

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): DECEMBER 21, 2004

IAC/INTERACTIVECORP
(Exact name of Registrant as specified in charter)

DELAWARE (State or Other Jurisdiction of Incorporation)	0-20570 (Commission File Number)	59-2712887 (IRS Employer Identification No.)
--	--	--

152 WEST 57TH STREET, NEW YORK, NY (Address of principal executive offices)	10019 (Zip Code)
--	---------------------

Registrant's telephone number, including area code: (212) 314-7300

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 OTHER EVENTS.

On December 21, 2004, IAC/Interactive ("IAC") announced that its Board of Directors has approved a spin-off plan to separate IAC into two publicly traded companies: (1) Expedia and (2) IAC.

The transaction is subject to a number of conditions including final approval by IAC's Board of Directors of transaction specifics, receipt of a tax opinion of counsel and the filing and effectiveness of registration statements with the Securities and Exchange Commission. In addition, it is expected that IAC stockholder approval will be required. The proposed spin-off is expected to be completed in the second quarter of 2005.

Attached hereto as exhibit 99.1 and incorporated by reference herein is a copy of the press release issued today.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is a copy of a letter to IAC's shareholders.

Attached hereto as Exhibit 99.3 and incorporated by reference herein is a copy of an Employee Questions and Answers sheet.

Attached hereto as Exhibit 99.4 and incorporated by reference herein is a copy of an email to employees from Barry Diller.

Attached hereto as Exhibit 99.5 and incorporated by reference herein is a copy of an email to employees from Dara Khosrowshahi.

The information in the attached documents refers to certain non-GAAP measures. The text beneath the heading "IAC'S PRINCIPLES OF FINANCIAL

REPORTING," as set forth in IAC's current report on Form 8-K, filed with the Commission on November 3, 2004, is incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

- Exhibit 99.1 - Press Release, dated December 21, 2004, issued by IAC.
- Exhibit 99.2 - Letter to Shareholders, dated December 21, 2004, issued by IAC.
- Exhibit 99.3 - Employee Questions and Answers, dated December 21, 2004, issued by IAC.
- Exhibit 99.4 - Email to Employees from Barry Diller, dated December 21, 2004.
- Exhibit 99.5 - Email to Employees from Dara Khosrowshahi, dated December 21, 2004.

SIGNATURES

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

IAC/INTERACTIVECORP

By:/s/ Gregory R. Blatt

Name: Gregory R. Blatt
Title: Senior Vice President and
General Counsel

Date: December 21, 2004

EXHIBIT INDEX

- Exhibit 99.1 - Press Release, dated December 21, 2004, issued by IAC.
- Exhibit 99.2 - Letter to Shareholders, dated December 21, 2004, issued by IAC.
- Exhibit 99.3 - Employee Questions and Answers, dated December 21, 2004, issued by IAC.
- Exhibit 99.4 - Email to Employees from Barry Diller, dated December 21, 2004.
- Exhibit 99.5 - Email to Employees from Dara Khosrowshahi, dated December 21, 2004.

Filed by IAC/InterActiveCorp
Pursuant to Rule 425
Under the Securities Act of 1933
Deemed filed and Rule 14a-12
Under the Securities Exchange Act of 1934
Commission File No. 0-20570

[IAC/INTERACTIVECORP LOGO]

IAC ANNOUNCES PLAN TO SEPARATE INTO TWO COMPANIES

TRAVEL BUSINESSES TO BECOME PUBLIC COMPANY CALLED 'EXPEDIA'

NEW YORK, NY - DECEMBER 21, 2004 - IAC/InterActiveCorp announced today that its Board of Directors has approved a plan to separate IAC into two publicly traded companies:

- o Expedia, which will include the domestic and international operations associated with Expedia.com, Hotels.com, Hotwire, TravelNow.com, Activity World, HotelDiscount.com, Condosaver.com, AllLuxuryHotels.com, Anyway.com, eLong, TV Travel Shop, Expedia Corporate Travel, Classic Custom Vacations, and TripAdvisor; and
- o IAC, which will include the domestic and international operations associated with IAC's Ticketing business, including Ticketmaster, ReserveAmerica, TicketWeb and MuseumTix.com; Electronic Retailing business, including HSN, HSN.com, HSE 24, America's Store, Improvements, and 9Live; Financial Services and Real Estate, including LendingTree, RealEstate.com, GetSmart, iNest, and Domania; Local and Media Services, including Citysearch, ServiceMagic, Entertainment Publications, and Evite; Personals, including Match.com and uDate; Teleservices, including Precision Response Corporation, Access Direct, and Hancock Information Group; and Interval International.

IAC will retain the Company's VUE securities, outstanding indebtedness and preferred stock obligations, as well as substantially the Company's cash. Expedia will be appropriately capitalized.

Barry Diller will remain as Chairman and CEO of IAC. Mr. Diller will also serve as Chairman of Expedia and its senior executive; and Dara Khosrowshahi, who the company previously announced would become President and CEO of IAC Travel, will serve as CEO of Expedia. Victor Kaufman will remain as Vice Chairman of IAC and will also serve as Vice Chairman of Expedia.

SEE IMPORTANT NOTES AT END OF RELEASE

Related to this announcement, Mr. Diller released a Letter to Shareholders (attached) outlining the background and rationale for this development.

The transaction is anticipated to take the form of a reclassification of IAC shares, with the holders of IAC stock receiving a proportionate amount of Expedia stock in a tax-free transaction.

It is contemplated that outstanding IAC stock options and restricted stock units held by IAC employees will be converted into options or restricted stock units of the company (either IAC or Expedia) with which each employee remains following the transaction. Appropriate adjustments will be made to all awards so that pre-transaction value will be maintained immediately following the transaction. Mr. Diller's IAC stock options will be converted to options in both IAC and Expedia, with exercise prices adjusted on a proportional basis based on the relative trading value of each company following the close of the transaction. Mr. Kaufman's outstanding equity will be treated the same as Mr. Diller's.

The transaction is subject to a number of conditions including final approval by IAC's Board of Directors of transaction specifics, receipt of a tax opinion of counsel and the filing and effectiveness of registration statements with the Securities and Exchange Commission. In addition, it is expected that IAC stockholder approval will be required. The proposed spin-off is expected to be completed in the second quarter of 2005.

IAC will audiocast a conference call with investors and analysts discussing the transaction on Tuesday, December 21, 2004, at 11:00 a.m. Eastern Time (ET). The

live audiocast is open to the public at [HTTP://WWW.IAC.COM/INVESTORS.HTML](http://www.IAC.COM/INVESTORS.HTML).

###

ABOUT IAC/INTERACTIVECORP

IAC operates leading and diversified businesses in sectors being transformed by the internet, online and offline... our mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. To view a full list of the companies of IAC please visit our website at [HTTP://IAC.COM](http://IAC.COM).

CONTACT INFORMATION:

IAC Corporate Communications
Deborah Roth / Andrea Riggs
(212) 314-7254 / 7280

IAC Investor Relations
Roger Clark / Lauren Porat
(212) 314-7400

SUPPLEMENTAL FINANCIAL INFORMATION AND RECONCILIATIONS TO NON-GAAP MEASURES(a)
(\$ in millions, rounding differences may exist)

BUSINESSES COMPRISING EXPEDIA (POST-TRANSACTION)(b)

	12 Months Ended 9/30/04
Revenue (on a comparable net basis)	\$ 1,825
Operating Income	\$ 404
Plus: amortization and merger costs	145
Operating Income Before Amortization	\$ 549

BUSINESSES COMPRISING IAC (POST-TRANSACTION)(c)

	12 Months Ended 9/30/04
Revenue	\$ 4,239
Operating Income	\$ 326
Plus: amortization and merger costs	203
Operating Income Before Amortization	\$ 529

CORPORATE EXPENSE

	12 Months Ended 9/30/04
Operating income/(loss)	\$ (286)
Plus: amortization and merger costs	\$ 201
Operating Income/(Loss) Before Amortization	\$ (86)

- (a) Data is for informational purposes only, and does not reflect all of Expedia's costs of doing business, including certain pro forma and other adjustments for items such as non-cash compensation related to Expedia employees that is currently recorded at IAC Corporate. Allocations and pro forma adjustments will be finalized and reported in future company filings. In addition, certain revenue amounts which were historically eliminated in consolidation will no longer be eliminated, such as revenues for services provided by PRC to Expedia. For this reason, the combined revenue presented for Expedia and IAC is slightly greater than the consolidated revenue presented in historical financial statements.
- (b) After the transaction, Expedia will include the domestic and international operations associated with Expedia.com, Hotels.com, Hotwire, TravelNow.com, Activity World, HotelDiscount.com, Condosaver.com, AllLuxuryHotels.com, Anyway.com, eLong, TV Travel Shop, Expedia Corporate Travel, Classic Custom Vacations, and TripAdvisor.
- (c) After the transaction, IAC will include the domestic and international operations associated with IAC's Ticketing business, including Ticketmaster, ReserveAmerica, TicketWeb and MuseumTix.com; Electronic Retailing business, including HSN, HSN.com, HSE 24, America's Store, Improvements, and 9Live; Financial Services and Real Estate, including LendingTree, RealEstate.com, GetSmart, iNest, and Domania; Local and Media Services, including Citysearch, ServiceMagic, Entertainment Publications, and Evite; Personals, including Match.com and uDate; Teleservices, including Precision Response Corporation, Access Direct, and Hancock Information Group; and Interval International.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to IAC's anticipated financial performance, business prospects, and similar matters, and/or statements preceded by, followed by or that include the words "expects," "anticipates," "contemplates," "intends," "plans," or similar expressions. These forward-looking statements are based on management's current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results may differ materially from those suggested by the forward-looking statements due to a variety of factors, including the risks inherent in separating Expedia from IAC; costs related to the proposed transaction; changes in business, political, and economic conditions due to the threat of future terrorist activity or otherwise; future regulatory and legislative actions and conditions affecting our operating areas; actions and initiatives by current and potential competitors; the ability to expand into and successfully operate in international markets, and other risks described in IAC's filings with the Securities and Exchange Commission (the "SEC). Other unknown or unpredictable factors also could have material adverse effects on IAC's and Expedia's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release.

IAC is not under any obligation and does not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this press release to reflect circumstances existing after the date of this press release or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

ADDITIONAL INFORMATION

In connection with the proposed spin-off it is currently expected that IAC will file a proxy statement/prospectus with the SEC. Stockholders of IAC are urged to read the proxy statement/prospectus, when it becomes available, because it will contain important information about IAC, the proposed spin-off transaction and related matters. Investors and security holders can obtain free copies of the proxy statement/prospectus when it becomes available by contacting Investor Relations, IAC/InterActiveCorp, Carnegie Hall Tower, 152 W. 57th Street, 42nd Floor, New York, NY 10019 (Telephone: (212) 314-7400). Investors and security holders can also obtain free copies of the proxy statement/prospectus and other documents filed by IAC and Expedia with the SEC in connection with the proposed spin-off transaction at the SEC's web site at WWW.SEC.GOV.

In addition to the proxy statement, IAC files annual, quarterly and current reports, proxy statements and other information with the SEC, each of which should be available at the SEC's web site at WWW.SEC.GOV. You may also read and copy any reports, statements

and other information filed by IAC at the SEC public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

IAC and its directors, executive officers and certain members of management and other employees may be deemed to be participants in the solicitation of proxies of IAC's stockholders to approve the proposed spin-off transaction. Such individuals may have interests in the transaction as described herein, including as a result of current holdings of options or shares of IAC's stock and future holdings of options or shares of Expedia's stock, which will be impacted in the transaction. Information regarding IAC and the equity interests of its directors and officers who may be deemed to be participants in the solicitation of proxies is contained in IAC's proxy statement, filed with the SEC on April 29, 2004.

As filed with the SEC December 21, 2004.

Filed by IAC/InterActiveCorp
Pursuant to Rule 425
Under the Securities Act of 1933
Deemed filed and Rule 14a-12
Under the Securities Exchange Act of 1934
Commission File No. 0-20570

[IAC/INTERACTIVECORP LOGO]

LETTER TO SHAREHOLDERS

This letter is intended to explain and give context to our actions. We believe greater value can be created in the configuration we announce today than any other, and from this all else flows. This is entirely an elective...there is nothing else that pushed us, no transaction, no inherent worry that led us to take this course at this time.

In the nine years since the creation of IAC, we have acquired and built a great collection of businesses, in categories comprising the lion's share of interactive commerce, each business with its own compelling story of success and growth. In a way you could say we are the victims of our own success. HSN, Ticketmaster, and Match.com, for example, have each grown very substantially since we acquired them. And, while still embryonic, our Financial Services and Local businesses - including LendingTree, RealEstate.com, Citysearch, ServiceMagic, Entertainment Publications, and Evite -- are poised for similar great growth.

One of our most compelling successes has been our travel business, which started in 1999 with our small acquisition of Hotel Reservations Network (now, of course, Hotels.com), followed in 2001 by our acquisition of a controlling interest in Expedia when that business was a fraction of its current size. Those businesses have had tremendous growth...to the point where they now represent over 50% of IAC's earnings, and dwarf each of our other operations. Many of those, standing on their own, have real import and significance but are considered irrelevant in the current construct.

The result of our success in travel, and its present overweighting, is that IAC is viewed by the world as a Travel Company. While anyone who doubts that we love the travel business would be wrong, we've come to discover that this perception actually hinders the ability of our company to grow, both outside travel and inside of it. Outside travel, it hinders growth through acquisition because non-travel companies generally don't want to accept what they view as a travel stock. Inside travel, acquisition growth, already hindered without a pure travel currency, would amplify IAC's imbalance, making it even harder for us to grow outside of travel.

For the company and our shareholders these are negative consequences we want to correct. We had hoped that our natural progress over time would ameliorate this, but

given the size of our travel business and the growth in travel we anticipate, we can't count on our ability to 'balance' IAC by our own hand in the near future, either through acquisition or internally.

So I'm convinced, and our Board is convinced, that separating IAC into two companies is the right course...

EXPEDIA will be large and growing, the world's leading online travel company with the mission of becoming the largest provider of travel in the world. Expedia will generate significant cash and have its own security, enabling it to participate with full flexibility in the ongoing evolution and likely consolidation in the travel category.

The online travel business has grown and matured since we entered it, with the concomitant attraction of strong competitors ... horizontal, vertical, and the new word 'meta.' This of course brings a variety of challenges, along with great opportunities, as the matrix of relationships among suppliers, intermediaries, distributors and consumers works itself out. It requires complete focus and nimbleness to maneuver in this environment, along with the flexibility that comes from a pure currency. In the new configuration, Expedia will have the chance to grow every which way, according only to the demands of the marketplace it serves, without any of the gating concerns that are inherent in being part of IAC. Our travel business, with the leadership positions it has built in the U.S.

and internationally, is in an incredibly strong position to meet these substantial challenges and opportunities...and it will be best served unleashed and empowered as a stand-alone entity.

IAC, post-transaction, will be a diversified interactive commerce company, with a mix of established and embryonic businesses, united by a spirit of opportunism and entrepreneurship. IAC will be excellently capitalized and perfectly positioned not only to grow its existing businesses, but to identify and pursue young or underappreciated interactive companies with strong growth potential...something our history shows is one of our real attributes.

We don't believe the interactive revolution is over, to say the least; we believe big opportunities will continue to be available to companies and management teams able to spot real potential for growth and seize it, and that playing with one hand tied behind our back as the next phase of internet growth and convergence unfolds would be intolerable.

This transaction really is a simplifying event. Expedia will become a very straightforward company post-transaction, and I believe in that configuration its size and dominance will be much more positively seen than currently. For IAC, our complexity would be reduced and our clarity as a balanced and diversified interactive commerce company will come through - until of course, we again happily find a business whose growth and dominance in a category far outweighs all else, and then the entity and our shareholders are best served for it to be set free.

At both IAC and Expedia, the result of the split will be closer alignment of employee performance and shareholder returns, which we believe will energize both sets of employees.

And at both IAC and Expedia, I couldn't be more enthusiastic about the key leaders and their talents. Dara Khosrowshahi is perfectly suited to be the CEO of Expedia the public company; and he has a superb collection of managers, as IAC has a similar group of great talent.

At both companies we'll continue to take every advantage from the collection of businesses under each roof - people movement; exchanging best practices and lessons learned; cost savings from strategic sourcing and other initiatives; sharing traffic and other beneficial inter-company arrangements. We've made real progress here since the buy-in of our public subsidiaries one and one-half years ago...and over time I have no doubt that we'd see more and more benefit from cross-company activities. In finalizing the split, we'll preserve, as much as we practically can, the benefits of the interrelationships between the IAC businesses and the Expedia businesses. We do intend to put in place strong commercial relationships between IAC and Expedia, and yes, some of the easy benefits of operating as one enterprise will be given up, but we believe the advantages of separation far outweigh all else.

Another benefit of the transaction is that our current and prospective shareholders will get enhanced visibility into both companies. I imagine that some hearing today's news may wonder whether the split of the companies is simply an elegant (or not so elegant) casting away of our travel businesses as the competition in that sector increases. I can tell you my answer directly: it is not. And believing as strongly as I do in the prospects of both companies, my equity holdings will be treated the same as that of our shareholders and will be split proportionately between the two companies, with each company ultimately representing a very substantial portion of what I have worked long and hard to accumulate. Finally, I intend to be a most active Chairman at Expedia, in addition to serving as both Chairman and CEO of IAC...people who would worry about 'how my time is divided' should understand that with my equity balanced and given my current daily involvement in all of IAC's current businesses, this transaction ought to provide enhanced focus on each entity - and I'm very excited and energized by the opportunities in both.

With apologies to making any claim, one of the defining attributes of IAC, since the beginning, has been a refusal to be constrained by conventional wisdom...believing instead that a willingness to change - to 'turn on a dime' -- without being hostage to the past or any other consideration where we see opportunity, is a great way to create great value.

Separating the Company into two businesses will allow IAC to do what it does best, and Expedia to pursue its pure mission as a travel company. It is, I believe, exactly the right move at this moment in our history and evolution.

Often the most obvious solutions are elusive, and this one came upon us, first as a revelation that instinctively seemed just right - both freeing and energizing, followed by an intensive examination to find any flaw - and then, after finding none, a great desire to get on with it. Now, having made the announcement in the ending days of 2004, all my colleagues will be organizing themselves to start the new year with a fresh, clear and invigorating mandate for the future - as good a holiday present as we could hope to give to ourselves and our shareholders.

Barry Diller

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to IAC's anticipated financial performance, business prospects, and similar matters, and/or statements preceded by, followed by or that include the words "expects," "anticipates," "contemplates," "intends," "plans," or similar expressions. These forward-looking statements are based on management's current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results may differ materially from those suggested by the forward-looking statements due to a variety of factors, including the risks inherent in separating Expedia from IAC; costs related to the proposed transaction; changes in business, political, and economic conditions due to the threat of future terrorist activity or otherwise; future regulatory and legislative actions and conditions affecting our operating areas; actions and initiatives by current and potential competitors; the ability to expand into and successfully operate in international markets, and other risks described in IAC's filings with the Securities and Exchange Commission (the "SEC). Other unknown or unpredictable factors also could have material adverse effects on IAC's and Expedia's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release.

IAC is not under any obligation and does not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this press release to reflect circumstances existing after the date of this press release or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

ADDITIONAL INFORMATION

In connection with the proposed spin-off it is currently expected that IAC will file a proxy statement/prospectus with the SEC. Stockholders of IAC are urged to read the proxy statement/prospectus, when it becomes available, because it will contain important information about IAC, the proposed spin-off transaction and related matters. Investors and security holders can obtain free copies of the proxy statement/prospectus when it becomes available by contacting Investor Relations, IAC/InterActiveCorp, Carnegie Hall Tower, 152 W. 57th Street, 42nd Floor, New York, NY 10019 (Telephone: (212) 314-7400). Investors and security holders can also obtain free copies of the proxy statement/prospectus and other documents filed by IAC and Expedia with the SEC in connection with the proposed spin-off transaction at the SEC's web site at WWW.SEC.GOV.

In addition to the proxy statement, IAC files annual, quarterly and current reports, proxy statements and other information with the SEC, each of which should be available at the

SEC's web site at WWW.SEC.GOV. You may also read and copy any reports, statements and other information filed by IAC at the SEC public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

IAC and its directors, executive officers and certain members of management and other employees may be deemed to be participants in the solicitation of proxies of IAC's stockholders to approve the proposed spin-off transaction. Such individuals may have interests in the transaction as described herein, including as a result of current holdings of options or shares of IAC's stock and future holdings of options or shares of Expedia's stock, which will be impacted in the transaction. Information regarding IAC and the equity interests of its directors and officers who may be deemed to be participants in the solicitation of proxies is contained in IAC's proxy statement, filed with the SEC on April 29, 2004.

As filed with the SEC December 21, 2004.

Filed by IAC/InterActiveCorp
Pursuant to Rule 425
Under the Securities Act of 1933
Deemed filed and Rule 14a-12
Under the Securities Exchange Act of 1934
Commission File No. 0-20570

EMPLOYEE Q&A: IAC PLAN TO SEPARATE INTO TWO COMPANIES

December 21, 2004

We announced today a plan to separate IAC/InterActiveCorp into two publicly traded companies, one holding travel-related businesses, which will be named Expedia, and the other holding IAC's remaining businesses, which will retain the name IAC. References below to Expedia or IAC are to the companies after the transaction.

1. HOW WILL THE TRANSACTION AFFECT MY EMPLOYMENT?

We expect you will continue to be employed by the business you currently work for, subject to the same terms and conditions that exist today.

2. WHAT HAPPENS TO MY EMPLOYEE EQUITY?

- o We expect your restricted stock units ("RSUs") will become RSUs of IAC or Expedia depending on the business you work for. The number of RSUs you hold will be adjusted so that their value right after the transaction will be the same as their value right before the transaction, and they will have identical vesting terms and otherwise be consistent with the existing terms of your RSUs.
- o We expect any vested and unvested employee stock options you hold will become options of either IAC or Expedia depending on the business you work for. As part of the transaction, there will be adjustments to the number of shares that may be acquired upon exercise of each option and to the exercise price so that the intrinsic value of the option right after the transaction will be the same as the value right before the transaction. Each adjusted option will have identical vesting terms, and otherwise be consistent with the terms of your existing stock option.

3. WHAT HAPPENS TO THE EMPLOYEE WARRANTS HELD BY EXPEDIA EMPLOYEES?

They will be treated the same as all other IAC warrants. The exact mechanics are still under discussion, but we expect warrants to be exercisable for shares of both IAC and Expedia pursuant to the terms of the security.

4. WHAT HAPPENS TO MY PARTICIPATION IN THE IAC 401(K) PLAN AND MY ACCOUNT BALANCE?

If you participate in the IAC 401(k) plan, and your business remains with IAC, your participation will continue. If you participate in the IAC 401(k) plan, and your business is

part of Expedia, your IAC 401(k) plan account balance and any outstanding loans will be transferred over into a new Expedia plan. We'll keep you informed as the 401(k) plan transition progresses.

5. WHAT HAPPENS TO MY BENEFITS?

We do not expect any change to your benefits. IAC employees will remain in the IAC plans and Expedia employees will transition to Expedia plans. We'll keep you informed as the health and welfare benefits transition progresses.

Information presented in this document is intended to communicate certain information to employees of IAC and its businesses in connection with the announced transaction whereby IAC will be split into two companies, Expedia and IAC. Nothing in this document shall confer upon any employee any right to continue in the employ of IAC or any of its businesses or interfere in any way with the right of IAC or any such business to terminate the employees employment at any time.

ADDITIONAL INFORMATION

In connection with the proposed spin-off it is currently expected that IAC will file a proxy statement/prospectus with the Securities and Exchange Commission (the "SEC"). Stockholders of IAC are urged to read the proxy statement/prospectus, when it becomes available, because it will contain important information about IAC, the proposed spin-off transaction and related matters. Investors and security holders can obtain free copies of the proxy statement/prospectus when it becomes available by contacting Investor Relations, IAC/InterActiveCorp, Carnegie Hall Tower, 152 W. 57th Street, 42nd Floor, New York, NY 10019 (Telephone: (212) 314-7400). Investors and security holders can also obtain free copies of the proxy statement/prospectus and other documents filed by IAC and Expedia with the SEC in connection with the proposed spin-off transaction at the SEC's web site at WWW.SEC.GOV.

In addition to the proxy statement, IAC files annual, quarterly and current reports, proxy statements and other information with the SEC, each of which should be available at the SEC's web site at WWW.SEC.GOV. You may also read and copy any reports, statements and other information filed by IAC at the SEC public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

IAC and its directors, executive officers and certain members of management and other employees may be deemed to be participants in the solicitation of proxies of IAC's stockholders to approve the proposed spin-off transaction. Such individuals may have interests in the transaction as described herein, including as a result of current holdings of options or shares of IAC's stock and future holdings of options or shares of Expedia's stock, which will be impacted in the transaction. Information regarding IAC and the equity interests of its directors and officers who may be deemed to be participants in the solicitation of proxies is contained in IAC's proxy statement, filed with the SEC on April 29, 2004.

Filed by IAC/InterActiveCorp
Pursuant to Rule 425
Under the Securities Act of 1933
Deemed filed and Rule 14a-12
Under the Securities Exchange Act of 1934
Commission File No. 0-20570

To: Employees
From: Barry Diller
Subject Line: IAC/Expedia
ATTACHMENT: 1

We're announcing today a major change...the separation of IAC into two publicly traded companies: Our travel businesses will form one company called Expedia; our non-travel businesses will be called IAC.

The attached press release and shareholder letter have the detail and explanation. There are a few points I want to emphasize:

First, I'm completely convinced that this is the right course for all of us. It will result in a focused and nimble travel company with the full flexibility to do whatever's necessary to compete and win in the ongoing evolution and likely consolidation in travel. And it will result in a diversified interactive commerce company called IAC, with our non-travel businesses out from under the shadow of travel and better able to shine, and the enterprise more strongly positioned to pursue new opportunities where they arise. The core realization underlying our decision was simply this: greater value can be created in this new configuration than any other.

Second, it's the hard and excellent work of all of you throughout IAC that brought us to the point where we can unlock the value from the two great companies now inside of us...the employees who built our travel businesses to a size and strength where they can and should be unleashed as a stand-alone, and the employees who built our non-travel businesses to a size and strength where they can and should stand on their own in pursuit of the opportunities ahead. It's a happy fact for me that I'll continue to be fully involved with both companies, as CEO at IAC and as Chairman at Expedia.

Third, at both IAC and Expedia we'll continue to take every advantage from the collection of businesses under each roof -- people movement; exchanging best practices and lessons learned; cost savings from strategic sourcing and other initiatives; sharing traffic and other beneficial inter-company arrangements. We've made real progress here since the buy-ins of our public subsidiaries...and we should continue to do so in each house, while also, in finalizing the split, putting in place strong commercial relationships between IAC and Expedia and preserving as much as we practically can of the inter-company benefits and arrangements now in place between our travel and non-travel businesses.

This is big news and I don't doubt you'll have many thoughts and questions...most hopefully addressed in the attached, and any others to be addressed in the period ahead together with the leaders of each of your businesses. This is a decision that was made after significant thought and deliberation with my colleagues in New York and our Board of Directors, which led us to

the firm realization that we're doing the right thing for us all...I'll leave you with the last graph of my shareholder letter since it pertains to you more than anyone:

"Often the most obvious solutions are elusive, and this one came upon us, first as a revelation that instinctively seemed just right - both freeing and energizing, followed by an intensive examination to find any flaw - and then, after finding none, a great desire to get on with it. Now, having made the announcement in the ending days of 2004, all my colleagues will be organizing themselves to start the new year with a fresh, clear and invigorating mandate for the future - as good a holiday present as we could hope to give to ourselves and our shareholders."

So, to the happiest of holidays for you and your families...and my best wishes for the new year.

Barry Diller

ADDITIONAL INFORMATION

In connection with the proposed spin-off it is currently expected that IAC will

file a proxy statement/prospectus with the Securities and Exchange Commission (the "SEC"). Stockholders of IAC are urged to read the proxy statement/prospectus, when it becomes available, because it will contain important information about IAC, the proposed spin-off transaction and related matters. Investors and security holders can obtain free copies of the proxy statement/prospectus when it becomes available by contacting Investor Relations, IAC/InterActiveCorp, Carnegie Hall Tower, 152 W. 57th Street, 42nd Floor, New York, NY 10019 (Telephone: (212) 314-7400). Investors and security holders can also obtain free copies of the proxy statement/prospectus and other documents filed by IAC and Expedia with the SEC in connection with the proposed spin-off transaction at the SEC's web site at www.sec.gov.

In addition to the proxy statement, IAC files annual, quarterly and current reports, proxy statements and other information with the SEC, each of which should be available at the SEC's web site at www.sec.gov. You may also read and copy any reports, statements and other information filed by IAC at the SEC public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

IAC and its directors, executive officers and certain members of management and other employees may be deemed to be participants in the solicitation of proxies of IAC's stockholders to approve the proposed spin-off transaction. Such individuals may have interests in the transaction as described herein, including as a result of current holdings of options or shares of IAC's stock and future holdings of options or shares of Expedia's stock, which will be impacted in the transaction. Information regarding IAC and the equity interests of its directors and officers who may be deemed to be participants in the solicitation of proxies is contained in IAC's proxy statement, filed with the SEC on April 29, 2004.

Filed by IAC/InterActiveCorp
Pursuant to Rule 425
Under the Securities Act of 1933
Deemed filed and Rule 14a-12
Under the Securities Exchange Act of 1934
Commission File No. 0-20570

To: IAC Travel Employees
From: Dara Khosrowshahi
Subject Line: IAC/Expedia

Everybody at IAC Travel,

I am extremely pleased to tell you that the IAC Travel companies will soon become a separate, publicly traded company called Expedia and traded on the NASDAQ. With the New Year will come a new beginning for Travel... one with its inevitable challenges, but one in which we'll be positioned better than ever to become the #1 provider of travel in the world.

I'm sure you have a lot of questions about how you'll be affected individually. First, let me assure you that we're doing everything we can to make this transition seamless with little, if any, impact at the operational level. Quite simply, we expect people to continue to be employed by the business they work for, at the same company locations. WE KNOW YOU WILL HAVE MANY QUESTIONS ABOUT HOW THIS AFFECTS YOUR BENEFITS, STOCK, AND OTHER ASPECTS OF YOUR JOB. BE ON THE LOOKOUT FOR ANSWERS TO THESE QUESTIONS IN THE COMING WEEKS.

I want to take this time to express how excited I am about this move and why I believe that it's an incredibly positive thing for all IAC businesses.

Essentially, EXPEDIA will include all the domestic and international operations associated with Expedia.com (including Expedia Canada, Newtrade Technologies and Activity World), Hotels.com, IACT-Europe, IACT-Asia Pacific, Hotwire, TripAdvisor, Expedia Corporate Travel, and Classic Custom Vacations. IAC will include the domestic and international operations of all of the other IAC businesses, including Ticketmaster, HSN, LendingTree, RealEstate.com Citysearch, Entertainment Publications, Match.com, Precision Response Corporation, and Interval International (Interval will be an IAC company because it is, at its core, a membership and e-commerce exchange vs. a travel services company and therefore it doesn't fit solely within the travel category).

Over the years since I've been involved with IAC, I have seen our travel companies continuously innovate and execute on strategies that have literally changed the nature of the travel industry. Something to truly be proud of. But the online travel business has grown and matured since we entered it - and our competitors are smarter than they ever have been. It's tempting when you are #1 (online at least) to become conservative, to play defense and try to protect your lead. This announcement is all about playing offense - we are creating a pure play online travel company that will be considerably attractive to investors, provided of course that we execute effectively. We will also have the flexibility that comes from having our own stock to capitalize on inevitable market opportunities. And our equity and stock price performance will be perfectly aligned with

our operational performance. We are raising the stakes here, and I am convinced it's the right time to do so.

We certainly have our challenges but I believe we have so much more opportunity. The drumbeat march of online adoption in the travel and tourism industry will continue, domestically as well as globally where we are just getting started. Competition will be fierce, and you can bet that we will face new entrants, changing dynamics and totally unexpected twists and turns along the way. But that is exactly what makes this opportunity so exciting - this global travel marketplace is ours to win. Going forward, Expedia will be:

- o The world's best collection of online travel brands... each leaders in their category.
- o The #1 online travel agency in the U.S., U.K., Canada and Germany. At a \$12.7 billion gross bookings run rate for the 12 months ended 9/30/04, we're on track to being the 3rd largest travel agency in the world, tied with JTB (Japan), behind only TUI (Germany) and American Express. I believe we can be the largest within five years, especially as a pure-play travel company.

- o The only online travel player with deeply established beachheads in Europe and Asia... our international business is growing dramatically and gaining share, and Expedia Europe is solidly profitable.

- o The most extraordinary team of people in any business anywhere in the world. We have outstanding talent at every level of the organization and I believe that our people and our ability to innovate are our not-so-secret weapon...we have to continue developing and training our employee base and keep bringing world-class talent into our company, at all levels.

I feel very fortunate to have the opportunity to lead what will be one of the world's largest pure-play travel companies. I couldn't be more excited about our future and I'm looking forward to building this enterprise with you.

Dara

ADDITIONAL INFORMATION

In connection with the proposed spin-off it is currently expected that IAC will file a proxy statement/prospectus with the Securities and Exchange Commission (the "SEC"). Stockholders of IAC are urged to read the proxy statement/prospectus, when it becomes available, because it will contain important information about IAC, the proposed spin-off transaction and related matters. Investors and security holders can obtain free copies of the proxy statement/prospectus when it becomes available by contacting Investor Relations, IAC/InterActiveCorp, Carnegie Hall Tower, 152 W. 57th Street, 42nd Floor, New York, NY 10019 (Telephone: (212) 314-7400). Investors and security holders can also obtain free copies of the proxy statement/prospectus and other documents filed by IAC and Expedia with the SEC in connection with the proposed spin-off transaction at the SEC's web site at WWW.SEC.GOV.

In addition to the proxy statement, IAC files annual, quarterly and current reports, proxy statements and other information with the SEC, each of which should be available at the SEC's web site at WWW.SEC.GOV. You may also read and copy any reports, statements and other information

filed by IAC at the SEC public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

IAC and its directors, executive officers and certain members of management and other employees may be deemed to be participants in the solicitation of proxies of IAC's stockholders to approve the proposed spin-off transaction. Such individuals may have interests in the transaction as described herein, including as a result of current holdings of options or shares of IAC's stock and future holdings of options or shares of Expedia's stock, which will be impacted in the transaction. Information regarding IAC and the equity interests of its directors and officers who may be deemed to be participants in the solicitation of proxies is contained in IAC's proxy statement, filed with the SEC on April 29, 2004.