Overview of the Day

- Introduction
- IAC Operating B’s
- Financial Presentation
- Strategy
- Q&A
IAC’s Mission and Strategy

Mission:
The largest, most profitable interactive commerce company in the world

Strategy:
By building a diversified portfolio of leading, specialized and global e-commerce brands
The Era of Ecommerce

US Ecommerce and Online Penetration by Category

- **US Ecommerce $**
- **ONLINE PENETRATION**
  - Travel
  - Event Ticketing
  - Books/Music/Video
  - Apparel
  - Home
  - Computers/electronics

Source: Forrester Research
Drivers of Economic Growth

Amount spent online in last 3 months:
- < 1 Year: $212
- 1-3 Years: $246
- > 3 Years: $325

Have broadband:
- < 1 Year: 46%
- 1-3 Years: 56%
- > 3 Years: 74%

Have ever bought online:
- < 1 Year: 36%
- 1-3 Years: 61%
- > 3 Years: 79%

Have decreased TV consumption since going online:
- < 1 Year: 19%
- 1-3 Years: 23%
- > 3 Years: 30%

Source: Forrester Research
The Power of Specialization

Time Spent % Differential (Vertical Brands over Portals)

Higher usage at vertical specialist sites compared to portal offerings

Source: Nielsen/NetRatings Custom Analysis, 2001-2003
The Importance of Category Leaders

Category Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Size</th>
<th>IAC Category Share</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$44B</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>TV/Internet</td>
<td>$6B</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Retailing</td>
<td>$3B</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Online Ticketing</td>
<td>$.5B</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Personals</td>
<td>$101B*</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Online Mortgages</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

*Represents first half of 2003 loan origination
The Benefits of Diversification

Average # of Categories Purchased

Source: Forrester Research
The Global Opportunity

B2C ECommerce Spending

$ in billions

<table>
<thead>
<tr>
<th>Year</th>
<th>US</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001A</td>
<td>$64</td>
<td>$45</td>
</tr>
<tr>
<td>2002A</td>
<td>$80</td>
<td>$75</td>
</tr>
<tr>
<td>2003E</td>
<td>$95</td>
<td>$128</td>
</tr>
<tr>
<td>2004E</td>
<td>$118</td>
<td>$204</td>
</tr>
<tr>
<td>2005E</td>
<td>$150</td>
<td>$305</td>
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<tr>
<td>2006E</td>
<td>$187</td>
<td>$429</td>
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</tbody>
</table>

U.S. CAGR 24%
International CAGR 57%

Source: IDC Research
IAC’s Brands

IAC Electronic Retailing
- HSN
- America’s Store
- LIVE

IAC Ticketing
- ticketmaster
- ticketWEB
- reserveamerica

IAC Personals
- match.com
- udate.com

IAC Local Services
- Citysearch
- entertainment
- evite

IAC Travel
- Expedia, Inc.
- hotels.com
- Hotwire

IAC Personal Finance
- LendingTree

IAC InterActiveCorp
- INTERVAL INTERNATIONAL
- The Quality Vacation Exchange Network™
Organization: After

Barry Diller, Chairman and CEO

Office of the Chairman
- Victor Kaufman: Vice Chairman
- Dara Khosrowshahi: EVP & Chief Financial Officer
- Julius Genachowski: EVP & Chief Business Operations Officer

Operating Businesses
- Erik Blachford: IAC/Travel
- Doug Lebda: LendingTree
- Tom Cardella
- Tim Sullivan: match.com
- John Pleasants: ticketmaster
- Briggs Ferguson: Citysearch
- Tom McInerney: HSN
- Alan Bittker: entertainment
Operating Principles

- Push responsibility down to talented executives at the B’s
- Clear communication between the B’s and Corporate
- Concise list of key items requiring Corp approval
  - E.g. budget, capex, M&A, non-routine accounting & legal
  - Non-bureaucratic
- Compensation is performance-based
## Business Intelligence

### Distribution
- Unique Users

### Transactions
- Total Transactions

### Spending / Mix
- Ads - Offline
- Ads - Online

### Customers
- Recurring Usage
  - Unique users/direct domain
  - Unique users/ad
  - Unique users/affiliate
- Total US (point of origin) customers
- Int'l (point of origin) customers

### US Markets
- Total US channel - online
- Total US channel - offline

### Int'l Markets
- Total int'l channel - online
- Total int'l channel - offline
Themes You Will Hear Today

- The era of e-commerce
- The power of specialization
- The importance of category leadership
- The global opportunity
- The benefits of diversification