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HOMESTORE COM INC
Form 8-K/A
May 24, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
March 19, 2002

HOMESTORE, INC.

(Exact name of registrant as specified in its charter)

Delaware	000-26659	95-4438337
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

30700 Russell Ranch Road
Westlake Village, California 91362

(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code: (805) 557-2300

Not Applicable

(Former name or former address, if changed since last report)

This amendment to the Current Report on Form 8-K originally dated March 19, 2002, is being filed in order to include disclosure related to the commencement of the transaction and provide the unaudited pro forma financial information listed below.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Pro forma financial information.

The following unaudited pro forma financial information is being filed herewith:

Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2002.

Unaudited Pro Forma Consolidated Statements of Operations for the three months ended March 31, 2002.

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Unaudited Pro Forma Consolidated Statements of Operations for the year ended December 31, 2001.

Notes to the Unaudited Pro Forma Consolidated Financial Information.

Item 7(a). PRO FORMA FINANCIAL INFORMATION

HOMESTORE, INC.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Overview

In March 2002, Homestore, Inc. ("Homestore or the "Company") entered into a definitive agreement to sell its ConsumerInfo.com division, which provides online consumer credit reporting and monitoring services, to Experian for \$130 million in cash of which \$10 million has been placed in escrow pursuant to the Stock Purchase Agreement dated as of March 16, 2002 by and between Experian Holdings, Inc. The Company has accounted for this division as a discontinued operation in accordance with SFAS No. 144. This division was acquired in August 2001. On April 3, 2002 Homestore completed the sale. The estimated gain, calculated based upon the net proceeds, on the sale of this division is approximately \$10.0 million.

The unaudited pro forma consolidated balance sheet as of March 31, 2002, gives effect to sale as if it had occurred on January 1, 2002 and removes the assets sold and liabilities assumed of its ConsumerInfo.com division.

The unaudited pro forma consolidated statements of operations for the year ended December 31, 2001, and the three months ended March 31, 2002, give effect to the sale as if it had occurred at the beginning of each period presented. The unaudited pro forma consolidated statements of operations were prepared based on the audited consolidated statement of operations for the year ended December 31, 2001, and the unaudited consolidated statement of operations for the three months ended March 31, 2002.

The unaudited pro forma consolidated financial information is based on estimates and assumptions. These estimates and assumptions have been made solely for purposes of developing this pro forma information. Unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the consolidated financial position or results of operations of future periods or the results that actually would have been realized had the division been sold during this period. This unaudited pro forma consolidated financial information is based upon the respective historical consolidated financial statements of Homestore.

Homestore, Inc.
Unaudited Pro Forma Consolidated Balance Sheet
As of March 31, 2002
(in thousands)

	Homestore	ConsumerInfo.com Division (4)	Adjustmen
	-----	-----	-----
Assets			

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Current assets:			
Cash and cash equivalents	\$ 36,216	\$ 2,000	\$ 62,000
Marketable equity security	696	-	
Accounts receivable, net	32,144	-	
Current portion of prepaid distribution expense	39,207	-	
Other current assets	44,373	13,086	
	-----	-----	-----
Total current assets	152,636	15,086	62,000
Prepaid distribution expense	32,123	-	
Property and equipment, net	41,270	810	
Goodwill, net	110,439	96,388	
Intangible assets, net	130,258	25,847	
Restricted cash	90,342	-	58,000
Other long-term assets	12,692	-	
	-----	-----	-----
Total assets	\$ 569,760	\$ 138,131	\$ 120,000
	=====	=====	=====
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 9,935	\$ 3,963	\$ 5,000
Accrued liabilities	92,614	4,476	
Deferred revenue	70,702	24,304	
Deferred revenue from related parties	16,543	-	
	-----	-----	-----
Total current liabilities	189,794	32,743	5,000
Distribution obligation	208,364	-	
Deferred revenue from related parties	7,940	-	
Other non-current liabilities	237	-	
	-----	-----	-----
Total liabilities	406,335	32,743	5,000
	-----	-----	-----
Stockholders' equity:			
Convertible preferred stock	-	-	
Common stock	117	-	
Additional paid-in capital	1,991,735	-	
Treasury stock	(18,062)	-	
Notes receivable from stockholders	(223)	-	
Deferred stock-based charges	(6,992)	-	
Accumulated other comprehensive income	(966)	-	
Accumulated deficit	(1,802,184)	-	9,600
	-----	-----	-----
Total stockholders' equity	163,425	-	9,600
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 569,760	\$ 32,743	\$ 14,600
	=====	=====	=====

See Notes to Unaudited Pro Forma Consolidated Financial Information.

Homestore, Inc.
 Unaudited Proforma Consolidated Statements of Operations
 (in thousands, except per share amounts)

For the Three Months Ended Ma

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	Homestore	ConsumerInfo.com Division(5)
	-----	-----
Revenue	\$ 82,686	\$ 19,519
Revenue from related parties	10,949	-
	-----	-----
Total revenue	93,635	19,519
Cost of revenues	26,290	4,090
	-----	-----
Gross profit	67,345	15,429
	-----	-----
Operating expenses:		
Sales and marketing	57,191	9,314
Product and website development	8,164	-
General and administrative	27,950	2,810
Amortization of goodwill and intangible assets	10,851	1,488
Acquisition and restructuring charges	1,826	25
	-----	-----
Total operating expenses	105,982	13,637
	-----	-----
(Loss) income from operations	(38,637)	1,792
Interest income, net	539	0
Other income/(expense), net	3,289	(946)
	-----	-----
Net (loss) income	\$ (34,809)	\$ 846
	=====	=====
Basic and diluted net loss per share	\$ (0.29)	
	=====	
Shares used to calculate basic and diluted net loss per share	117,565	
	=====	

See Notes to Unaudited Proforma Consolidated Financial Information

Homestore, Inc.
Unaudited Pro Forma Consolidated Statements of Operations
(in thousands, except per share amounts)

For the Twelve Months Ended December 31, 2012

	Homestore	ConsumerInfo.com Division(6)	Pro Forma
	-----	-----	-----
Revenue	\$ 286,759	\$ 21,323	\$ 26,000
Revenue from related parties	38,346	-	3,000
	-----	-----	-----
Total revenue	325,105	21,323	30,000
Cost of revenues	118,101	4,544	11,000
	-----	-----	-----
Gross profit	207,004	16,779	19,000
	-----	-----	-----
Operating expenses:			
Sales and marketing	249,853	7,476	24,000
Product and website development	36,734	950	3,000

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General and administrative	175,260	836	17
Amortization of intangible assets	201,358	2,069	19
Asset impairment charge	925,094	476	92
Acquisition and restructuring charges	50,503	243	5
Total operating expenses	1,638,802	12,050	1,62
(Loss) income from operations	(1,431,798)	4,729	(1,43
Interest income, net	10,943	0	1
Other (expense), net	(44,734)	-	(4
Net (loss) income	\$ (1,465,589)	\$ 4,729	\$ (1,47
Basic and diluted net loss per share	\$ (13.64)		\$
Shares used to calculate basic and diluted net loss per share	107,433		10
Supplemental Pro Forma Information:(7)			
Reported net loss	\$ (1,465,589)	\$ 4,729	\$ (1,47
add back goodwill amortization (net of tax)	138,029	-	13
Adjusted net loss	(1,327,560)	4,729	(1,33
Reported net loss per share			
Basic and diluted	\$ (13.64)		\$ (
Adjusted net loss per share			
Basic and diluted	\$ (12.36)		\$ (
Weighted average shares	107,433		10

See Notes to Unaudited Pro Forma Consolidated Financial Information.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED
FINANCIAL INFORMATION

Pro Forma adjustments reflect the following in the unaudited pro forma consolidated balance sheet and statements of operations:

1. Amount represents cash received as proceeds from the sale of the ConsumerInfo division as follows (in millions):

Unrestricted cash	\$ 62
Restricted cash	58

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Net cash received	120
Amounts held in escrow	10
Gross purchase price	\$130

In April 2002, the Company closed the sale of the ConsumerInfo.com division for \$130 million in cash to Experian Holdings, Inc. The Company received proceeds of approximately \$120 million net of \$10 million placed in escrow pursuant to the Stock Purchase Agreement dated as of March 16, 2002 by and between Experian Holdings, Inc. and Homestore, Inc. On March 26, 2002, MemberWorks Incorporated, one of the former owners of iPlace, parent company of our ConsumerInfo.com division, obtained a court order requiring the company to set aside \$58 million of the purchase price against a potential claim MemberWorks has against the Company.

2. Amount represents the accrual of transaction fees associated with the sale of the ConsumerInfo.com Division.
3. Amount represents the estimated gain on the disposal of the ConsumerInfo.com Division.
4. Represents the removal of the assets accrued acquired and liabilities assumed of the ConsumerInfo.com Division.
5. Represents the removal of the results of operations of the ConsumerInfo.com division for the three months ended March 31, 2002.
6. Represents the removal of the results of operations of the ConsumerInfo.com division for the period of August 24, 2001, (date of acquisition) through December 31, 2001.
7. The table reconciles the reported net loss for the year ended December 31, 2001 to its adjusted balance which excludes previously reported goodwill amortization expense, which is no longer recorded under the provisions of SFAS No. 142 (amounts in thousands).

SIGNATURE

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

HOMESTORE, INC

Date: May 24, 2002

By: /s/ Lewis R. Belote, III

Lewis R. Belote, III

Chief Financial Officer