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As filed with the Securities and Exchange Commission on February 1, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2011

Or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 0-20570

IAC/INTERACTIVECORP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**59-2712887** (I.R.S. Employer Identification No.)

555 West 18th Street, New York, New York 10011
(Address of registrant's principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

As of July 22, 2011, the following shares of the registrant's common stock were outstanding:

Common Stock	79,174,454
Class B Common Stock	5,789,499

Total outstanding Common Stock	84,963,953

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of July 22, 2011 was $2,985,357,951. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

EXPLANATORY NOTE

The Registrant hereby amends in its entirety Item 1. Consolidated Financial Statements and Item 4. Controls and Procedures contained in IAC/InterActiveCorp's (the "Company") Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 (the "Original Form 10-Q"), as described below. On January 27, 2012, management and the Audit Committee (the "Committee") of the Board of Directors of the Company concluded that an error existed in the Company's previously issued financial statements relating to accounting for a deferred income tax liability that requires correction. During 2011, the Company undertook an analysis of the tax basis of certain businesses in connection with a review of its organizational structure. As a result of this review, the Company determined that the original deferred income tax provision recorded in 2002 in connection with a series of transactions, which included the exchange of certain of the Company's media businesses for certain other assets, was incorrectly calculated and incorrectly allocated to a former subsidiary. The correction of these errors as of June 30, 2011 and December 31, 2010 increased non-current deferred income tax liabilities and reduced shareholders' equity by $380.9 million. There is also a reclassification of non-current deferred income tax assets of $79.4 million and $110.5 million as of June 30, 2011 and December 31, 2010, respectively, which is required because non-current deferred income tax assets and liabilities of the same tax jurisdiction must be presented on the consolidated balance sheet on a net basis. Correcting these errors has no impact on the Company's consolidated statement of operations or consolidated statement of cash flows.

This Amendment reflects the changes described above. No other information included in the Original Form 10-Q has been amended by this Form 10-Q/A to reflect any information or events subsequent to the filing of the Original Form 10-Q.

PART I
FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	June 30, 2011 (unaudited) (As Restated)	December 31, 2010 (audited) (As Restated)
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 622,866	$ 742,099
Marketable securities	288,997	563,997
Accounts receivable, net of allowance of $8,375 and $8,848, respectively	126,887	119,581
Other current assets	110,341	118,308
Total current assets	1,149,091	1,543,985
Funds held in escrow for Meetic tender offer	360,583	—
Property and equipment, net	261,118	267,928
Goodwill	1,077,476	989,493
Intangible assets, net	245,822	245,044
Long-term investments	255,909	200,721
Other non-current assets	79,863	81,908
TOTAL ASSETS	$ 3,429,862	$ 3,329,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 47,252	$ 56,375
Deferred revenue	90,412	78,175
Accrued expenses and other current liabilities	267,828	222,323
Total current liabilities	405,492	356,873
Long-term debt	95,844	95,844
Income taxes payable	460,138	475,685
Deferred income taxes	301,567	270,501
Other long-term liabilities	19,569	20,239
Redeemable noncontrolling interests	56,482	59,869
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock $.001 par value; authorized 1,600,000,000 shares; issued 229,718,224 and 225,873,751 shares, respectively, and outstanding 81,518,917 and 84,078,621 shares, respectively	230	226
Class B convertible common stock $.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 5,789,499 and 4,289,499 shares, respectively	16	16
Additional paid-in capital	11,159,083	11,047,884
Accumulated deficit	(591,524)	(652,018)
Accumulated other comprehensive income	62,224	17,546
Treasury stock 158,567,307 and 153,663,130 shares, respectively	(8,539,259)	(8,363,586)
Total shareholders' equity	2,090,770	2,050,068
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,429,862	$ 3,329,079

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands, except per share data)			
Revenue	$ 485,404	$ 394,244	$ 945,617	$ 772,422
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	181,472	140,638	354,190	271,787
Selling and marketing expense	133,218	118,306	273,468	248,687
General and administrative expense	80,553	74,917	156,844	148,881
Product development expense	17,280	14,369	35,002	29,161
Depreciation	12,450	16,625	25,889	32,418
Amortization of intangibles	2,200	4,756	4,657	7,930
Total costs and expenses	427,173	369,611	850,050	738,864
Operating income	58,231	24,633	95,567	33,558
Equity in losses of unconsolidated affiliates	(8,720)	(4,002)	(10,599)	(26,615)
Other income, net	5,637	103	6,389	5,339
Earnings from continuing operations before income taxes	55,148	20,734	91,357	12,282
Income tax provision	(9,518)	(5,313)	(25,559)	(11,458)
Earnings from continuing operations	45,630	15,421	65,798	824
Loss from discontinued operations, net of tax	(2,488)	(2,586)	(4,436)	(7,313)
Net earnings (loss)	43,142	12,835	61,362	(6,489)
Net (earnings) loss attributable to noncontrolling interests	(718)	756	(868)	1,375
Net earnings (loss) attributable to IAC shareholders	$ 42,424	$ 13,591	$ 60,494	$ (5,114)
Per share information attributable to IAC shareholders:				
Basic earnings per share from continuing operations	$ 0.50	$ 0.15	$ 0.72	$ 0.02
Diluted earnings per share from continuing operations	$ 0.46	$ 0.14	$ 0.68	$ 0.02
Basic earnings (loss) per share	$ 0.47	$ 0.12	$ 0.68	$ (0.05)
Diluted earnings (loss) per share	$ 0.44	$ 0.12	$ 0.63	$ (0.04)
Non-cash compensation expense by function:				
Cost of revenue	$ 1,151	$ 1,011	$ 2,233	$ 1,952
Selling and marketing expense	1,200	971	2,235	1,954
General and administrative expense	18,926	17,676	35,326	35,819
Product development expense	1,730	1,390	3,374	2,868
Total non-cash compensation expense	$ 23,007	$ 21,048	$ 43,168	$ 42,593

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net earnings (loss)	$ 61,362	$ (6,489)
Less: loss from discontinued operations, net of tax	4,436	7,313
Earnings from continuing operations	65,798	824
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Depreciation	25,889	32,418
Amortization of intangibles	4,657	7,930
Non-cash compensation expense	43,168	42,593
Deferred income taxes	14,136	(5,812)
Equity in losses of unconsolidated affiliates	10,599	26,615
Gain on sales of investments	(1,544)	(3,989)
Changes in current assets and liabilities:		
Accounts receivable	(10,210)	(8,831)
Other current assets	(237)	2,548
Accounts payable and other current liabilities	(6,343)	(2,734)
Income taxes payable	(8,146)	24,678
Deferred revenue	11,878	9,048
Other, net	7,515	6,287
Net cash provided by operating activities attributable to continuing operations	157,160	131,575
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(79,968)	(16,681)
Capital expenditures	(19,349)	(23,513)
Proceeds from sales and maturities of marketable debt securities	402,096	366,543
Purchases of marketable debt securities	(135,021)	(427,286)
Proceeds from sales of investments	11,808	5,325
Purchases of long-term investments	(1,604)	(796)
Funds transferred to escrow for Meetic tender offer	(360,585)	—
Dividend received from Meetic, an equity method investee	—	8,800
Other, net	(7,127)	(127)
Net cash used in investing activities attributable to continuing operations	(189,750)	(87,735)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(155,241)	(379,508)
Issuance of common stock, net of withholding taxes	52,043	6,592
Excess tax benefits from stock-based awards	17,865	4,992
Other, net	20	5
Net cash used in financing activities attributable to continuing operations	(85,313)	(367,919)
Total cash used in continuing operations	(117,903)	(324,079)
Total cash used in discontinued operations	(2,913)	(2,517)
Effect of exchange rate changes on cash and cash equivalents	1,583	(4,232)
Net decrease in cash and cash equivalents	(119,233)	(330,828)
Cash and cash equivalents at beginning of period	742,099	1,245,997
Cash and cash equivalents at end of period	$ 622,866	$ 915,169

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

IAC is a leading internet company with more than 50 brands serving consumer audiences across more than 30 countries...our mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. IAC includes the businesses comprising its Search segment; its Match and ServiceMagic segments; the businesses comprising its Media & Other segment; as well as investments in unconsolidated affiliates.

All references to "IAC," the "Company," "we," "our" or "us" in this report are to IAC/InterActiveCorp.

Basis of Presentation

The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest, whether through voting interests or variable interests. The Company's consolidated financial statements include one variable interest entity, in which the Company has a controlling financial interest through voting rights and is also the primary beneficiary. Intercompany transactions and accounts have been eliminated. Investments in entities in which the Company has the ability to exercise significant influence over the operating and financial matters of the investee, but does not have a controlling financial interest, are accounted for using the equity method and are included in "Long-term investments" in the accompanying consolidated balance sheet.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. Interim results are not necessarily indicative of the results that may be expected for a full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2010.

The accompanying unaudited consolidated statements of operations for the three and six months ended June 30, 2010 and cash flows for the six months ended June 30, 2010 have been reclassified to present Evite, Gifts.com, IAC Advertising Solutions and InstantAction, all of which were previously reported in IAC's Media & Other segment, as discontinued operations. In addition, certain other prior year amounts have been reclassified to conform to the current year presentation.

Accounting Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual amounts could differ materially from these estimates. On an ongoing basis, the Company evaluates its estimates and judgments including those related to the fair values of marketable securities and other investments, goodwill and indefinite-lived intangible assets, the useful lives of definite-lived intangible assets and property and equipment, the carrying value of accounts receivable, including the determination of the allowance for doubtful accounts and other revenue related allowances, the reserves for income tax contingencies and the valuation allowances for deferred income tax assets and the fair value of stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets and other factors that the Company considers relevant.

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restatement of Previously Issued Consolidated Financial Statements

We have restated our consolidated financial statements as described in Note 14—RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS.

Certain Risks and Concentrations

A substantial portion of the Company's revenue is attributable to online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in customer buying behavior or advertiser spending behavior could adversely affect our operating results. A significant majority of the Company's online advertising revenue is attributable to a paid listing supply agreement with Google Inc. ("Google"), which expires on March 31, 2016. For the three and six months ended June 30, 2011, revenue earned from Google was $221.3 million and $436.2 million, respectively. For the three and six months ended June 30, 2010, revenue earned from Google was $174.1 million and $345.7 million, respectively. The majority of this revenue was earned by the businesses comprising the Search segment. Accounts receivable related to revenue earned from Google totaled $75.3 million at June 30, 2011 and $70.5 million at December 31, 2010.

NOTE 2—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Property and equipment, net

	June 30, 2011	December 31, 2010
	(In thousands)	
Buildings and leasehold improvements	$ 234,606	$ 234,328
Computer equipment and capitalized software	191,260	183,055
Furniture and other equipment	41,568	41,930
Projects in progress	6,116	2,944
Land	5,117	5,117
	478,667	467,374
Less: accumulated depreciation and amortization	(217,549)	(199,446)
Property and equipment, net	$ 261,118	$ 267,928

NOTE 2—CONSOLIDATED FINANCIAL STATEMENT DETAILS (Continued)

Redeemable noncontrolling interests

	June 30, 2011	December 31, 2010
	(In thousands)	
Balance at January 1	$ 59,869	$ 28,180
Purchase of non-controlling interests	(5,652)	—
Noncontrolling interests related to acquisitions	—	23,583
Noncontrolling interest created by a decrease in the ownership of a subsidiary	—	15,750
Contribution from owners of noncontrolling interests	80	79
Net earnings (loss) attributable to noncontrolling interests	868	(5,007)
Change in fair value of redeemable noncontrolling interests	1,389	(2,059)
Change in foreign currency translation adjustment	126	(267)
Other	(198)	(390)
Balance at end of period	$ 56,482	$ 59,869

Accumulated other comprehensive income

	June 30, 2011	December 31, 2010
	(In thousands)	
Foreign currency translation adjustment, net of tax	$ 25,889	$ 16,027
Unrealized gains on available-for-sale securities, net of tax	36,335	1,519
Accumulated other comprehensive income, net of tax	$ 62,224	$ 17,546

Other income (expense), net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Interest income	$ 1,150	$ 1,666	$ 2,452	$ 3,301
Interest expense	(1,355)	(1,323)	(2,710)	(2,646)
Gain on sales of investments	698	—	1,544	3,989
Non-income tax refunds related to Match Europe, which was sold in 2009	4,630	—	4,630	—
Other	514	(240)	473	695
Other income, net	$ 5,637	$ 103	$ 6,389	$ 5,339

NOTE 2—CONSOLIDATED FINANCIAL STATEMENT DETAILS (Continued)

Comprehensive income (loss)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(In thousands)			
Net earnings (loss) attributable to IAC shareholders	$ 42,424	$ 13,591	$ 60,494	$ (5,114)
Change in foreign currency translation adjustment, net of tax	8,934	(8,990)	9,862	(13,663)
Change in net unrealized gains (losses) on available-for-sale securities, net of tax	32,447	(2,533)	34,816	(7,742)
Other comprehensive income (loss)	41,381	(11,523)	44,678	(21,405)
Comprehensive income (loss)	$ 83,805	$ 2,068	$ 105,172	$ (26,519)

The specific-identification method is used to determine the cost of securities sold and the amount of unrealized gains and losses reclassified out of accumulated other comprehensive income into earnings. The amount of unrealized gains, net of tax, reclassified out of accumulated other comprehensive income into earnings related to the sales and maturities of available-for-sale securities for the three and six months ended June 30, 2011 were $1.3 million and $1.4 million, respectively. The amount of unrealized gains, net of tax, reclassified out of accumulated other comprehensive income into earnings related to the sales and maturities of available-for-sale securities for the three and six months ended June 30, 2010 were less than $0.1 million and $2.7 million, respectively.

NOTE 3—INCOME TAXES

At the end of each interim period, the Company makes its best estimate of the annual expected effective tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws or rates, tax status, or judgment on the realizability of a beginning-of-the-year deferred tax asset in future years is recognized in the interim period in which the change occurs.

The computation of the annual expected effective tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realizability of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or our tax environment changes. To the extent that the expected annual effective tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision for the quarter in which the change occurs. Included in the income tax provision for the three months ended June 30, 2011 is a benefit of $0.7 million due to a lower estimated annual effective tax rate from that applied to the first quarter's ordinary income from continuing operations.

For the three and six months ended June 30, 2011, the Company recorded an income tax provision for continuing operations of $9.5 million and $25.6 million, respectively, which represent effective tax

NOTE 3—INCOME TAXES (Continued)

rates of 17% and 28%, respectively. The tax rates for the three and six months ended June 30, 2011 are lower than the federal statutory rate of 35% due principally to the reduction in state tax accruals resulting from income tax provision to tax return reconciliations and the expiration of statutes of limitations and foreign income taxed at lower rates, partially offset by interest on tax contingencies and state taxes.

For the three and six months ended June 30, 2010, the Company recorded an income tax provision for continuing operations of $5.3 million and $11.5 million, respectively, which represent effective tax rates of 26% and 93%, respectively. The tax rate for the three months ended June 30, 2010 is lower than the federal statutory rate of 35% due principally to foreign tax credits, partially offset by interest on tax contingencies and state taxes. The tax rate for the six months ended June 30, 2010 is higher than the federal statutory rate of 35% due principally to a valuation allowance on the deferred tax asset created by the impairment charge for our investment in The HealthCentral Network, Inc. ("HealthCentral"), interest on tax contingencies and state taxes, partially offset by foreign tax credits.

At June 30, 2011 and December 31, 2010, unrecognized tax benefits, including interest, are $473.3 million and $487.6 million, respectively. Of the total unrecognized tax benefits at June 30, 2011, $460.1 million is included in "non-current income taxes payable," $12.3 million relates to deferred tax assets included in "other non-current assets" and $0.8 million is included in "accrued expenses and other current liabilities." Included in unrecognized tax benefits at June 30, 2011 is $94.9 million relating to tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. If unrecognized tax benefits at June 30, 2011 are subsequently recognized, $95.1 million and $210.7 million, net of related deferred tax assets and interest, would reduce income tax provision for continuing operations and discontinued operations, respectively. In addition, a continuing operations income tax provision of $4.3 million would be required upon the subsequent recognition of unrecognized tax benefits for an increase in the Company's valuation allowance against certain deferred tax assets.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax provision. Included in income tax provision for continuing operations and discontinued operations for the three months ended June 30, 2011 is a $1.5 million benefit and a $1.9 million expense, respectively, net of related deferred taxes of $1.0 million and $1.2 million, respectively, for interest on unrecognized tax benefits. Included in income tax provision for continuing operations and discontinued operations for the six months ended June 30, 2011 is a $0.6 million expense and a $3.3 million expense, respectively, net of related deferred taxes of $0.4 million and $2.1 million, respectively, for interest on unrecognized tax benefits. At June 30, 2011 and December 31, 2010, the Company has accrued $104.2 million and $97.7 million, respectively, for the payment of interest. At June 30, 2011 and December 31, 2010, the Company has accrued $4.5 million and $5.0 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service ("IRS") has completed its review of the Company's tax returns for the years ended December 31, 2001 through 2006. The settlement has not yet been submitted to the Joint Committee of Taxation for approval. The IRS began its review of the Company's tax returns for the years ended December 31, 2007 through 2009 in July 2011. The statute of limitations for the years 2001 through 2007 has currently been extended to December 31, 2012. Various state and local jurisdictions are currently under

NOTE 3—INCOME TAXES (Continued)

examination, the most significant of which are California, New York and New York City for various tax years beginning with 2003. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by the Company are recorded in the period they become known. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $57.0 million within twelve months of the current reporting date, of which approximately $10.9 million could decrease income tax provision, primarily due to settlements, expirations of statutes of limitations, and the reversal of deductible temporary differences that will primarily result in a corresponding decrease in net deferred tax assets. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

NOTE 4—BUSINESS COMBINATION

On January 20, 2011, Match acquired OkCupid for $50.0 million in cash, plus potential additional consideration of up to $40.0 million that was contingent upon OkCupid's 2011 earnings performance. During the second quarter of 2011, the provisions of this contingent consideration arrangement were amended. Pursuant to the amendment, $30.0 million was paid to the former owners, and a potential additional payment of up to $10.0 million is contingent upon revised performance goals. The fair value of the contingent consideration at June 30, 2011 is $10.0 million and is included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet. The Company estimated the fair value of the contingent consideration using its judgment of the likelihood of achieving the revised performance goals, which incorporates significant unobservable inputs.

NOTE 5—MARKETABLE SECURITIES

At June 30, 2011, available-for-sale marketable securities are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	$ 116,492	$ 249	$ (9)	$ 116,732
States of the U.S. and state political subdivisions	112,593	589	(42)	113,140
U.S. Treasury securities	49,987	12	—	49,999
Total debt securities	279,072	850	(51)	279,871
Equity security	7,631	1,495	—	9,126
Total marketable securities	$ 286,703	$ 2,345	$ (51)	$ 288,997

NOTE 5—MARKETABLE SECURITIES (Continued)

At December 31, 2010, available-for-sale marketable securities are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	$ 237,406	$ 773	$ (16)	$ 238,163
States of the U.S. and state political subdivisions	110,478	373	(230)	110,621
U.S. Treasury securities	199,881	18	—	199,899
Total debt securities	547,765	1,164	(246)	548,683
Equity security	12,896	2,418	—	15,314
Total marketable securities	$ 560,661	$ 3,582	$ (246)	$ 563,997

The net unrealized gains in the tables above are included in accumulated other comprehensive income for their respective periods.

The contractual maturities of debt securities classified as available-for-sale at June 30, 2011 are as follows (in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 195,082	$ 195,443
Due after one year through five years	83,990	84,428
Total	$ 279,072	$ 279,871

The following table summarizes investments in marketable securities that have been in a continuous unrealized loss position for less than twelve months (in thousands):

	June 30, 2011		December 31, 2010	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate debt securities	$ 12,271	$ (9)	$ 34,552	$ (16)
States of the U.S. and state political subdivisions	6,764	(42)	39,171	(230)
Total	$ 19,035	$ (51)	$ 73,723	$ (246)

At June 30, 2011 and December 31, 2010, there are no investments in marketable securities that have been in a continuous unrealized loss position for twelve months or longer.

Substantially all of the Company's debt securities are rated investment grade. Because the Company does not intend to sell any marketable securities and it is not more likely than not that the Company will be required to sell any marketable securities before recovery of their amortized cost bases, which may be maturity, the Company does not consider any of its marketable securities to be other-than-temporarily impaired at June 30, 2011.

NOTE 5—MARKETABLE SECURITIES (Continued)

The following table presents the proceeds from sales and maturities of available-for-sale marketable securities and the related gross realized gains and losses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Proceeds from sales and maturities of available-for-sale marketable securities	$ 215,139	$ 170,878	$ 413,904	$ 371,868
Gross realized gains	1,022	83	1,916	4,332
Gross realized losses	—	(7)	(18)	(7)

Gross realized gains and losses from the sales of marketable securities and from the sales of investments are included in "Other income, net" in the accompanying consolidated statement of operations.

NOTE 6—FUNDS HELD IN ESCROW FOR MEETIC TENDER OFFER

On July 8, 2011, IAC launched its previously announced tender offer for the 73% of Meetic that it does not own at a price per share of €15.00. The initial phase of the tender offer will close on August 29, 2011 and the second phase of the tender offer will close on September 19, 2011. In connection with the tender offer, IAC was obligated to place sufficient funds in escrow to purchase 100% of the shares that it does not own or $360.6 million. These funds are classified as a non-current asset as their expected use is to acquire a non-current asset. At the conclusion of the tender process, any unused funds will be returned to IAC.

NOTE 7—FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.

- Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair value of the Company's level 2 financial assets is primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case a weighted average market price is used.

- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the asset or liability. See below for a discussion of assets measured at fair value using level 3 inputs.

NOTE 7—FAIR VALUE MEASUREMENTS (Continued)

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis:

	June 30, 2011			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Treasury and government agency money market funds	$ 332,878	$ —	$ —	$ 332,878
Commercial paper	—	100,635	—	100,635
Time deposits	—	20,650	—	20,650
Marketable securities:				
Corporate debt securities	—	116,732	—	116,732
States of the U.S. and state political subdivisions	—	113,140	—	113,140
U.S. Treasury securities	49,999	—	—	49,999
Equity security	9,126	—	—	9,126
Funds held in escrow for Meetic tender offer:				
Treasury and government agency money market funds	158,305	—	—	158,305
Commercial paper	—	202,278	—	202,278
Long-term investments:				
Auction rate security	—	—	8,680	8,680
Marketable equity security	80,961	—	—	80,961
Total	$ 631,269	$ 553,435	$ 8,680	$ 1,193,384
Liabilities:				
Contingent consideration arrangement	$ —	$ —	$ 10,000	$ 10,000
Total	$ —	$ —	$ 10,000	$ 10,000

NOTE 7—FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2010			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Treasury and government agency money market funds	$ 275,108	$ —	$ —	$ 275,108
Commercial paper	—	309,183	—	309,183
Time deposits	—	26,050	—	26,050
Marketable securities:				
Corporate debt securities	—	238,163	—	238,163
States of the U.S. and state political subdivisions	—	110,621	—	110,621
U.S. Treasury securities	199,899	—	—	199,899
Equity security	15,314	—	—	15,314
Long-term investments:				
Auction rate securities	—	—	13,100	13,100
Total	$ 490,321	$ 684,017	$ 13,100	$ 1,187,438

The following tables present the changes in the Company's assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Three Months Ended June 30,		
	2011		2010
	Auction Rate Security	Contingent Consideration Arrangement	Auction Rate Securities
	(In thousands)		
Balance at April 1	$ 9,050	$ 40,000	$ 13,420
Total net losses (realized and unrealized):			
Included in other comprehensive income	(370)	—	(2,165)
Settlements	—	(30,000)	—
Balance at June 30	$ 8,680	$ 10,000	$ 11,255

NOTE 7—FAIR VALUE MEASUREMENTS (Continued)

	Six Months Ended June 30, 2011		2010
	Auction Rate Securities	Contingent Consideration Arrangement	Auction Rate Securities
		(In thousands)	
Balance at January 1	$ 13,100	$ —	$ 12,635
Total net gains (losses) (realized and unrealized):			
Included in other comprehensive income	580	—	(1,380)
Fair value at date of acquisition	—	40,000	—
Settlements	(5,000)	(30,000)	—
Balance at June 30	$ 8,680	$ 10,000	$ 11,255

There are no gains or losses included in earnings for the three and six months ended June 30, 2011 and 2010, relating to the Company's assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs.

Auction rate securities

The Company's auction rate securities ("ARS") are valued by discounting the estimated future cash flow streams of the securities over the lives of the securities. Credit spreads and other risk factors are also considered in establishing fair value. During the first quarter of 2011, one of the ARS was redeemed at its par value of $5.0 million. The cost basis of ARS is $10.0 million and $15.0 million at June 30, 2011 and December 31, 2010, respectively, with gross unrealized losses of $1.3 million and $1.9 million at June 30, 2011 and December 31, 2010, respectively. The unrealized losses are included in "Accumulated other comprehensive income" in the accompanying consolidated balance sheet. At June 30, 2011, the remaining auction rate security is rated A/WR and matures in 2035. Due to its high credit rating and because the Company does not intend to sell this security and it is not more likely than not that the Company will be required to sell this security before recovery of its amortized cost basis, which may be maturity, the Company does not consider the auction rate security to be other-than-temporarily impaired at June 30, 2011.

Contingent consideration arrangement

See Note 4 for information regarding the contingent consideration arrangement.

Assets measured at fair value on a nonrecurring basis

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment, as well as equity and cost method investments, are measured at fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

NOTE 7—FAIR VALUE MEASUREMENTS (Continued)

During the first quarter of 2010, the Company recorded an $18.3 million impairment charge to write-down its investment in HealthCentral to fair value. The decline in value was determined to be other-than-temporary due to HealthCentral's continued losses and negative operating cash flows. The Company estimated the fair value of its investment in HealthCentral using a multiple of revenue approach. The impairment charge is included within "Equity in losses of unconsolidated affiliates" in the accompanying consolidated statement of operations.

NOTE 8—FINANCIAL INSTRUMENTS

The fair values of the financial instruments listed below have been determined by the Company using available market information and appropriate valuation methodologies.

	June 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Cash and cash equivalents	$ 622,866	$ 622,866	$ 742,099	$ 742,099
Marketable securities	288,997	288,997	563,997	563,997
Funds held in escrow for Meetic tender offer	360,583	360,583	—	—
Auction rate securities	8,680	8,680	13,100	13,100
Long-term marketable equity security	80,961	80,961	—	—
Notes receivable	3,615	2,849	3,316	2,818
Contingent consideration arrangement	(10,000)	(10,000)	—	—
Long-term debt	(95,844)	(88,640)	(95,844)	(83,363)
Guarantee of The Newsweek/Daily Beast Company debt	(5,000)	(5,000)	—	—
Letters of credit and surety bond	N/A	(232)	N/A	(362)

The carrying value of cash equivalents approximates fair value due to their short-term maturity. The funds held in escrow for the Meetic tender offer consist of cash and cash equivalents. The carrying value of these cash equivalents approximates fair value due to their short-term maturity. The fair value of notes receivable is based on discounting the expected future cash flow streams using yields of the underlying credit. The fair value of long-term debt is estimated using quoted market prices or indices for similar liabilities and taking into consideration other factors such as credit quality and maturity. The fair value of the letters of credit and surety bond are based on the present value of the costs associated with maintaining these instruments over their expected term. See Note 5 for discussion of the fair value of marketable securities, Note 7 for discussion of the fair value of the auction rate securities and Note 4 for discussion of the fair value of the contingent consideration arrangement.

The Company has guaranteed $5.0 million of The Newsweek/Daily Beast Company's $10.0 million line of credit. At June 30, 2011, $10.0 million had been drawn on this line of credit. The carrying value and fair value of this guarantee represents the amount the Company expects to pay to settle this obligation.

At June 30, 2011 and December 31, 2010, the carrying values of the Company's investments accounted for under the cost method totaled $6.9 million and $39.0 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet. IAC's investment in The Active Network, Inc., which was previously accounted for under the cost method, became an investment measured at fair value during the second quarter of 2011. The cost basis of this long-term

NOTE 8—FINANCIAL INSTRUMENTS (Continued)

marketable equity security was $33.4 million at June 30, 2011, with a gross unrealized gain of $47.5 million included in "Accumulated other comprehensive income" in the accompanying consolidated balance sheet. The Company evaluates each cost method investment for impairment on a quarterly basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. If the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of a cost method investment, then the fair value of such cost method investment is not estimated, as it is impracticable to do so.

NOTE 9—EARNINGS (LOSS) PER SHARE

The following tables set forth the computation of basic and diluted earnings (loss) per share attributable to IAC shareholders.

	Three Months Ended June 30,			
	2011		2010	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Earnings from continuing operations	$ 45,630	$ 45,630	$ 15,421	$ 15,421
Net (earnings) loss attributable to noncontrolling interests	(718)	(718)	756	756
Earnings from continuing operations attributable to IAC shareholders	44,912	44,912	16,177	16,177
Loss from discontinued operations, net of tax	(2,488)	(2,488)	(2,586)	(2,586)
Net earnings attributable to IAC shareholders	$ 42,424	$ 42,424	$ 13,591	$ 13,591
Denominator:				
Weighted average basic shares outstanding	90,050	90,050	109,287	109,287
Dilutive securities including stock options, warrants and RSUs(a)(b)	—	7,252	—	3,320
Denominator for earnings per share—weighted average shares(a)(b)	90,050	97,302	109,287	112,607
Earnings (loss) per share attributable to IAC shareholders:				
Earnings per share from continuing operations	$ 0.50	$ 0.46	$ 0.15	$ 0.14
Discontinued operations, net of tax	(0.03)	(0.02)	(0.03)	(0.02)
Earnings per share	$ 0.47	$ 0.44	$ 0.12	$ 0.12

NOTE 9—EARNINGS (LOSS) PER SHARE (Continued)

	Six Months Ended June 30,			
	2011		2010	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Earnings from continuing operations	$ 65,798	$ 65,798	$ 824	$ 824
Net (earnings) loss attributable to noncontrolling interests	(868)	(868)	1,375	1,375
Earnings from continuing operations attributable to IAC shareholders	64,930	64,930	2,199	2,199
Loss from discontinued operations, net of tax	(4,436)	(4,436)	(7,313)	(7,313)
Net earnings (loss) attributable to IAC shareholders	$ 60,494	$ 60,494	$ (5,114)	$ (5,114)
Denominator:				
Weighted average basic shares outstanding	89,568	89,568	112,847	112,847
Dilutive securities including stock options, warrants and RSUs(a)(b)	—	5,923	—	3,394
Denominator for earnings per share—weighted average shares(a)(b)	89,568	95,491	112,847	116,241
Earnings (loss) per share attributable to IAC shareholders:				
Earnings per share from continuing operations	$ 0.72	$ 0.68	$ 0.02	$ 0.02
Discontinued operations, net of tax	(0.04)	(0.05)	(0.07)	(0.06)
Earnings (loss) per share	$ 0.68	$ 0.63	$ (0.05)	$ (0.04)

(a) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and warrants and vesting of restricted stock units ("RSUs"). For the three and six months ended June 30, 2011, approximately 1.2 million and 1.3 million shares, respectively, related to potentially dilutive securities are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three and six months ended June 30, 2010, approximately 22.1 million and 22.6 million shares, respectively, related to potentially dilutive securities are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

(b) There are no performance-based stock units ("PSUs") included in the denominator for earnings per share as the performance conditions have not been met for the respective reporting periods. For the three and six months ended June 30, 2011, approximately 3.3 million PSUs are excluded from the calculation of diluted earnings per share. For the three and six months ended June 30, 2010, approximately 1.9 million PSUs are excluded from the calculation of diluted earnings per share.

NOTE 10—SEGMENT INFORMATION

The overall concept that IAC employs in determining its operating segments is to present the financial information in a manner consistent with how the chief operating decision maker and executive

NOTE 10—SEGMENT INFORMATION (Continued)

management view the businesses, how the businesses are organized as to segment management, and the focus of the businesses with regards to the types of services or products offered or the target market. Entities included in discontinued operations are excluded from the tables below. Operating segments are combined for reporting purposes if they meet certain aggregation criteria, which principally relate to the similarity of their economic characteristics or, in the case of Media & Other, do not meet the quantitative thresholds that require presentation as separate operating segments.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Revenue:				
Search	$ 252,436	$ 197,194	$ 501,040	$ 396,155
Match	116,429	96,961	228,026	186,236
ServiceMagic	56,104	49,519	102,397	91,731
Media & Other	60,767	51,014	115,047	99,129
Inter-segment elimination	(332)	(444)	(893)	(829)
Total	$ 485,404	$ 394,244	$ 945,617	$ 772,422

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Operating Income (Loss):				
Search	$ 50,309	$ 31,617	$ 99,397	$ 62,674
Match	40,999	25,490	64,428	39,192
ServiceMagic	8,239	5,748	12,047	8,144
Media & Other	(3,239)	(3,026)	(6,963)	(6,838)
Corporate	(38,077)	(35,196)	(73,342)	(69,614)
Total	$ 58,231	$ 24,633	$ 95,567	$ 33,558

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Operating Income Before Amortization:				
Search	$ 50,568	$ 32,043	$ 99,954	$ 63,584
Match	42,335	29,104	67,323	43,910
ServiceMagic	8,622	6,125	12,799	8,984
Media & Other	(3,137)	(2,618)	(6,503)	(5,014)
Corporate	(14,950)	(14,217)	(30,181)	(27,383)
Total	$ 83,438	$ 50,437	$ 143,392	$ 84,081

NOTE 10—SEGMENT INFORMATION (Continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Depreciation:				
Search	$ 6,367	$ 9,952	$ 13,348	$ 19,015
Match	2,278	2,878	4,578	5,906
ServiceMagic	1,114	1,078	2,184	1,996
Media & Other	618	566	1,427	1,106
Corporate	2,073	2,151	4,352	4,395
Total	$ 12,450	$ 16,625	$ 25,889	$ 32,418

Revenue by geography is based on where the customer is located. Geographic information about the United States and international territories is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2010	2010
	(In thousands)			
Revenue:				
United States	$ 384,835	$ 330,229	$ 757,497	$ 644,671
All other countries	100,569	64,015	188,120	127,751
Total	$ 485,404	$ 394,244	$ 945,617	$ 772,422

	June 30, 2011	December 31, 2010
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$ 259,862	$ 267,060
All other countries	1,256	868
Total	$ 261,118	$ 267,928

The Company's primary metric is Operating Income Before Amortization, which is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization and impairment of intangibles, (3) goodwill impairment, (4) pro forma adjustments for significant acquisitions, and (5) one-time items. The Company believes this measure is useful to investors because it represents the operating results from IAC's segments, taking into account depreciation, which it believes is an ongoing cost of doing business, but excluding the effects of any other non-cash expenses. Operating Income Before Amortization has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses, including non-cash compensation and acquisition related accounting. IAC endeavors to compensate for the limitations of the non-U.S. GAAP measure presented by providing the comparable U.S. GAAP measure with equal or greater prominence, financial statements prepared in accordance with U.S. GAAP, and descriptions of the reconciling items, including quantifying such items, to derive the non-U.S. GAAP measure.

NOTE 10—SEGMENT INFORMATION (Continued)

The following tables reconcile Operating Income Before Amortization to operating income (loss) for the Company's reportable segments and to net earnings (loss) attributable to IAC shareholders in total (in thousands):

	Three Months Ended June 30, 2011			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
Search	$ 50,568	$ —	$ (259)	$ 50,309
Match	42,335	—	(1,336)	40,999
ServiceMagic	8,622	—	(383)	8,239
Media & Other	(3,137)	120	(222)	(3,239)
Corporate	(14,950)	(23,127)	—	(38,077)
Total	$ 83,438	$ (23,007)	$ (2,200)	58,231
Equity in losses of unconsolidated affiliates				(8,720)
Other income, net				5,637
Earnings from continuing operations before income taxes				55,148
Income tax provision				(9,518)
Earnings from continuing operations				45,630
Loss from discontinued operations, net of tax				(2,488)
Net earnings				43,142
Net earnings attributable to noncontrolling interests				(718)
Net earnings attributable to IAC shareholders				$ 42,424

NOTE 10—SEGMENT INFORMATION (Continued)

	Three Months Ended June 30, 2010			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
Search	$ 32,043	$ (89)	$ (337)	$ 31,617
Match	29,104	179	(3,793)	25,490
ServiceMagic	6,125	—	(377)	5,748
Media & Other	(2,618)	(159)	(249)	(3,026)
Corporate	(14,217)	(20,979)	—	(35,196)
Total	$ 50,437	$ (21,048)	$ (4,756)	24,633
Equity in losses of unconsolidated affiliates				(4,002)
Other income, net				103
Earnings from continuing operations before income taxes				20,734
Income tax provision				(5,313)
Earnings from continuing operations				15,421
Loss from discontinued operations, net of tax				(2,586)
Net earnings				12,835
Net loss attributable to noncontrolling interests				756
Net earnings attributable to IAC shareholders				$ 13,591

	Six Months Ended June 30, 2011			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
Search	$ 99,954	$ —	$ (557)	$ 99,397
Match	67,323	—	(2,895)	64,428
ServiceMagic	12,799	—	(752)	12,047
Media & Other	(6,503)	(7)	(453)	(6,963)
Corporate	(30,181)	(43,161)	—	(73,342)
Total	$ 143,392	$ (43,168)	$ (4,657)	95,567
Equity in losses of unconsolidated affiliates				(10,599)
Other income, net				6,389
Earnings from continuing operations before income taxes				91,357
Income tax provision				(25,559)
Earnings from continuing operations				65,798
Loss from discontinued operations, net of tax				(4,436)
Net earnings				61,362
Net earnings attributable to noncontrolling interests				(868)
Net earnings attributable to IAC shareholders				$ 60,494

NOTE 10—SEGMENT INFORMATION (Continued)

	Six Months Ended June 30, 2010			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
Search	$ 63,584	$ (236)	$ (674)	$ 62,674
Match	43,910	153	(4,871)	39,192
ServiceMagic	8,984	—	(840)	8,144
Media & Other	(5,014)	(279)	(1,545)	(6,838)
Corporate	(27,383)	(42,231)	—	(69,614)
Total	$ 84,081	$ (42,593)	$ (7,930)	33,558
Equity in losses of unconsolidated affiliates				(26,615)
Other income, net				5,339
Earnings from continuing operations before income taxes				12,282
Income tax provision				(11,458)
Earnings from continuing operations				824
Loss from discontinued operations, net of tax				(7,313)
Net loss				(6,489)
Net loss attributable to noncontrolling interests				1,375
Net loss attributable to IAC shareholders				$ (5,114)

NOTE 11—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. The Company also evaluates other contingent matters, including tax contingencies, to assess the probability and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company. See Note 3 for additional information related to income tax contingencies.

NOTE 12—SUPPLEMENTAL CASH FLOW INFORMATION

During 2010, IAC received a dividend from Meetic, which the Company deemed to be a partial return of its investment. Accordingly, the dividend is reflected as a cash flow from an investing activity in the accompanying consolidated statement of cash flows. IAC's share of the dividend was $11.4 million in total. IAC received $8.8 million of the dividend in June 2010 and the balance in July 2010.

NOTE 12—SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

Non-Cash Transactions for the Six Months Ended June 30, 2011

On February 8, 2011, in connection with the tax-free exchange with Liberty Media Corporation in the fourth quarter of 2010, the Company received 0.1 million shares of IAC common stock, valued at $2.9 million, in fulfillment of post-closing working capital adjustments.

On January 31, 2011, IAC contributed The Daily Beast, previously reported in IAC's Media & Other segment, to a newly formed venture with Harman Newsweek called The Newsweek/Daily Beast Company. Pursuant to this transaction, IAC and Harman Newsweek operate The Newsweek/Daily Beast Company jointly. IAC accounts for its interest in The Newsweek/Daily Beast Company under the equity method.

The consideration for the acquisition of OkCupid on January 20, 2011 includes a contingent consideration arrangement which is described in Note 4.

Non-Cash Transactions for the Six Months Ended June 30, 2010

On March 10, 2010, Match and Meetic completed a transaction in which Match contributed its Latin American business ("Match Latam") and Meetic contributed its Latin American business ("Parperfeito") to a newly formed venture. These contributions, along with a $3.0 million payment from Match to Meetic, resulted in each party owning a 50% equity interest in the newly formed venture, which was valued at $72 million. Match controls the venture through its voting interests. Accordingly, this transaction was accounted for as an acquisition of Parperfeito and a decrease in ownership of Match Latam. No gain or loss was recognized on this transaction as the fair value of the consideration received by Match equaled the fair value of the assets exchanged.

NOTE 13—SUBSEQUENT EVENTS

Between July 1, 2011 and July 22, 2011, IAC repurchased 2.4 million shares of common stock for aggregate consideration of $89.9 million.

On July 26, 2011, IAC's Board of Directors authorized the repurchase of up to 15 million shares of its outstanding common stock.

NOTE 14—RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Restatement of Prior Period Consolidated Financial Statements

The June 30, 2011 and December 31, 2010 consolidated balance sheets have been restated to correct the deferred income tax liability relating to a gain recorded in 2002 in connection with a series of transactions, which included the exchange of certain of the Company's media businesses for certain other assets, and the subsequent incorrect allocation of a portion of the deferred income taxes that were recorded in 2002 to a former subsidiary. These errors were identified during an analysis of the tax basis of certain businesses in connection with a 2011 review of the Company's organizational structure. Accordingly, the Company has restated the financial statements referenced above to correct these errors. The correction of these errors as of June 30, 2011 and December 31, 2010 increased non-current deferred income tax liabilities and reduced shareholders' equity by $380.9 million. Reclassifications of certain other deferred income tax balances as of June 30, 2011 and December 31,

NOTE 14—RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2010 have also been recorded. Correcting these errors has no impact on the Company's consolidated statement of operations or consolidated statement of cash flows.

Consolidated Balance Sheet as of June 30, 2011:

	As originally reported	Effect of restatement	As restated
		(In thousands)	
Other non-current assets	$ 159,302	$ (79,439)	$ 79,863
Total Assets	3,509,301	(79,439)	3,429,862
Deferred income taxes	—	301,567	301,567
Other long-term liabilities	19,710	(141)	19,569
Additional paid-in capital	11,539,948	(380,865)	11,159,083
Total shareholders' equity	2,471,635	(380,865)	2,090,770
Total Liabilities and Shareholders' Equity	3,509,301	(79,439)	3,429,862

Consolidated Balance Sheet as of December 31, 2010:

	As originally reported	Effect of restatement	As restated
		(In thousands)	
Other non-current assets	$ 192,383	$ (110,475)	$ 81,908
Total Assets	3,439,554	(110,475)	3,329,079
Deferred income taxes	—	270,501	270,501
Other long-term liabilities	20,350	(111)	20,239
Additional paid-in capital	11,428,749	(380,865)	11,047,884
Total shareholders' equity	2,430,933	(380,865)	2,050,068
Total Liabilities and Shareholders' Equity	3,439,554	(110,475)	3,329,079

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

GENERAL

Management Overview

IAC is a leading internet company with more than 50 brands serving consumer audiences across more than 30 countries… our mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. IAC includes the businesses comprising its Search segment; its Match and ServiceMagic segments; the businesses comprising its Media & Other segment; as well as investments in unconsolidated affiliates.

For a more detailed description of the Company's operating businesses, see the Company's annual report on Form 10-K for the year ended December 31, 2010.

Results of Operations for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010

Set forth below are the contributions made by our various segments and corporate operations to consolidated revenue, operating income (loss) and Operating Income Before Amortization (as defined in IAC's Principles of Financial Reporting) for the three and six months ended June 30, 2011 and 2010 (dollars in thousands).

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	Growth	2010*	2011	Growth	2010*
Revenue:						
Search	$ 252,436	28%	$ 197,194	$ 501,040	26%	$ 396,155
Match	116,429	20%	96,961	228,026	22%	186,236
ServiceMagic	56,104	13%	49,519	102,397	12%	91,731
Media & Other	60,767	19%	51,014	115,047	16%	99,129
Inter-segment elimination	(332)	25%	(444)	(893)	(8)%	(829)
Total	$ 485,404	23%	$ 394,244	$ 945,617	22%	$ 772,422

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	Growth	2010*	2011	Growth	2010*
Operating Income (Loss):						
Search	$ 50,309	59%	$ 31,617	$ 99,397	59%	$ 62,674
Match	40,999	61%	25,490	64,428	64%	39,192
ServiceMagic	8,239	43%	5,748	12,047	48%	8,144
Media & Other	(3,239)	(7)%	(3,026)	(6,963)	(2)%	(6,838)
Corporate	(38,077)	(8)%	(35,196)	(73,342)	(5)%	(69,614)
Total	$ 58,231	136%	$ 24,633	$ 95,567	185%	$ 33,558

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	Growth	2010*	2011	Growth	2010*
Operating Income Before Amortization:						
Search	$ 50,568	58%	$ 32,043	$ 99,954	57%	$ 63,584
Match	42,335	45%	29,104	67,323	53%	43,910
ServiceMagic	8,622	41%	6,125	12,799	42%	8,984
Media & Other	(3,137)	(20)%	(2,618)	(6,503)	(30)%	(5,014)
Corporate	(14,950)	(5)%	(14,217)	(30,181)	(10)%	(27,383)
Total	$ 83,438	65%	$ 50,437	$ 143,392	71%	$ 84,081

* In the fourth quarter of 2010, IAC exchanged (on a tax-free basis) our Evite, Gifts.com and IAC Advertising Solutions businesses and cash for substantially all of Liberty Media Corporation's ("Liberty") equity stake in IAC and InstantAction ceased operations. Accordingly, the results of these businesses, which were all previously reported in IAC's Media & Other segment, are excluded from the tables above and are presented as discontinued operations.

Refer to Note 10 to the consolidated financial statements for reconciliations of Operating Income Before Amortization to operating income (loss) by reportable segment and to net earnings (loss) attributable to IAC shareholders in total.

Consolidated Results

Revenue

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Revenue	$ 485,404	23%	$ 394,244

Revenue in 2011 increased $91.2 million from 2010 primarily as a result of revenue increases of $55.2 million from Search, $19.5 million from Match, $9.8 million from Media & Other and $6.6 million from ServiceMagic. The increase in revenue from Search reflects strong growth from Mindspark's B2B operations as well as growth from destination websites, Mindspark's B2C operations and CityGrid Media. The increase in revenue from Match reflects strong growth from its Core operations (consisting of Match.com U.S., People Media and Chemistry.com) as well as from the impact of OkCupid, acquired January 20, 2011. The increase in revenue from Media & Other was driven by growth at Shoebuy, Electus, Notional and Vimeo, partially offset by a decline at Pronto. The increase in revenue from ServiceMagic came from growth in both its domestic and international operations.

A substantial portion of the Company's revenue is attributable to online advertising. A significant majority of the Company's online advertising revenue is attributable to a paid listing supply agreement with Google Inc. ("Google"), which expires on March 31, 2016. For the three months ended June 30, 2011 and 2010, revenue earned from Google was $221.3 million and $174.1 million, respectively. The majority of this revenue was earned by the businesses comprising the Search segment.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Revenue	$ 945,617	22%	$ 772,422

Revenue in 2011 increased $173.2 million from 2010 primarily as a result of revenue increases of $104.9 million from Search, $41.8 million from Match, $15.9 million from Media & Other and $10.7 million from ServiceMagic. The increases in revenue from these businesses are primarily due to the factors described above in the three month discussion. The revenue from Media & Other was further impacted from the inclusion in 2010 of revenue associated with profit participations related to our former interest in Reveille.

For the six months ended June 30, 2011 and 2010, revenue earned from Google was $436.2 million and $345.7 million, respectively.

Cost of revenue

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Cost of revenue	$ 181,472	29%	$ 140,638
As a percentage of revenue	37%	171 bp	36%

bp = basis points

Cost of revenue consists primarily of traffic acquisition costs. Traffic acquisition costs consist of payments made to partners who distribute Mindspark's customized browser-based applications, integrate our paid listings into their websites or direct traffic to our websites. These payments include amounts based on revenue share and other arrangements. Cost of revenue also includes Shoebuy's cost of products sold and shipping and handling costs, as well as expenses associated with the operation of the Company's data centers, including compensation and other employee-related costs (including stock-based compensation) for personnel engaged in data center functions, rent, energy and bandwidth costs, and content acquisition costs.

Cost of revenue in 2011 increased $40.8 million from 2010 primarily due to increases of $32.1 million from Search and $10.3 million from Media & Other, partially offset by a decrease of $3.2 million from Match. The increase in cost of revenue from Search was primarily due to an increase of $29.2 million in traffic acquisition costs related to the increase in revenue. As a percentage of revenue, traffic acquisition costs increased over the prior year period due to an increase in the proportion of revenue from customized browser-based applications and other arrangements with third parties who direct traffic to our websites. Cost of revenue from Media & Other increased primarily due to increases from Electus and Notional. Also contributing to the increase in cost of sales from Media & Other is an increase of $2.6 million in the cost of products sold and $1.1 million in shipping and handling costs at Shoebuy resulting from increased sales and higher fuel costs, partially offset by a decrease from The Daily Beast which, following the formation of The Newsweek/Daily Beast Company joint venture with Harman Newsweek on January 31, 2011, has been accounted for as an equity method investment. The decrease in cost of revenue from Match was primarily due to reduced spending from Singlesnet.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Cost of revenue	$ 354,190	30%	$ 271,787
As a percentage of revenue	37%	227 bp	35%

Cost of revenue in 2011 increased $82.4 million from 2010 primarily due to increases of $60.0 million from Search and $18.5 million from Media & Other. The increase in cost of revenue from both Search and Media & Other are primarily due to the factors described above in the three month discussion.

Selling and marketing expense

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Selling and marketing expense	$ 133,218	13%	$ 118,306
As a percentage of revenue	27%	(256) bp	30%

Selling and marketing expense consists primarily of advertising and promotional expenditures and compensation and other employee-related costs (including stock-based compensation) for personnel engaged in sales, sales support and customer service functions. Advertising and promotional expenditures include online marketing, including fees paid to search engines and third parties that distribute Mindspark's downloadable applications, and offline marketing, including television and radio advertising.

Selling and marketing expense in 2011 increased $14.9 million from 2010 primarily due to increases of $8.1 million from Match and $5.6 million from Search; however as a percentage of revenue selling and marketing expense decreased from 2010 primarily due to an increase in the proportion of revenue that results in the payment of traffic acquisition costs. The increase in selling and marketing expense from Match is due to an increase of $8.8 million in advertising and promotional expenditures primarily related to offline marketing, including an ad campaign to launch the OurTime.com website, as well as an increase in advertising spend associated with an agreement entered into during the second quarter of 2010 with Yahoo!. The increase in selling and marketing expense from Search is due to an increase of $6.8 million in advertising and promotional expenditures, partially offset by a decrease in bad debt expense at CityGrid Media. The increase in advertising and promotional expenditures at Search was driven primarily by increased online marketing spend from its destination websites as well as efforts related to new product launches at Mindspark.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Selling and marketing expense	$ 273,468	10%	$ 248,687
As a percentage of revenue	29%	(328) bp	32%

Selling and marketing expense in 2011 increased $24.8 million from 2010 primarily due to increases of $14.8 million from Match and $11.4 million from Search, partially offset by a decrease of $3.5 million from Media & Other. The increase in selling and marketing expense from both Match and Search are primarily due to the factors described above in the three month discussion. Selling and marketing expense from Media & Other decreased primarily due to lower online marketing spend at Pronto. As a percentage of revenue selling and marketing expense decreased from 2010 primarily due to the factor described above in the three month discussion.

General and administrative expense

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	**% Change**	**2010**
	(Dollars in thousands)		
General and administrative expense	$ 80,553	8%	$ 74,917
As a percentage of revenue	17%	(241) bp	19%

General and administrative expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in executive management, finance, legal, tax and human resources, facilities costs and fees for professional services.

General and administrative expense in 2011 increased $5.6 million from 2010 primarily due to increases of $2.3 million from corporate, $1.4 million from Match and $0.9 million from Media & Other; however as a percentage of revenue general and administrative expense decreased from 2010 primarily due to operating expense leverage. General and administrative expense from corporate increased primarily due to higher compensation and other employee-related costs including an increase of $1.5 million in non-cash compensation expense related to the cancellation of certain equity awards during the second quarter of 2011. The increase in general and administrative expense from Match resulted primarily from an increase in professional fees due, in part, to the Meetic tender offer, partially offset by a decrease in compensation and other employee-related costs. The increase in general and administrative expense from Media & Other is principally due to Electus and Shoebuy, as well as Mobile Hatch, which was not in the prior year period, partially offset by The Daily Beast, which has been accounted for as an equity method investment from January 31, 2011 as described above.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	**% Change**	**2010**
	(Dollars in thousands)		
General and administrative expense	$ 156,844	5%	$ 148,881
As a percentage of revenue	17%	(269) bp	19%

General and administrative expense in 2011 increased $8.0 million from 2010 primarily due to increases of $2.6 million from corporate, $2.4 million from both ServiceMagic and Match and $1.9 million from Media & Other, partially offset by a decrease of $1.2 million from Search. The increases in general and administrative expense from corporate, Match and Media & Other are primarily due to the factors described above in the three month discussion. General and administrative expense at ServiceMagic increased primarily due to the inclusion in 2010 of a reversal of a $2.5 million provision for contingent consideration related to the 2009 acquisition of Market Hardware, which was not earned. The decrease in general and administrative expense from Search is primarily due to a decrease in litigation related expenses, partially offset by an increase in compensation and other-employee related costs due, in part, to an increase in average headcount at CityGrid Media and Mindspark. As a percentage of revenue general and administrative expense decreased from 2010 primarily due to the factor described above in the three month discussion.

Product development expense

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Product development expense	$ 17,280	20%	$ 14,369
As a percentage of revenue	4%	(8) bp	4%

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.

Product development expense in 2011 increased $2.9 million from 2010 primarily due to increases of $2.0 million from Search and $0.8 million from Match. Contributing to the increase in product development expense at Search is a decrease in costs being capitalized in the current year period related to the development and enhancement of IAC Search & Media's product offerings and related technology, partially offset by lower compensation and other employee-related costs due, in part, to the Ask.com restructuring that took place during the fourth quarter of 2010. The increase in product development expense from Match is primarily due to an increase in compensation and other employee-related costs.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Product development expense	$ 35,002	20%	$ 29,161
As a percentage of revenue	4%	(7) bp	4%

Product development expense in 2011 increased $5.8 million from 2010 primarily due to increases of $3.8 million from Search and $1.7 million from Match. The increase in product development expense from both Search and Match are primarily due to the factors described above in the three month discussion.

Depreciation

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Depreciation expense	$ 12,450	(25)%	$ 16,625
As a percentage of revenue	3%	(165) bp	4%

Depreciation in 2011 decreased $4.2 million from 2010 primarily due to the write-off of certain assets in the prior year period, as well as a decrease in depreciation in the current year period resulting from the write-off of certain capitalized software costs associated with the Ask.com restructuring that took place in the fourth quarter of 2010 and lower overall capital expenditures.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Depreciation expense	$ 25,889	(20)%	$ 32,418
As a percentage of revenue	3%	(146) bp	4%

Depreciation in 2011 decreased $6.5 million from 2010 primarily due to the factors described above in the three month discussion.

Operating Income Before Amortization

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Operating Income Before Amortization	$ 83,438	65%	$ 50,437
As a percentage of total revenue	17%	440 bp	13%

Operating Income Before Amortization in 2011 increased $33.0 million from 2010 primarily due to increases of $18.5 million from Search and $13.2 million from Match. The increase in Operating Income Before Amortization reflects, in each case, higher revenue and operating expense leverage, as well as a decrease in depreciation from Search and a decrease in cost of revenue from Match.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Operating Income Before Amortization	$ 143,392	71%	$ 84,081
As a percentage of total revenue	15%	428 bp	11%

Operating Income Before Amortization in 2011 increased $59.3 million from 2010 primarily due to increases of $36.4 million from Search and $23.4 million from Match. The increase in Operating Income Before Amortization from both Search and Match are primarily due to the factors described above in the three month discussion.

Operating income

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Operating income	$ 58,231	136%	$ 24,633
As a percentage of revenue	12%	575 bp	6%

Operating income in 2011 increased $33.6 million from 2010 primarily due to an increase of $33.0 million in Operating Income Before Amortization described above and a decrease of $2.6 million in amortization of intangibles, partially offset by an increase of $2.0 million in non-cash compensation expense. The decrease in amortization of intangibles is principally due to certain intangible assets at Match being fully amortized prior to the second quarter of 2011. The increase in non-cash compensation expense is primarily related to the cancellation of certain equity awards during the second quarter of 2011.

At June 30, 2011, there was $149.6 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.3 years.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Operating income	$ 95,567	185%	$ 33,558
As a percentage of revenue	10%	576 bp	4%

Operating income in 2011 increased $62.0 million from 2010 primarily due to an increase of $59.3 million in Operating Income Before Amortization described above and a decrease of $3.3 million in amortization of intangibles, partially offset by an increase of $0.6 million in non-cash compensation expense. The decrease in amortization of intangibles and the increase in non-cash compensation expense are primarily due to the factors described above in the three month discussion.

Other income (expense)

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Equity in losses of unconsolidated affiliates	$ (8,720)	118%	$ (4,002)
Other income, net	5,637	5,396%	103

Equity in losses of unconsolidated affiliates in 2011 increased $4.7 million from 2010 primarily due to the inclusion in 2011 of losses related to the Company's investment in The Newsweek/Daily Beast Company.

Other income, net in 2011 increased $5.5 million from 2010 primarily due to $4.6 million in gains associated with certain non-income tax refunds related to Match Europe, which was sold in 2009.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Equity in losses of unconsolidated affiliates	$ (10,599)	(60)%	$ (26,615)
Other income, net	6,389	20%	5,339

Equity in losses of unconsolidated affiliates in 2011 decreased $16.0 million from 2010 primarily due to the inclusion in 2010 of an $18.3 million impairment charge to write-down the Company's investment in The HealthCentral Network, Inc. ("HealthCentral") to fair value. Absent this impairment charge, equity in losses of unconsolidated affiliates increased primarily due to the factor described above in the three month discussion, partially offset by the positive contribution from our investment in Meetic. The Company recognized a loss in the prior year period related to its investment in Meetic primarily due to the amortization of intangibles, which was required by purchase accounting rules.

Other income, net in 2011 increased $1.1 million from 2010 primarily due to the factor described above in the three month discussion, partially offset by the inclusion in 2010 of a gain of $4.0 million related to the sale of certain securities.

Income tax provision

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Income tax provision	$ (9,518)	NM	$ (5,313)

In 2011, the Company recorded an income tax provision for continuing operations of $9.5 million on pre-tax income of $55.1 million, which represents an effective tax rate of 17%. The 2011 tax rate is lower than the federal statutory rate of 35% due principally to the reduction in state tax accruals resulting from income tax provision to tax return reconciliations and the expiration of statutes of limitations and foreign income taxed at lower rates, partially offset by interest on tax contingencies and state taxes. In 2010, the Company recorded an income tax provision for continuing operations of $5.3 million on pre-tax income of $20.7 million, which represents an effective tax rate of 26%. The 2010 tax rate is lower than the federal statutory rate of 35% due principally to foreign tax credits, partially offset by interest on income tax contingencies and state taxes.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Income tax provision	$ (25,559)	NM	$ (11,458)

In 2011, the Company recorded an income tax provision for continuing operations of $25.6 million on pre-tax income of $91.4 million, which represents an effective tax rate of 28%. The 2011 tax rate is lower than the federal statutory rate of 35% due principally to the reduction in state tax accruals resulting from income tax provision to tax return reconciliations and the expiration of statutes of limitations and foreign income taxed at lower rates, partially offset by interest on tax contingencies and state taxes. In 2010, the Company recorded an income tax provision for continuing operations of $11.5 million on pre-tax income of $12.3 million, which represents an effective tax rate of 93%. The 2010 tax rate is higher than the federal statutory rate of 35% due principally to a valuation allowance on the deferred tax asset created by the impairment charge for our investment in HealthCentral, interest on income tax contingencies and state taxes, partially offset by foreign tax credits.

At June 30, 2011 and December 31, 2010, the Company has unrecognized tax benefits of $369.1 million and $389.9 million, respectively. Unrecognized tax benefits at June 30, 2011 decreased by $20.8 million from December 31, 2010 due principally to the reversal of state tax reserves to reflect income tax provision to tax return reconciliations, the expiration of statutes of limitations, and the receipt of favorable income tax rulings, as well as a net decrease in deductible temporary differences, partially offset by an increase in reserves related to a cost sharing and buy-in arrangement with a foreign subsidiary. The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax provision. Included in income tax provision for continuing operations and discontinued operations for the three months ended June 30, 2011 is a $1.5 million benefit and a $1.9 million expense, respectively, net of related deferred taxes of $1.0 million and $1.2 million, respectively, for interest on unrecognized tax benefits. Included in income tax provision for continuing operations and discontinued operations for the six months ended June 30, 2011 is a $0.6 million expense and a $3.3 million expense, respectively, net of related deferred taxes of $0.4 million and $2.1 million, respectively, for interest on unrecognized tax benefits. At June 30, 2011 and December 31, 2010, the Company has accrued $104.2 million and $97.7 million, respectively, for the payment of interest. At June 30, 2011 and December 31, 2010, the Company has accrued $4.5 million and $5.0 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service ("IRS") has completed its review of the Company's tax returns for the years ended December 31, 2001 through 2006. The settlement has not yet been submitted to the Joint Committee of Taxation for approval. The IRS began its review of the Company's tax returns for the years ended December 31, 2007 through 2009 in July 2011. The statute of limitations for the years 2001 through 2007 has currently been extended to December 31, 2012. Various state and local jurisdictions are currently under examination, the most significant of which are California, New York and New York City for various tax years beginning with 2003. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by the Company are recorded in the period they become known. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $57.0 million within twelve months of the current reporting date, of which approximately $10.9 million could decrease income tax provision, primarily due to settlements, expirations of statutes of limitations, and the reversal of deductible temporary differences that will primarily result in a corresponding decrease in net deferred tax assets. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

Discontinued operations

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

	Three Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Discontinued operations	$ (2,488)	4%	$ (2,586)

The 2011 amount is primarily due to interest on income tax contingencies. The 2010 amount is principally due to losses of InstantAction and interest on income tax contingencies.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

	Six Months Ended June 30,		
	2011	% Change	2010
	(Dollars in thousands)		
Discontinued operations	$ (4,436)	39%	$ (7,313)

The 2011 and 2010 amounts are primarily due to the factors described above in the three month discussion.

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

Of the Company's six reporting units with goodwill, IAC Search & Media and Shoebuy have fair values closest to their carrying values. The amount of goodwill of each of these two reporting units is $533.9 million and $21.7 million, respectively, at June 30, 2011. To illustrate the magnitude of potential impairment charges related to potential future changes in estimated fair values, had the estimated fair values of each of these two reporting units been hypothetically lower by 20% at October 1, 2010, the date of our most recent annual impairment assessment, the carrying values of IAC Search & Media and Shoebuy would have exceeded their fair values by approximately $9 million and $3 million, respectively. If operating results of these two businesses vary significantly from anticipated results, future, and in the case of IAC Search & Media, potentially material, impairments of goodwill and/or indefinite-lived intangible assets could occur.

Segment Results

In addition to the discussion of consolidated results above, the following is a discussion of the results of each segment.

Search

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

Our Search segment includes Mindspark, a digital consumer products business consisting of our B2C operations, through which we develop, market and distribute downloadable applications, and our B2B operations, which provide customized browser-based applications for software and media companies; destination websites, including Ask.com and Dictionary.com, through which we provide search and additional services; and CityGrid Media, an online media company that aggregates and integrates local content and ads and distributes them to publishers across web and mobile platforms.

Revenue increased 28% to $252.4 million, reflecting strong growth from Mindspark's B2B operations as well as growth from destination websites, Mindspark's B2C operations and CityGrid Media. The revenue growth in Mindspark's B2B operations was driven by increased contribution from both existing and new partners. The increase in Mindspark's B2C revenue was driven primarily by new products launched since the year ago period. The revenue growth in destination websites reflects increased and more efficient marketing efforts as well as improved monetization. The increase in revenue at CityGrid Media primarily reflects growth from existing resellers and the contribution from new resellers.

Operating Income Before Amortization increased 58% to $50.6 million, growing at a faster rate than revenue due to a decrease of $3.6 million in depreciation and lower selling and marketing expense and general and administrative expense as a percentage of revenue, partially offset by an increase of $29.2 million in traffic acquisition costs. The decrease in depreciation is primarily due to the write-off of certain assets in the prior year period, as well as a decrease in depreciation in the current year period resulting from the write-off of certain capitalized software costs associated with the Ask.com restructuring that took place in the fourth quarter of 2010. As a percentage of revenue both selling and marketing expense and general and administrative expense decreased primarily due to an increase in the proportion of revenue that results in the payment of traffic acquisition costs and operating expense leverage, respectively; however, overall selling and marketing expense increased primarily due to an increase in advertising and promotional expenditures, partially offset by a decrease in bad debt expense at CityGrid Media. The increase in advertising and promotional expenditures was driven primarily by increased online marketing spend from our destination websites as well as efforts related to new product launches at Mindspark. General and administrative expense increased due to higher compensation and other employee-related costs, partially offset by a decrease in litigation related expenses. The increase in traffic acquisition costs is primarily due to the increase in revenue. As a percentage of revenue, traffic acquisition costs increased over the prior year period due to an increase in the proportion of revenue from customized browser-based applications and other arrangements with third parties who direct traffic to our websites.

Operating income increased 59% to $50.3 million, primarily due to the increase in Operating Income Before Amortization described above and a slight decrease in both non-cash compensation expense and amortization of intangibles.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

Revenue increased 26% to $501.0 million, driven primarily by the factors described above in the three month discussion.

Operating Income Before Amortization increased 57% to $100.0 million, growing at a faster rate than revenue due to a decrease of $5.7 million in depreciation and lower selling and marketing expense as a percentage of revenue, partially offset by increases of $53.7 million in traffic acquisition costs and $3.8 million in product development expense. The decrease in depreciation, the lower selling and marketing expense as a percentage of revenue and the increase in traffic acquisition costs are primarily due to the factors described above in the three month discussion. The increase in product development expense is primarily due to a decrease in costs being capitalized in the current year period, partially offset by lower compensation and other employee-related costs due, in part, to the Ask.com restructuring that took place during the fourth quarter of 2010.

Operating income increased 59% to $99.4 million, primarily due to the increase in Operating Income Before Amortization described above and a slight decrease in both non-cash compensation expense and amortization of intangibles.

Match

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

Revenue increased 20% to $116.4 million, benefiting from strong growth within its Core and Developing operations. Match's Developing operations consist of OkCupid, Singlesnet, mobile-only products and its international operations. Core revenue increased 22% to $97.6 million driven by a 17% increase in subscribers. The growth in Developing revenue was primarily due to display advertising revenue driven by the acquisition of OkCupid, which was not reflected in the prior year period. Revenue in the prior year period was negatively impacted by the write-off of $2.2 million in deferred revenue associated with the formation of our venture with Meetic in Latin America and the Singlesnet acquisition.

Operating Income Before Amortization increased 45% to $42.3 million, primarily due to the higher revenue noted above, a decrease of $3.2 million in cost of revenue and lower general and administrative expense as a percentage of revenue, partially offset by an increase of $8.1 million in selling and marketing expense. The decrease in cost of revenue was primarily due to reduced spending from Singlesnet. General and administrative expense decreased as a percentage of revenue, however increased from 2010, primarily due to an increase in professional fees due, in part, to the Meetic tender offer, partially offset by a decrease in compensation and other employee-related costs. The increase in selling and marketing expense is due to an increase of $8.8 million in advertising and promotional expenditures primarily related to offline marketing, including an ad campaign to launch the OurTime.com website, as well as an increase in advertising spend associated with an agreement entered into during the second quarter of 2010 with Yahoo!.

Operating income increased 61% to $41.0 million, primarily due to the increase in Operating Income Before Amortization described above and a decrease of $2.5 million in amortization of intangibles due to certain intangible assets being fully amortized prior to the second quarter of 2011.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

Revenue increased 22% to $228.0 million. Core revenue increased 20% to $190.9 million driven by an increase in subscribers. Developing revenue increased 38% to $37.2 million driven primarily by Match's venture with Meetic in Latin America, which was not reflected in the full prior year period, as well as from the acquisition in 2011 of OkCupid and the contribution of Singlesnet, acquired March 2, 2010.

Operating Income Before Amortization increased 53% to $67.3 million, growing at a faster rate than revenue primarily due to lower cost of revenue and operating expenses as a percentage of revenue.

Operating income increased 64% to $64.4 million, primarily due to the increase in Operating Income Before Amortization described above and a decrease of $2.0 million in amortization of intangibles.

ServiceMagic

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

Revenue increased 13% to $56.1 million, benefiting from growth in its domestic and international operations. Domestically, revenue growth reflects an 8% increase in accepted service requests, which was driven by an 8% increase in service requests and a 4% increase in service professionals. Domestic growth also reflects an increase in revenue from website design and hosting services. ServiceMagic's international revenue growth reflects a 71% increase in accepted service requests. A service request can be transmitted to more than one service professional and is deemed accepted upon transmission.

Operating Income Before Amortization increased 41% to $8.6 million, primarily due to the higher revenue noted above and lower selling and marketing expense as a percentage of revenue. Operating Income Before Amortization in 2010 benefited from the reversal of a $0.9 million provision for contingent consideration related to the 2009 acquisition of Market Hardware, which was not earned.

Operating income increased 43% to $8.2 million, primarily due to the increase in Operating Income Before Amortization described above.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

Revenue increased 12% to $102.4 million, driven primarily by the factors described above in the three month discussion. Domestically, revenue growth reflects an 8% increase in accepted service requests, which was driven, in part, by a 4% increase in service requests. ServiceMagic's international revenue growth reflects a 65% increase in accepted service requests.

Operating Income Before Amortization increased 42% to $12.8 million, driven primarily by the factors described above in the three month discussion. Operating Income Before Amortization in 2010 benefited from the reversal of a $2.5 million provision for contingent consideration related to the 2009 acquisition of Market Hardware, which was not earned.

Operating income increased 48% to $12.0 million, primarily due to the increase in Operating Income Before Amortization described above and a slight decrease in amortization of intangibles.

Media & Other

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

Revenue increased 19% to $60.8 million primarily reflecting growth at Shoebuy, Electus, Notional and Vimeo, partially offset by a decline at Pronto.

Operating Income Before Amortization loss increased by $0.5 million to a loss of $3.1 million. Losses increased primarily due to increased operating expenses at Electus; reduced profitability at Pronto due to lower revenue; and start up costs at Hatch Labs, which was not in the prior year period. Operating Income Before Amortization loss in 2010 included losses related to The Daily Beast, which, following the formation of the joint venture with Harman Newsweek on January 31, 2011, has been accounted for as an equity method investment.

Operating loss increased by $0.2 million to $3.2 million, primarily due to the increase in Operating Income Before Amortization loss described above, partially offset by a decrease in non-cash compensation expense.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

Revenue increased 16% to $115.0 million primarily due to the factors described above in the three month discussion. Revenue was further impacted from the inclusion in 2010 of revenue associated with profit participations related to our former interest in Reveille.

Operating Income Before Amortization loss increased by $1.5 million to a loss of $6.5 million. Losses increased primarily due to the factors described above in the three month discussion and the inclusion in 2010 of profit participations related to our former interest in Reveille.

Operating loss increased by $0.1 million to $7.0 million, primarily due to the increase in Operating Income Before Amortization loss described above, partially offset by a decrease of $1.1 million in amortization of intangibles and a decrease in non-cash compensation expense.

Corporate

For the three months ended June 30, 2011 compared to the three months ended June 30, 2010

Operating Income Before Amortization loss increased by $0.7 million to a loss of $14.9 million reflecting higher compensation and other employee-related costs.

Operating loss increased $2.9 million to $38.1 million primarily due to the increase in Operating Income Before Amortization loss described above and an increase of $2.1 million in non-cash compensation expense. The increase in non-cash compensation expense is primarily related to the cancellation of certain equity awards during the second quarter of 2011.

For the six months ended June 30, 2011 compared to the six months ended June 30, 2010

Operating Income Before Amortization loss increased by $2.8 million to a loss of $30.2 million primarily due to the factors described above in the three month discussion.

Operating loss increased $3.7 million to $73.3 million primarily due to the increase in Operating Income Before Amortization loss described above and an increase of $0.9 million in non-cash compensation expense.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2011, the Company had $622.9 million of cash and cash equivalents, $289.0 million of marketable securities, $360.6 million of funds held in escrow for the Meetic tender offer, which launched July 8, 2011, and $95.8 million in long-term debt. Long-term debt consists of $80.0 million in Liberty Bonds due September 1, 2035 and $15.8 million in 7% Senior Notes due January 15, 2013.

During the six months ended June 30, 2011 and 2010, the Company purchased 4.8 million and 17.1 million shares of IAC common stock for aggregate consideration, on a trade date basis, of $172.8 million and $383.5 million, respectively. In addition, in connection with the tax-free exchange with Liberty in the fourth quarter of 2010, the Company received 0.1 million shares of IAC common stock in February 2011 in fulfillment of post-closing working capital adjustments. IAC also repurchased an additional 2.4 million shares of common stock from July 1, 2011 through July 22, 2011 for aggregate consideration of $89.9 million. On July 26, 2011, the Company's Board of Directors authorized the repurchase of up to 15 million shares of IAC common stock. IAC may purchase shares over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Net cash provided by operating activities attributable to continuing operations is $157.2 million and $131.6 million in 2011 and 2010, respectively. The increase of $25.6 million in net cash provided by operating activities attributable to continuing operations is primarily due to higher income in 2011, partially offset by cash income tax payments in 2011 as compared to cash income tax refunds in 2010.

Net cash used in investing activities attributable to continuing operations in 2011 of $189.8 million includes $360.6 million of funds held in escrow for the Meetic tender offer, acquisitions, net of cash acquired, of $80.0 million and capital expenditures of $19.3 million. The funds held in escrow secure IAC's obligation in the event that all Meetic shares are tendered. Escrowed amounts reflecting shares not tendered will be released to the Company after the closing of the tender. Partially offsetting these uses of cash are the net proceeds of $267.1 million related to purchases, sales and maturities of marketable debt securities and the proceeds from sales of investments of $11.8 million, including the redemption of one of the Company's auction rate securities. Net cash used in investing activities attributable to continuing operations in 2010 of $87.7 million includes net purchases of $60.7 million related to the purchases, sales and maturities of marketable debt securities, capital expenditures of $23.5 million and acquisitions, net of cash acquired, of $16.7 million, partially offset by the dividend received from Meetic of $8.8 million and the proceeds of $5.3 million from the sale of certain securities.

Net cash used in financing activities attributable to continuing operations in 2011 of $85.3 million includes the purchase of treasury stock of $155.2 million, partially offset by proceeds related to the issuance of common stock, net of withholding taxes, of $52.0 million and the excess tax benefits from stock-based awards of $17.9 million. Net cash used in financing activities attributable to continuing operations in 2010 of $367.9 million includes the purchase of treasury stock of $379.5 million, partially offset by proceeds related to the issuance of common stock, net of withholding taxes, of $6.6 million and the excess tax benefits from stock-based awards of $5.0 million.

IAC anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its operations. The Company may make a number of acquisitions which could result in the reduction of its cash and/or marketable securities balance or the incurrence of debt. IAC expects that 2011 capital expenditures will be less than 2010. IAC believes that its cash on hand along with its anticipated operating cash flows in 2011 and its access to capital markets are sufficient to fund its operating needs, capital, investing and other commitments and contingencies for the foreseeable future.

CONTRACTUAL OBLIGATIONS

Contractual Obligations(a)	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(In thousands)		
Long-term debt(b)	$ 196,062	$ 5,109	$ 24,953	$ 8,000	$ 158,000
Purchase obligations(c)	61,345	16,927	32,028	12,390	—
Operating leases	282,555	21,544	34,237	25,483	201,291
Total contractual cash obligations	$ 539,962	$ 43,580	$ 91,218	$ 45,873	$ 359,291

(a) At June 30, 2011, the Company has recorded $473.3 million of unrecognized tax benefits which includes accrued interest of $104.2 million. This amount includes $305.8 million for unrecognized tax benefits and related interest that could result in future net cash payments to taxing authorities. The Company cannot make a reasonably reliable estimate of the expected period of cash settlement of these items.

(b) Represents contractual amounts due, including interest.

(c) The purchase obligations primarily include advertising commitments, which commitments are reducible or terminable such that these commitments can never exceed associated revenue by a meaningful amount. Purchase obligations also include minimum payments due under telecommunication contracts related to data transmission lines.

IAC'S PRINCIPLES OF FINANCIAL REPORTING

IAC reports Operating Income Before Amortization as a supplemental measure to generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. IAC endeavors to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence, financial statements prepared in accordance with GAAP, and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure which we discuss below.

Definition of IAC's Non-GAAP Measure

Operating Income Before Amortization is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization and impairment of intangibles, (3) goodwill impairment, (4) pro forma adjustments for significant acquisitions, and (5) one-time items. We believe this measure is useful to investors because it represents the consolidated operating results from IAC's segments, taking into account depreciation, which we believe is an ongoing cost of doing business, but excluding the effects of any other non-cash expenses. Operating Income Before Amortization has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses, including non-cash compensation and acquisition-related accounting.

Pro Forma Results

We will only present Operating Income Before Amortization on a pro forma basis if we view a particular transaction as significant in size or transformational in nature. For the periods presented in this report, there are no transactions that we have included on a pro forma basis.

One-Time Items

Operating Income Before Amortization is presented before one-time items, if applicable. These items are truly one-time in nature and non-recurring, infrequent or unusual, and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with the Securities and Exchange Commission rules. GAAP results include one-time items. For the periods presented in this report, there are no one-time items.

Non-Cash Expenses That Are Excluded From IAC's Non-GAAP Measure

Non-cash compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of stock options, restricted stock units ("RSUs") and performance-based RSUs. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding which, for stock options and RSUs, are included on a treasury method basis, and for performance-based RSUs are included on a treasury method basis once the performance conditions are met. Upon the exercise of certain stock options and vesting of RSUs and performance-based RSUs, the awards are settled, at the Company's discretion, on a net basis, with the Company remitting the required tax withholding amount from its current funds.

Amortization of intangibles (including impairment of intangibles, if applicable) and goodwill impairment (if applicable) are non-cash expenses relating primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as customer lists, technology and supplier agreements, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. While it is likely that we will have significant intangible amortization expense as we continue to acquire companies, we believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

RECONCILIATION OF OPERATING INCOME BEFORE AMORTIZATION

For a reconciliation of Operating Income Before Amortization to operating income (loss) by reportable segment and to net earnings (loss) attributable to IAC shareholders in total for the three and six months ended June 30, 2011 and 2010, see Note 10 to the consolidated financial statements.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate Risk

The Company's exposure to market rate risk for changes in interest rates relates primarily to the Company's investment portfolio and long-term debt.

Investment Portfolio

The Company invests its excess cash in certain cash equivalents and marketable debt securities, which consist primarily of money market instruments and short-to-intermediate-term debt securities issued by the U.S. government, U.S. governmental agencies, states of the U.S. and subdivisions thereof and investment grade corporate issuers. The Company employs a methodology that considers available evidence in evaluating potential impairment of its investments. Investments are considered to be impaired when a decline in fair value below the amortized cost basis is determined to be other-than-temporary. If a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Based on the Company's total investment in marketable debt securities at June 30, 2011, a 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the debt investment securities by $1.9 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of debt securities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. Conversely, since almost all of the Company's cash and cash equivalents balance of $622.9 million is invested in short-term fixed or variable rate money market instruments, the Company would also earn more (less) interest income due to such an increase (decrease) in interest rates.

Long-term Debt

At June 30, 2011, the Company's outstanding debt is $95.8 million, all of which pays interest at fixed rates. If market rates decline, the Company runs the risk that the related required payments on the fixed rate debt will exceed those based on market rates. A 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase in fair value of the fixed-rate debt by $10.7 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of fixed-rate debt for all maturities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period.

Equity Price Risk

At June 30, 2011, the Company has three investments in equity securities of publicly traded companies. One of these investments is the Company's investment in Meetic, which is accounted for using the equity method. The other two investments are available-for-sale marketable equity securities. The investment in Meetic is included in "Long-term investments" and the available-for-sale marketable equity securities are either included in "Marketable securities" or "Long-term investments" depending on management intent on holding the securities. The available-for-sale marketable equity securities are reported at fair value based on their quoted market price with any unrealized gain or loss, net of tax, included as a component of "Accumulated other comprehensive income" in the accompanying consolidated balance sheet. Investments in equity securities of publicly traded companies are exposed to significant fluctuations in fair value due to the volatility of the stock market, among other factors. During the three and six months ended June 30, 2011, the Company did not record any other-than-temporary impairment charges related to its available-for-sale marketable equity securities.

It is not customary for the Company to make significant investments in equity securities as part of its marketable securities investment strategy.

Because our investment in Meetic is accounted for using the equity method, it is not reported at fair value. In the event the fair value of our investment in Meetic were to decline below its carrying value, this decline would be only one factor in an assessment for other-than-temporary impairment. In the event the Company acquires a controlling financial interest in Meetic pursuant to the tender offer, the Company will be required to remeasure its investment in Meetic at the acquisition-date fair value. Based on the tender offer price of €15.00 per share, the Company's current estimate of the remeasurement loss is approximately $10 million.

Foreign Currency Exchange Risk

The Company conducts business in certain foreign markets, primarily in the European Union. The Company's primary exposure to foreign currency exchange risk relates to investments in foreign subsidiaries that transact business in a functional currency other than the U.S. Dollar, primarily the Euro and British Pound Sterling. However, the exposure is mitigated since the Company has generally reinvested cash flows from international operations in order to grow the businesses. The statements of operations of the Company's international businesses are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions results in reduced revenue and operating results. Similarly, the Company's revenue and operating results will increase for our international operations if the U.S. dollar weakens against foreign currencies. The Company is also exposed to foreign currency exchange risk related to its assets and liabilities denominated in a currency other than the functional currency.

The economic impact of foreign currency exchange rate movements on the Company is often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, could cause the Company to adjust its financing and operating strategies. Foreign exchange gains and losses are not material to the Company's earnings in 2011 and 2010. As foreign currency exchange rates change, translation of the statements of operations of the Company's international businesses into U.S. dollars affects year-over-year comparability of operating results. Historically, the Company has not hedged foreign currency exchange risks because cash flows from international operations are generally reinvested locally. However, the Company periodically reviews its strategy for hedging foreign currency exchange risks. The Company's objective in managing its foreign currency exchange risk is to minimize its potential exposure to the changes that foreign currency exchange rates might have on its earnings, cash flows and financial position.

Item 4. ***Controls and Procedures***

The Company monitors and evaluates on an ongoing basis its disclosure controls and internal control over financial reporting in order to improve its overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

Prior to the filing of our original Form 10-Q, as required by Rule 13a-15(b) under the Exchange Act, IAC management, including the Chairman and Senior Executive, the Chief Executive Officer and Chief Financial Officer, initially conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on this evaluation, the Chairman and Senior Executive, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

In connection with the restatement of certain of our consolidated financial statements described in Note 14 to the consolidated financial statements included in this Form 10-Q/A, management of the Company reevaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report and determined that the control deficiency that caused the misstatement constitutes a material weakness in the operational effectiveness of controls in the area of accounting for deferred income taxes. Therefore, management has subsequently concluded that the Company's disclosure controls and procedures were not effective as of the end of the period covered by this report.

As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of the Company's management, including the Chairman and Senior Executive, the Chief Executive Officer and the Chief Financial Officer, also evaluated whether any changes occurred to the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, such control. Based on that evaluation, the Company concluded that there has been no such change during the period covered by this report.

Remediation of Material Weakness

As a result of the identification of the errors that led to the restatement and the related reassessment of disclosure controls and procedures and internal control over financial reporting, the Company has developed certain remediation steps to address the material weakness discussed above and to improve its internal control over financial reporting in the area of deferred income taxes. Specifically, commencing in the fourth quarter of 2011, we have increased the level of review of work performed by Company personnel and third-party tax professionals in the identification and calculation of deferred income tax liabilities. The Company is in the process of completing its testing of the additional internal control processes outlined above that are designed to remediate this material weakness and expects to conclude that the material weakness has been satisfactorily remediated in its assessment of the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as of December 31, 2011.

PART II
OTHER INFORMATION

Item 1A. *Risk Factors*

Cautionary Statement Regarding Forward-Looking Information

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "intends," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: IAC's future financial performance, IAC's business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in these forward- looking statements for a variety of reasons, including, among others: changes in senior management at IAC and/or its businesses, changes in our relationship with, or policies implemented by, Google, adverse changes in economic conditions, either generally or in any of the markets or industries in which IAC's businesses operate, adverse trends in the online advertising industry or the advertising industry generally, our ability to convert visitors to our various websites into users and customers, our ability to offer new or alternative products and services in a cost-effective manner and consumer acceptance of these products and services, changes in industry standards and technology, actual tax liabilities that differ materially from our estimates, operational and financial risks relating to acquisitions, our ability to expand successfully into international markets and regulatory changes. Certain of these and other risks and uncertainties are discussed in IAC's filings with the SEC, including in Part II "Item 1A. Risk Factors" of our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2011. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and operating results may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC management as of the date of this report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part II "Item 1A. Risk Factors" of our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2011, which could materially affect our business, financial condition or future operating results. The risks described in this report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its common stock during the quarter ended June 30, 2011:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share(1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	(d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs(3)
April 2011	—	—	—	—
May 2011	1,640,287	$ 35.20	1,640,287	5,560,712
June 2011	3,162,118	$ 36.37	3,162,118	2,398,594
Total	4,802,405	$ 35.97	4,802,405	2,398,594

(1) Reflects the weighted average price paid per share of IAC common stock.

(2) Reflects repurchases made pursuant to a repurchase authorization previously announced in February 2010.

(3) Represents the total number of shares of common stock that remained available for repurchase as of June 30, 2011 pursuant to the February 2010 repurchase authorization, all of which were repurchased during July 2011.

On July 26, 2011, IAC's Board of Directors authorized the repurchase of up to 15 million shares of IAC common stock. IAC may purchase shares pursuant to this repurchase authorization over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. ***Exhibits***

Exhibit Number	Description	Location
3.1	Restated Certificate of Incorporation of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Registration Statement on Form 8-A/A, filed on August 12, 2005.
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on August 22, 2008.
3.3	Amended and Restated By-Laws of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on December 6, 2010.
10.1	Amendment No. 4 to Google Services Agreement, dated as of April 1, 2011, between IAC/InterActiveCorp and Google.	Previously filed.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
31.2	Certification of the Chairman and Senior Executive pursuant to Rule 13a- 14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
31.3	Certification of the Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
32.2	Certification of the Chairman and Senior Executive pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
32.3	Certification of the Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
101.INS	XBRL Instance(3)	
101.SCH	XBRL Taxonomy Extension Schema(3)	
101.CAL	XBRL Taxonomy Extension Calculation(3)	

Exhibit Number	Description	Location
101.DEF	XBRL Taxonomy Extension Definition(3)	
101.LAB	XBRL Taxonomy Extension Labels(3)	
101.PRE	XBRL Taxonomy Extension Presentation(3)	

(1) Filed herewith.

(2) Furnished herewith.

(3) Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions or other liability provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. In addition, users of this data are advised that, pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

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.

Dated: February 1, 2012

IAC/INTERACTIVECORP

By: /s/ THOMAS J. MCINERNEY

Thomas J. McInerney
Executive Vice President and
Chief Financial Officer

Signature	Title	Date
/s/ THOMAS J. MCINERNEY Thomas J. McInerney	Executive Vice President and Chief Financial Officer	February 1, 2012

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Exhibit 31.1

Certification

I, Gregory R. Blatt, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-Q/A to the quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 1, 2012	/s/ GREGORY R. BLATT
	Gregory R. Blatt *Chief Executive Officer*

Exhibit 31.2

Certification

I, Barry Diller, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-Q/A to the quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 1, 2012

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

Exhibit 31.3

Certification

I, Thomas J. McInerney, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-Q/A to the quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 1, 2012

/s/ THOMAS J. MCINERNEY

Thomas J. McInerney
Executive Vice President and Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory R. Blatt, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) this Amendment No. 1 on Form 10-Q/A (the "Amendment") to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp (together with the Amendment, the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of IAC/InterActiveCorp.

Dated: February 1, 2012	/s/ GREGORY R. BLATT
	Gregory R. Blatt *Chief Executive Officer*

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Barry Diller, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) this Amendment No. 1 on Form 10-Q/A (the "Amendment") to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp (together with the Amendment, the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of IAC/InterActiveCorp.

Dated: February 1, 2012

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

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Exhibit 32.3

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas J. McInerney, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) this Amendment No. 1 on Form 10-Q/A (the "Amendment") to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011 of IAC/InterActiveCorp (together with the Amendment, the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of IAC/InterActiveCorp.

Dated: February 1, 2012	/s/ THOMAS J. MCINERNEY
	Thomas J. McInerney *Executive Vice President and Chief Financial Officer*