS®, his election will not be voted on by holders of our common stock and Series B Preferred Stock. See "Management - Directors and Executive Officers" for more information.

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 25, 2006, 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 Director.

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

The board of directors recommends a vote FOR the election of V. Paul Unruh and Bruce G. Willison as directors, and FOR the amendment to our Restated Certificate of Incorporation to change the Company's name from Homestore, Inc. to Move, Inc.

How do I vote?

Sign and date each proxy card you receive and return it in the postage-prepaid envelope enclosed with your proxy materials. If you are a registered stockholder and attend the annual meeting, then you may deliver your completed proxy card in person or you may vote in person at the annual meeting.

If your shares are held in street name by your broker or bank, you will 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.

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

Yes, you have the right to revoke your proxy at any time before the annual meeting by notifying our corporate secretary in writing, returning a later-dated proxy card, or voting in person at the annual meeting.

Who will count the votes?

Mellon Investor Services LLC will count the votes and act as the inspector of election.

What shares are included on the proxy card(s)?

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

What does it mean if I get more than one proxy card?

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Sign and return all proxy cards to ensure that all of your shares are voted. 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, 150,200,580 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 101,189 shares of our Series B Preferred Stock, which are convertible into 24,092,579 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 Class I directors (other than the Series A Director and the Series B 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 two 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 Class I directors of Homestore.

To amend the Restated Certificate of Incorporation to change the Company's name from Homestore, Inc. to Move, Inc., the affirmative vote of the holders of a majority of the outstanding shares of common stock and Series B Preferred Stock (on an as converted basis) entitled to vote must be voted in favor of the proposal.

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. A broker non-vote as to any share entitled to vote with respect to the proposal to amend the Restated Certificate of Incorporation will have the same effect as a vote against the proposal, because it is one less vote for approval.

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 proposal to amend the Restated Certificate of Incorporation, which requires the approval of holders of a majority of the outstanding shares of common stock and Series B Preferred Stock (on an as converted basis) entitled to vote as of the record date, an abstention will have the same effect as a vote against the proposal, because it is one less vote for approval. For proposals requiring the approval of holders of a majority of the shares of common stock and Series B Preferred Stock (on an as converted basis) entitled to vote thereon that are present in person or represented by proxy at the meeting, an abstention will have no impact on the outcome of the vote with respect to such proposal. With respect to the election of directors, you may vote FOR one or both nominees or WITHHOLD AUTHORITY to vote for one or both nominees, with no separate provision to abstain in such vote.

How will Homestore solicit proxies?

We have retained Mellon Investor Services 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 ten. Our board is currently divided into three classes as nearly equal in size as possible and generally with staggered three year terms. The term of office for Class I directors expires at the annual meeting for which we are hereby soliciting proxies; the term of office for the Class II and Class III directors will expire at the annual meeting of stockholders to be held in 2007 and 2008, respectively, or upon a director's earlier death, resignation or removal. 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 meeting of stockholders in 2005, as well as those directors that are to be elected at the annual meeting for which we are hereby soliciting proxies and at the annual stockholders meeting in 2007, will expire in 2008, and beginning with our 2008 annual stockholders' meeting, all directors will be elected at each annual meeting 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 Class I director nominees named in the proxy card. If any nominee is unable or declines to serve as a Class I 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 in the proxy card has agreed to serve as director, if elected.

The nominees for election as Class I directors by the holders of our common stock and the holders of the Series B Preferred Stock, voting as a single class, are V. Paul Unruh and Bruce G. Willison. As described elsewhere herein, the National Association of REALTORS® has indicated its intent to re-elect Mr. Yassky as the Series A Director, and Elevation has indicated its intent, separately, to re-elect Mr. McNamee as a Series B Director at the annual meeting. Information about these nominees, our other directors and 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 CLASS I DIRECTOR NOMINEES LISTED IN THE PROXY CARD.

PROPOSAL 2 - AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE COMPANY'S NAME FROM HOMESTORE, INC. TO MOVE, INC.

On February 22, 2006, we announced in a press release and in a Current Report on Form 8-K our intention to change the Company's name to Move, Inc. to coincide with an expanded commitment to offering consumers comprehensive real estate listings, decision support tools, and access to qualified move-related service providers. This enhanced consumer focus is intended to enable Move to create even more effective advertising venues for a broader range of advertisers.

The new name unifies the Company's strategy of providing a platform for connecting consumers with Realtors, home builders, rental property owners and other move-related advertisers before, during and after a move.

Accordingly, an amendment to the Restated Certificate of Incorporation to change the Company's name from Homestore, Inc. to Move, Inc. has been determined to be in the best interest of the Company and has been approved and declared advisable by the Board, and the Board has directed that the proposed amendment be considered and presented for stockholder approval at the annual meeting.

If Proposal 2 is approved by our stockholders, we plan to file a Certificate of Amendment to the Restated Certificate of Incorporation. Pursuant to the Certificate of Amendment, Article I of the Restated Certificate of Incorporation will be amended to read in its entirety as follows:

"The name of the Corporation (the "Corporation") is: Move, Inc."

Notwithstanding anything herein to the contrary, and notwithstanding stockholder approval of Proposal 2, our Board of Directors may abandon such amendment to the Restated Certificate of Incorporation prior to its effectiveness under applicable law.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE COMPANY'S NAME FROM HOMESTORE, INC. TO MOVE, INC.

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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	68	Chairman of the Board and Director
Fred D. Anderson	61	Director
L. John Doerr	54	Director
William E. Kelvie	58	Director
Kenneth K. Klein	62	Director
W. Michael Long	53	Chief Executive Officer and Director
Roger B. McNamee	50	Director
V. Paul Unruh	57	Director
Bruce G. Willison	57	Director
Alan Yassky	70	Director
Jack D. Dennison	49	Chief Operating Officer
Lewis R. Belote, III	50	Chief Financial Officer
Allan P. Merrill	40	Executive Vice President, Strategy and Corporate Development
Michael R. Douglas	52	Executive Vice President, General Counsel and Secretary
Allan D. Dalton	57	President and Chief Executive Officer, REALTOR.com®
Stephen T. Feltner	35	President, Homebuilder.com
Maria L. Pietroforte	48	President, RentNet

By virtue of its ownership of our sole outstanding share of Series A preferred stock, the National Association of REALTORS® has the right to elect one of our directors, and the National Association of REALTORS® has exercised that right to elect Mr. Yassky as a director. Although Mr. Yassky is a Class I director, because he will be elected by the National Association of REALTORS®, his election will not be voted on by holders of our common stock and Series B Preferred Stock.

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 to the Board. 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 to elect Messrs. Anderson and McNamee as directors. Because Mr. McNamee is a Class I director, he is up for election again 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, 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 to the Board. 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.

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 National Association of REALTORS® representative on the board through November 2000. Mr. Hanauer is a Class III director. 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 director of MAF Bancorp, Inc., a trustee of each of Calamos Investment Trust, Calamos Advisors Trust and Calamos Convertible Opportunities and Income Fund, and a member of the National Association of REALTORS®.

Fred D. Anderson has served as one of our directors (as one of two Elevation representatives) since December 2005. Mr. Anderson is a Class II director. 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 industry, since July 2004. From March 1996 to June 2004, Mr. Anderson served as executive vice president and chief financial officer of Apple Computer, Inc., a manufacturer of personal computers and related software. Prior to joining Apple, Mr. Anderson was corporate vice president and chief financial officer of Automatic Data Processing, Inc., an electronic transaction processing firm, from August 1992 to March 1996. Mr. Anderson also serves on the board of directors of Apple Computer, Inc. and eBay, Inc.

L. John Doerr has served as one of our directors since August 1998. Mr. Doerr is a Class III director. 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, Mr. Doerr was employed by Intel Corporation for five years. He serves on the board of directors of Amazon.com, Inc., Google Inc., Intuit Inc. and Sun Microsystems, Inc.

William E. Kelvie has served as one of our directors since August 1998. Mr. Kelvie is a Class II director. 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. Mr. Kelvie joined Fannie Mae in 1990 as senior vice president and chief information officer. Prior to his tenure at Fannie Mae, Mr. Kelvie was a partner with Nolan, Norton & Co., a management consulting company specializing in information technology strategies and plans. He also served in various capacities with The Dexter Corporation, a specialized manufacturing company, and The Travelers Insurance Company, an insurance and financial services company.

Kenneth K. Klein has served as one of our directors since August 1998. Mr. Klein is a Class II director. 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 Kleenco 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.

W. Michael Long has served as our chief executive officer and as one of our directors since January 2002. Mr. Long is a Class III director. 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 Emdeon Corporation), a provider of healthcare information services and technology solutions. From July 1997 to November 1999, Mr. Long served

as chief executive officer of Healthon/WebMD, which was then known as Healthon. From August 1996 to July 1997, Mr. Long served as president and chief executive officer of CSC Continuum, Inc., a unit of Computer Sciences Corporation. Prior to its acquisition by CSC, Mr. Long was president and chief executive officer of The Continuum Company, Inc.

Roger B. McNamee has served as one of our directors (as one of two Elevation representatives) since December 2005. Mr. McNamee is a Class I director. Mr. McNamee co-founded and has been a managing director of Elevation Partners, L.P., since July 2004. Prior to joining Elevation, Mr. McNamee was a co-founder of Silver Lake Partners, a private equity firm, where he is also currently an advisory director. Mr. McNamee was a co-founder of Integral Capital Partners, a venture capital firm, in 1991, where he is currently an advisory director of the general partner of Integral's most recent investment fund and continues as a managing member of the general partner of its previous investment funds. Prior to founding Integral, Mr. McNamee managed the T. Rowe Price Science & Technology Fund and co-managed the T. Rowe Price New Horizons Fund.

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V. Paul Unruh has served as one of our directors since May 2003. Mr. Unruh is a Class I director. 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. His previous responsibilities at Bechtel included both operating and financial positions, including chief financial officer, treasurer and controller. Prior to joining Bechtel in 1978, Mr. Unruh practiced as a certified public accountant with what is now PricewaterhouseCoopers LLP for seven years. Mr. Unruh is currently a director of Symantec Corporation, a software company, and Heidrick and 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. Mr. Willison is a Class I director. 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 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. Prior to that, Mr. Willison held several executive positions at First Interstate Bancorp, including chairman and chief executive officer of First Interstate's Oregon operations and chairman, president, and chief executive officer of First Interstate Bank of California, as well as vice chairman of the bank's holding company, First Interstate Bancorp. Mr. Willison began his banking career at Bank of America Corp. in 1973. Mr. Willison is a director of Health Net, Inc., an integrated managed care organization, and IndyMac Bancorp, Inc., the parent company of IndyMac Bank.

Alan Yassky has served as one of our directors (as the National Association of REALTORS® representative) since June 2005. Mr. Yassky is a Class I director. Mr. Yassky has served as the representative of the National Association of REALTORS® on the board of directors of RealSelect, Inc., a wholly-owned subsidiary of the Company, since December 2000. Mr. Yassky has been a Realtor since 1964, and has served as a director of the National Association of REALTORS® since 1984. From 1997 to 2000, Mr. Yassky additionally served as treasurer for the National Association of REALTORS®. Mr. Yassky also founded Rockland Realty in 1964, a real estate firm in New York, which he continues to operate as co-owner.

Jack D. Dennison has served as our chief operating officer since January 2002. From July 1998 to January 2001, Mr. Dennison served as executive vice president, general counsel and secretary of Healthon/WebMD (now known as Emdeon Corporation). From 1996 to July 1998, Mr. Dennison served as vice president and deputy general counsel to Computer Sciences Corporation. Prior to that time, Mr. Dennison was general counsel at The Continuum Company, Inc.

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 Healthon/WebMD (now known as Emdeon 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.

Allan P. Merrill has served as executive vice president of strategy and corporate development since October 2001. From April 2000 to October 2001, Mr. Merrill was president of Homebuilder.com, one of our consumer websites. Mr. Merrill joined us following a 13-year tenure, from 1987 to March 2000, with the investment banking firm Warburg Dillon Read (now UBS Investment Bank), where he was a managing director and last served as co-head of the Global Resources Group, overseeing the construction and building materials, chemicals, forest products, mining and energy industry groups. Mr. Merrill is a member of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University.

Michael R. Douglas has served as our executive vice president, general counsel, and secretary since October 2002. From 1997 to October 2002, Mr. Douglas served as a product liability consultant. From 1987 to 1997, Mr. Douglas was senior vice president, general counsel and secretary at Fibreboard Corporation. Mr. Douglas has also served as director of law of the Asbestos Claims Facility, litigation counsel for Jim Walter Corporation and as an attorney in private practice.

Allan D. Dalton has served as president and chief executive officer of REALTOR.com®, one of our consumer websites and the official Internet site of the National Association of REALTORS®, since October 2002. From August 2002 to October 2002, Mr. Dalton served as executive vice president of Coldwell Banker New England Metro, the

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largest real estate services organization in New England. From January 1998 to August 2002, Mr. Dalton was senior vice president of NRT, a residential real estate brokerage company and a subsidiary of Cendant Corporation. Mr. Dalton's 20-plus year career in the real estate industry includes 16 years as president and co-owner of an independent real estate brokerage with more than 30 offices. He has also served as executive vice president of Coldwell Banker Hunneman.

Stephen T. Feltner has served as president of Homebuilder.com, one of our consumer websites and the official new homes site of the National Association of Home Builders, since December 2004. Mr. Feltner has been with us since 1999, holding key management positions in both operations and finance, including Vice President of Operations from February 2003 to December 2004, Assistant to the Chief Executive Officer from June 2002 to February 2003, Vice President of Strategic Planning from August 2001 to June 2002, Director of Strategic Planning from August 2000 to August 2001 and Manager of Sales Operations from April 1999 to July of 2000. Prior to joining us, Mr. Feltner served as the director of operations at Arch Wireless (formerly PageNet, Inc.), based in Los Angeles, California. A graduate of the UCLA Anderson School of Management, Mr. Feltner holds a Master of Business Administration degree.

Maria L. Pietroforte has served as president of RentNet, one of our consumer websites, since September 2004. Ms. Pietroforte formerly served as president of KSI Management Corporation, one of Greater Washington D.C.'s largest developers of rental properties from 2001 to June 2004. Prior to that, Ms. Pietroforte was president of E&S Ring Company from 1997 to 2001, one of the largest apartment managers in Los Angeles.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Other than Mr. Long, due to his position as our chief executive officer, Mr. Yassky, due to his position with the National Association of REALTORS®, 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. As described in "Certain Relationships and Related Transactions" Transactions with Elevation Partners, the Company made \$2,321,577 in payments to Elevation in connection with the investment by Elevation in our Series B Preferred Stock. Because of their relationship with Elevation 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 under NASDAQ listing standards and thus are not considered independent by the board of directors. The board of directors may reevaluate this conclusion if the Company receives an interpretation from NASDAQ of its listing standards that some or all of the payments to Elevation are not required to be counted in applying the applicable test under the NASDAQ independence rule.

The board of directors held a total of twelve meetings during the year ended December 31, 2005. 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 has been a director) and the total number of meetings of all committees of the board on which that director served (during the periods that he served). 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. The charters of these committees, 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://ir.move.com/phoenix.zhtml?c=111114&p=irol-govHighlights>.

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;

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- 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 eleven meetings during 2005. The charter of the audit committee, reflecting amendments made to the charter by the board in 2006, is included as Appendix A to this proxy statement.

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, evaluate and make recommendations to the board of directors with respect to management's proposals regarding our overall compensation policies, including as they relate to the board, our chief executive officer and other executive officers, and other senior officers and employees; 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. Until March 16, 2005, Mr. Doerr also served as a member of the management development and compensation committee. 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 four meetings during 2005.

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. Until March 16, 2005, Mr. Doerr also served as a member of the governance and nominating committee. Each of these directors is an independent director under applicable NASDAQ listing standards. The committee held two meetings during 2005.

The governance and nominating committee will consider all stockholder recommendations for candidates for the board, which should be sent by stockholders to the governance and nominating committee, in the care of our Secretary, in accordance with the timeliness and information requirements of our Bylaws. 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 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 board members 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 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 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 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 Homestore;
- we expect 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.

As part of its settlement of a class action lawsuit in 2003, the Company adopted certain corporate governance principles, including a procedure for the nomination of a new shareholder-nominated director whereby a designee of the California State Teachers' Retirement System will work in coordination with the chairman of the board to identify potential independent director nominees. The Company paid fees in 2005 to a professional search firm to assist in identifying potential nominees in connection with this process.

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, Klein, Long, Unruh, Willison and Yassky attended our 2005 annual meeting.

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DIRECTOR COMPENSATION

Non-employee directors 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 receives \$10,000 in cash. Each of these directors also receives \$1,500 in cash per meeting for each board meeting attended in person (and \$1,000 for each telephonic meeting attended after April 4, 2005) that requires a significant commitment of time. In addition, members of the committees of the board receive, depending on the committee, either \$2,000 or \$1,500 for each committee meeting attended (and either \$1,500 or \$1,000 for each telephonic meeting attended after April 4, 2005) 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.

In June 2005, 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 15,000 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 15,450 restricted shares. No options were included as part of these 2005 grants to directors. Each restricted share will vest three years after the grant date. All restricted stock will immediately vest if the director is not nominated for re-election, 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 be terminated immediately.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information relating to beneficial ownership of our voting securities as of April 25, 2006, by

- each stockholder known by us to be the beneficial owner of 5% or more of any class of our voting securities,
- each of our directors,
- each of the executive officers listed in the summary compensation table, and
- all of our directors and executive officers as a group.

Unless otherwise noted, the address for each stockholder listed is c/o Homestore, Inc., 30700 Russell Ranch Road, Westlake Village, California 91362.

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Shares of Series A

Shares of Series B

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Name of Beneficial Owner	Shares of Common Stock		Preferred Stock (1)		Preferred Stock (2)	
	Beneficially Owned		Beneficially Owned		Beneficially Owned	
	Number	Percent	Number	Percent	Number	Percent
FMR Corp. 82 Devonshire Street Boston, MA 02109	22,154,101(3)	14.7%	0	0	0	0
Roger B. McNamee	24,459,493(4)(5)	14.0%	0	0	101,189(6)	100%
Elevation Partners, L.P. 2800 Sand Hill Road Suite 160 Menlo Park, CA 94025	24,092,579(5)	13.8%	0	0	101,189(6)	100%
Fred D. Anderson	24,092,579(5)	13.8%	0	0	101,189(6)	100%
TCS Capital GP, LLC 888 Seventh Avenue Suite 1504 New York, NY 10019	9,225,213(7)	6.1%	0	0	0	0
AXA Financial, Inc. 1290 Ave. of the Americas New York, NY 10104	7,551,044(8)	5.0%	0	0	0	0
W. Michael Long	6,484,558(9)	4.1%	0	0	0	0
L. John Doerr	4,307,916(10)	2.9%	0	0	0	0
National Association of REALTORS® 430 North Michigan Ave. Chicago, IL 60611	3,975,329	2.6%	1	100%	0	0
Alan Yassky	3,975,329(11)	2.6%	1(12)	100%	0	0
Jack D. Dennison	2,974,522(13)	1.9%	0	0	0	0
Lewis R. Belote, III	2,000,976(14)	1.3%	0	0	0	0
Allan P. Merrill	1,793,266(15)	1.2%	0	0	0	0
Allan D. Dalton	1,122,780(16)	*	0	0	0	0
Joe F. Hanauer	889,604(17)	*	0	0	0	0
Kenneth K. Klein	153,287(18)	*	0	0	0	0
Bruce G. Willison	119,362(19)	*	0	0	0	0
V. Paul Unruh	115,300(20)	*	0	0	0	0
William E. Kelvie	114,487(21)	*	0	0	0	0
All 17 directors and executive officers as a group	50,223,998	26.4%	1	100%	101,189	100%

* Represents beneficial ownership of less than 1%.

(1) We have authorized the issuance of one share of Series A preferred stock, which is held by the National Association of REALTORS®. Although the Series A preferred stockholder is generally not entitled to notice of any stockholders' meetings or to vote on any matters with respect to any question upon which holders of our common stock or of any other series of our preferred stock have the right to vote, except as may be required by law (in which case, the Series A preferred stock would have one vote per share and would vote together with the common stock as a single class), the holder of Series A preferred stock is entitled to elect one member of our board

of directors.

(2)

By virtue of their ownership of all of the outstanding shares of our Series B Preferred Stock, Elevation currently has the right to elect two of our directors. In addition, the Series B Preferred Stock votes as a single class with the common stock on any matter to come before the stockholders of the Company, with each share of Series B Preferred Stock being entitled to cast a number of votes equal to the number of shares of Common Stock into