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

FORM 8-K

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

Date of Report (Date of earliest event reported): **May 4, 2016**

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

Delaware	**0-20570**	**59-2712887**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

555 West 18th Street, New York, NY	**10011**
(Address of principal executive offices)	(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.
Item 7.01 Regulation FD Disclosure.

On May 4, 2016, the Registrant announced that it had released its results for the quarter ended March 31, 2016. The full text of the related press release, which is posted on the "Investor Relations" section of the Registrant's website at http://www.iac.com/Investors and appears in Exhibit 99.1 hereto, is incorporated herein by reference.

Exhibit 99.1 is being furnished under both Item 2.02 "Results of Operations and Financial Condition" and Item 7.01 "Regulation FD Disclosure."

Item 7.01 Regulation FD Disclosure.

On May 4, 2016, the Registrant posted a letter to its shareholders (IAC Q1 2016 Letter to Shareholders) prepared by its management (which presentation includes certain forward-looking statements, among other information) on the "Investor Relations" section of its website at http://www.iac.com/Investors. This letter appears in Exhibit 99.2 hereto and is incorporated herein by reference.

Exhibit 99.2 is being furnished under Item 7.01 "Regulation FD Disclosure."

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release of IAC/InterActiveCorp, dated May 4, 2016.
99.2	IAC Q1 2016 Letter to Shareholders prepared by IAC/InterActiveCorp Management.

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 hereunto duly authorized.

IAC/INTERACTIVECORP

By:	/s/ GREGG WINIARSKI
Name:	Gregg Winiarski
Title:	Executive Vice President, General Counsel and Secretary

Date: May 4, 2016

Exhibit 99.1

IAC REPORTS Q1 2016

NEW YORK— May 4, 2016—IAC (NASDAQ: IAC) released first quarter 2016 results today.

SUMMARY RESULTS

($ in millions except per share amounts)

	Q1 2016	Q1 2015	Growth
Revenue	$ 819.2	$ 772.5	6%
Adjusted EBITDA	85.9	75.2	14%
Adjusted Net Income	36.1	38.4	-6%
Adjusted EPS	0.42	0.43	-2%
Operating Income	21.4	35.1	-39%
Net Income	8.3	26.4	-69%
GAAP Diluted EPS	0.09	0.30	-69%

See reconciliations of GAAP to non-GAAP measures beginning on page 12.

Q1 2016 HIGHLIGHTS

- IAC repurchased 4.6 million shares of common stock year-to-date through May 3, 2016, representing approximately 6% of the outstanding capital stock of the Company, at an average price of $45.18 per share, or $208.9 million in aggregate.

- On May 3, 2016, IAC's Board of Directors gave the Company the authorization to repurchase an additional 10 million shares of common stock.

- Match Group revenue increased 21% to $285.3 million driven by a 24% increase in Dating revenue due to 36% growth in Average PMC, to nearly 5.1 million globally. Match Group Adjusted EBITDA increased 94% versus the prior year.

- Total HomeAdvisor revenue increased 47% to $111.5 million, driven primarily by a 59% increase in HomeAdvisor domestic revenue, the 10th consecutive quarter of accelerating growth, resulting from 51% growth in service requests and 45% growth in paying service professionals to approximately 116,000. Total HomeAdvisor Adjusted EBITDA increased to $5.0 million from a loss in the prior year.

- Video revenue increased 19% versus the prior year driven by Electus, Vimeo and Daily Burn. Vimeo grew paid subscribers 16% to 697,000. Vimeo's TVOD service ended Q1 2016 with over 36,000 titles, growing 95% year-over-year.

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

DISCUSSION OF FINANCIAL AND OPERATING RESULTS

	Q1 2016	Q1 2015	Growth
	$ in millions		
Revenue			
Match Group	$ 285.3	$ 235.1	21%
HomeAdvisor	111.5	75.8	47%
Publishing	166.0	179.0	-7%
Applications	159.8	197.5	-19%
Video	55.1	46.5	19%
Other	41.6	38.9	7%
Intercompany Elimination	(0.1)	(0.2)	46%
	$ 819.2	$ 772.5	6%
Adjusted EBITDA			
Match Group	$ 64.6	$ 33.3	94%
HomeAdvisor	5.0	(0.8)	NM
Publishing	11.4	26.7	-57%
Applications	31.1	45.5	-32%
Video	(16.9)	(19.7)	14%
Other	1.1	0.7	47%
Corporate	(10.3)	(10.5)	2%
	$ 85.9	$ 75.2	14%
Operating Income (Loss)			
Match Group	$ 29.2	$ 27.0	8%
HomeAdvisor	1.9	(4.0)	NM

Publishing	6.8	19.4	-65%
Applications	27.7	38.9	-29%
Video	(17.5)	(20.5)	15%
Other	(0.1)	(0.5)	81%
Corporate	(26.6)	(25.2)	-5%
	$ 21.4	$ 35.1	-39%

Match Group

Dating revenue increased 24% due primarily to 23% higher Direct revenue, driven by higher Average PMC at both North America and International, up 26% and 58%, respectively, due mainly to strong contributions from Tinder and PlentyOfFish, acquired on October 28, 2015.

Adjusted EBITDA increased 94% to $64.6 million due primarily to the higher revenue, reduced sales and marketing expenditures as a percentage of revenue and $1.2 million lower costs in Q1 2016 related to the consolidation and streamlining of our technology systems and European operations at our Dating businesses. Operating income grew 8%, slower than Adjusted EBITDA due to a decrease of $14.2 million in gains from acquisition-related contingent consideration fair value adjustments, an increase of $11.2 million in stock-based compensation expense and an increase of $4.4 million in amortization of intangibles driven by the acquisitions of Eureka and PlentyOfFish. The increase in stock-based compensation expense is related to new awards issued since Q1 2015 and the modification of certain subsidiary equity awards.

Please refer to the Match Group Q1 2016 earnings release for further detail.

HomeAdvisor

Revenue increased 47% to $111.5 million due primarily to 59% growth at the HomeAdvisor domestic business and 13% growth at the HomeAdvisor International business. HomeAdvisor domestic revenue growth accelerated for the 10th consecutive quarter with year-over-year growth driven by 51% higher service requests and a 45% increase in paying service professionals to approximately 116,000. Adjusted EBITDA increased $5.8 million versus Q1 2015 to $5.0 million due to the higher revenue, notwithstanding increased investment in marketing and sales force related expenses.

Publishing

Revenue decreased 7% to $166.0 million due to 16% lower Ask & Other revenue, partially offset by 3% higher Premium Brands revenue. Ask & Other revenue decreased due primarily to a decline in revenue at Ask.com and certain legacy businesses. Premium Brands revenue increased primarily due to strong growth at Investopedia and The Daily Beast. Adjusted EBITDA declined 57% to $11.4 million due to lower revenue from Ask & Other, increased marketing and payroll related expenses at Premium Brands and $1.4 million in restructuring costs across Publishing.

Applications

Revenue decreased 19% to $159.8 million due to a 35% decline in Partnerships and an 11% decline in Consumer. The Consumer decline was driven by lower search revenue from desktop applications, partially offset by strong growth at Apalon, our mobile applications business, and SlimWare. Adjusted EBITDA decreased 32% to $31.1 million due primarily to the lower revenue and $0.7 million in restructuring costs across Applications.

Video

Revenue increased 19% to $55.1 million due primarily to strong growth at Electus, Vimeo, and Daily Burn, partially offset by $4.5 million lower revenue from IAC Films as the prior year benefited from the release of *While We're Young.* The 14% reduction in the Adjusted EBITDA loss to $16.9 million reflects increased profits from Electus and a profit at IAC Films.

Other

Revenue and Adjusted EBITDA increased 7% and 47%, respectively, due to growth at ShoeBuy, partially offset by PriceRunner, which was sold on March 18, 2016.

PriceRunner's full year 2015 revenue, Adjusted EBITDA and Operating income were $32.3 million, $13.0 million and $9.7 million, respectively.

Corporate

Adjusted EBITDA loss decreased slightly due to lower professional fees. Operating loss reflects an increase of $1.2 million in stock-based compensation expense due primarily to the issuance of equity awards subsequent to Q1 2015.

OTHER ITEMS

Interest expense increased due to the $800 million of borrowings under the Match Group term loan facility as well as the higher interest rate associated with the exchange of $445 million of Match Group 6.75% Senior Notes for a substantially like amount of IAC 4.75% Senior Notes. The note exchange and term loan borrowings closed on November 16, 2015.

Net Income and Adjusted Net Income in Q1 2016 reflect a $13.3 million after-tax gain related to the sale of PriceRunner, which positively impacted GAAP Diluted EPS and Adjusted EPS by $0.16.

The effective tax rates for continuing operations in Q1 2016 and Q1 2015 were 16% and 22%, respectively, and the effective tax rates for Adjusted Net Income in Q1 2016 and Q1 2015 were 27% and 34%, respectively. The Q1 2016 effective rates were lower than the prior year primarily due to the non-taxable gain on the sale of PriceRunner in the current year.

LIQUIDITY AND CAPITAL RESOURCES

During Q1 2016, IAC repurchased 3.2 million common shares at an average price of $44.54 and, subsequently through May 3, 2016, purchased an additional 1.4 million common shares at an average price of $46.65. As of March 31, 2016, IAC had 80.4 million common and class B common shares outstanding. As of May 3, 2016, after giving effect to the approval by the Company's Board of Directors of the authorization to repurchase an additional 10 million shares of common stock, the Company had 11.0 million shares remaining in its stock repurchase authorization. IAC may purchase shares over an indefinite period on the open market and in privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

As of March 31, 2016, the Company had $1.4 billion in cash and cash equivalents, time deposits and marketable securities, of which IAC had $1.3 billion and Match Group had $147.5 million. Additionally, the Company had $1.7 billion in long-term debt, of which IAC had $521.8 million and Match Group had $1.2 billion ($40 million matures in the next twelve months). IAC has a $300 million revolving credit facility. Match Group has a $500 million revolving credit facility. Both credit facilities were undrawn as of March 31, 2016 and currently remain undrawn. During Q1 2016, the Company purchased $32.9 million in aggregate of its 4.75% Senior Notes and 4.875% Senior Notes and, in addition, subsequently redeemed $25.0 million of the 4.875% Senior Notes on April 30, 2016; the Company deposited the principal, premium and accrued interest with the trustee on March 31, 2016 concurrent with the redemption notice.

As of March 31, 2016, IAC's ownership interest and voting interest in Match Group were 84.6% and 98.2%, respectively.

OPERATING METRICS

	Q1 2016	Q1 2015	Growth
Match Group			
Direct Revenue (in millions)(a)			
North America (b)	$ 164.4	$ 138.5	19%
International (c)	84.6	63.4	34%
Total Direct Revenue(a)	$ 249.0	$ 201.9	23%
Indirect Revenue	11.4	8.3	38%
Total Dating Revenue	$ 260.4	$ 210.1	24%
Non-dating Revenue	24.9	24.9	0%
Total Revenue	$ 285.3	$ 235.1	21%
Dating Average PMC (d) (in thousands)			
North America (b)	3,221	2,553	26%
International (c)	1,862	1,179	58%
Total Dating Average PMC	5,083	3,732	36%
Dating ARPPU (e)			
North America (b)	$ 0.56	$ 0.60	-7%
International (c)	$ 0.50	$ 0.60	-16%
Total Dating ARPPU	$ 0.54	$ 0.60	-10%
HomeAdvisor			
Domestic Revenue (in millions)	$ 94.3	$ 59.3	59%
Domestic Service Requests (000s) (f)	2,732	1,811	51%
Domestic Paying Service Professionals (000s) (g)	116	80	45%
Publishing (in millions)			
Revenue			
Premium Brands (h)	$ 82.6	$ 80.1	3%
Ask & Other (i)	83.4	98.9	-16%
Total Revenue	$ 166.0	$ 179.0	-7%
Applications (in millions)			

Revenue					
Consumer (j)	$	117.7	$	132.2	-11%
Partnerships (k)		42.1		65.2	-35%
Total Revenue	$	159.8	$	197.5	-19%
Video (in thousands)					
Vimeo Ending Subscribers		697		599	16%

See notes on following page

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

OPERATING METRICS NOTES

(a) Direct Revenue is revenue that is directly received from an end user of our products.
(b) North America consists of our Dating businesses for customers located in the United States and Canada.
(c) International consists of our Dating businesses for customers located outside of the United States and Canada.
(d) Average PMC is calculated by summing the number of paid subscribers, or paid member count (PMC), at the end of each day in the relevant measurement period and dividing it by the number of calendar days in that period.
(e) ARPPU, or Average Revenue per Paying User, is Direct Revenue in the relevant measurement period divided by the Average PMC in such period divided by the number of calendar days in such period.
(f) Fully completed and submitted customer service requests on HomeAdvisor.
(g) The number of service professionals that had an active membership or paid for leads in the last month of the period.
(h) Premium Brands revenue is composed of About.com, Dictionary.com, Investopedia and The Daily Beast.
(i) Ask & Other revenue is principally composed of Ask.com, CityGrid and ASKfm.
(j) Consumer revenue is composed of the direct-to-consumer downloadable desktop applications, including SlimWare, and Apalon, which houses our mobile operations.
(k) Partnerships revenue is composed of our business-to-business partnership operations.

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

DILUTIVE SECURITIES

IAC has various tranches of dilutive securities. The table below details these securities as well as potential dilution at various stock prices (shares in millions; rounding differences may occur). The dilution calculation reflected in the table below differs from the treasury stock method used for GAAP because it: (i) excludes from the assumed proceeds the impact of future non-cash compensation of all unvested stock-based awards; (ii) includes in assumed proceeds the entire tax benefit received upon the exercise of options or the vesting of restricted and performance-based stock awards rather than only the excess tax benefit; and (iii) includes the shares related to performance and market-based awards that are considered probable of vesting, if dilutive. We believe this method of presentation better reflects the determination of fully diluted shares of the Company.

	Shares	Avg. Exercise Price	As of 5/3/16	Dilution at:			
Share Price			**$ 47.22**	**$ 50.00**	**$ 55.00**	**$ 60.00**	**$ 65.00**
Absolute Shares as of 5/3/16	**79.2**		**79.2**	**79.2**	**79.2**	**79.2**	**79.2**
RSUs and Other *	2.5		1.6	1.5	1.4	1.3	1.2
Options	8.4	$ 50.68	0.7	0.8	1.0	1.2	1.4
Total Dilution			**2.2**	**2.3**	**2.4**	**2.4**	**2.5**
% Dilution			2.8%	2.8%	2.9%	3.0%	3.1%
Total Diluted Shares Outstanding			**81.4**	**81.5**	**81.6**	**81.6**	**81.7**

** Assumes Match Group subsidiary denominated stock-based awards are settled with shares of Match Group common stock; therefore, no dilution from these awards is included in the table above.*

CONFERENCE CALL

IAC will audiocast a conference call to answer questions regarding the Company's first quarter 2016 results on Thursday, May 5, 2016, at 8:30 a.m. Eastern Time. This call will include the disclosure of certain information, including forward-looking information, which may be material to an investor's understanding of IAC's business. The live audiocast will be open to the www.iac.com/Investors.

GAAP FINANCIAL STATEMENTS

IAC CONSOLIDATED STATEMENT OF OPERATIONS
($ in thousands except per share amounts)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenue	$ 819,179	$ 772,512
Operating costs and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	193,734	186,737
Selling and marketing expense	382,341	362,482
General and administrative expense	136,242	114,794
Product development expense	55,830	45,257
Depreciation	15,795	15,568
Amortization of intangibles	13,820	12,555
Total operating costs and expenses	797,762	737,393
Operating income	21,417	35,119
Interest expense	(27,860)	(14,064)
Other income, net	15,897	6,988
Earnings from continuing operations before income taxes	9,454	28,043
Income tax provision	(1,520)	(6,180)
Earnings from continuing operations	7,934	21,863
Earnings from discontinued operations, net of tax	—	125
Net earnings	7,934	21,988
Net loss attributable to noncontrolling interests	348	4,417
Net earnings attributable to IAC shareholders	$ 8,282	$ 26,405
Per share information attributable to IAC shareholders:		
Basic earnings per share from continuing operations	$ 0.10	$ 0.31
Diluted earnings per share from continuing operations	$ 0.09	$ 0.30
Basic earnings per share	$ 0.10	$ 0.32
Diluted earnings per share	$ 0.09	$ 0.30
Dividends declared per common share	$ —	$ 0.34
Stock-based compensation expense by function:		
Cost of revenue	$ 613	$ 245
Selling and marketing expense	1,871	1,723
General and administrative expense	21,193	14,598
Product development expense	7,508	2,345
Total stock-based compensation expense	$ 31,185	$ 18,911

IAC CONSOLIDATED BALANCE SHEET
($ in thousands)

	March 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	$ 1,238,664	$ 1,481,447
Time deposits	87,500	—
Marketable securities	106,316	39,200
Accounts receivable, net	234,546	250,077
Other current assets	217,303	174,286
Total current assets	1,884,329	1,945,010
Property and equipment, net	304,963	302,817
Goodwill	2,198,558	2,245,364
Intangible assets, net	426,824	440,828
Long-term investments	129,695	137,386

Other non-current assets	107,974	117,286
TOTAL ASSETS	$ 5,052,343	$ 5,188,691
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current portion of long-term debt	$ 65,000	$ 40,000
Accounts payable, trade	96,503	86,883
Deferred revenue	273,123	258,412
Accrued expenses and other current liabilities	342,316	383,251
Total current liabilities	776,942	768,546
Long-term debt, net of current portion	1,660,872	1,726,954
Income taxes payable	33,875	33,692
Deferred income taxes	350,526	348,773
Other long-term liabilities	75,485	64,510
Redeemable noncontrolling interests	28,132	30,391
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common stock	255	254
Class B convertible common stock	16	16
Additional paid-in capital	11,841,335	11,486,315
Retained earnings	339,676	331,394
Accumulated other comprehensive loss	(110,964)	(152,103)
Treasury stock	(10,004,880)	(9,861,350)
Total IAC shareholders' equity	2,065,438	1,804,526
Noncontrolling interests	61,073	411,299
Total shareholders' equity	2,126,511	2,215,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,052,343	$ 5,188,691

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

IAC CONSOLIDATED STATEMENT OF CASH FLOWS
($ in thousands)

	Three Months Ended March 31, 2016	2015
Cash flows from operating activities attributable to continuing operations:		
Earnings from continuing operations	$ 7,934	$ 21,863
Adjustments to reconcile earnings from continuing operations to net cash provided by (used in) operating activities attributable to continuing operations:		
Stock-based compensation expense	31,185	18,911
Depreciation	15,795	15,568
Amortization of intangibles	13,820	12,555
Excess tax benefits from stock-based awards	(15,264)	(16,846)
Deferred income taxes	2,430	867
Equity in losses of unconsolidated affiliates	404	283
Acquisition-related contingent consideration fair value adjustments	3,669	(6,996)
Gains on sale of a business and long-term investments	(14,700)	(186)
Other adjustments, net	6,393	(594)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	7,792	(3,847)
Other assets	(6,626)	6,775
Accounts payable and other current liabilities	(10,796)	(33,805)
Income taxes payable	(37,477)	(41,359)
Deferred revenue	19,538	23,001
Net cash provided by (used in) operating activities attributable to continuing operations	24,097	(3,810)
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(2,252)	(5,709)
Capital expenditures	(16,090)	(12,876)
Purchase of time deposits	(87,500)	—
Proceeds from maturities and sales of marketable debt securities	—	6,050
Purchases of marketable debt securities	(66,891)	(47,930)
Purchases of long-term investments	(813)	(8,345)
Net proceeds from the sale of a business and long-term investments	93,097	115
Other, net	4,380	2,728
Net cash used in investing activities attributable to continuing operations	(76,069)	(65,967)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(135,938)	(200,000)

Principal payment on long-term debt	(10,000)	—
Repurchase of Senior Notes	(32,912)	—
Dividends	—	(28,675)
Issuance of IAC common stock pursuant to stock-based awards, net of withholding taxes	(14,919)	(10,339)
Issuance of Match Group common stock pursuant to stock-based awards, net of withholding taxes	(4,453)	—
Excess tax benefits from stock-based awards	15,264	16,846
Purchase of noncontrolling interests	(1,400)	(15,338)
Acquisition-related contingent consideration payments	(312)	(180)
Other, net	(5,856)	110
Net cash used in financing activities attributable to continuing operations	(190,526)	(237,576)
Total cash used in continuing operations	(242,498)	(307,353)
Effect of exchange rate changes on cash and cash equivalents	(285)	(11,455)
Net decrease in cash and cash equivalents	(242,783)	(318,808)
Cash and cash equivalents at beginning of period	1,481,447	990,405
Cash and cash equivalents at end of period	$ 1,238,664	$ 671,597

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES

IAC RECONCILIATION OF OPERATING CASH FLOW FROM CONTINUING OPERATIONS TO FREE CASH FLOW
($ in millions; rounding differences may occur)

	Three Months Ended March 31, 2016	2015
Net cash provided by (used in) operating activities attributable to continuing operations	$ 24.1	$ (3.8)
Capital expenditures	(16.1)	(12.9)
Tax payments related to sales of a business and an investment	—	0.1
Free Cash Flow	$ 8.0	$ (16.6)

For the three months ended March 31, 2016, consolidated Free Cash Flow increased $24.6 million due primarily to higher Adjusted EBITDA and lower income tax payments, partially offset by higher interest payments and higher capital expenditures.

IAC RECONCILIATION OF GAAP EPS TO ADJUSTED EPS
(in thousands except per share amounts)

	Three Months Ended March 31, 2016	2015
Net earnings attributable to IAC shareholders	$ 8,282	$ 26,405
Stock-based compensation expense	31,185	18,911
Amortization of intangibles	13,820	12,555
Acquisition-related contingent consideration fair value adjustments	3,669	(6,996)
Discontinued operations, net of tax	—	(125)
Impact of income taxes and noncontrolling interests	(20,839)	(12,382)
Adjusted Net Income	$ 36,117	$ 38,368
GAAP Basic weighted average shares outstanding	82,027	83,453
Options, RSUs and subsidiary denominated equity, treasury method	2,798	5,305
GAAP Diluted weighted average shares outstanding	84,825	88,758
Impact of RSUs and other	570	326
Adjusted EPS weighted average shares outstanding	85,395	89,084
GAAP Diluted earnings per share	$ 0.09	$ 0.30
Adjusted EPS	$ 0.42	$ 0.43

For Adjusted EPS purposes, the impact of RSUs on shares outstanding is based on the weighted average number of RSUs outstanding, including performance-based RSUs outstanding that the Company believes are probable of vesting. For GAAP diluted EPS purposes, RSUs, including performance-based RSUs for which the performance criteria have been met, are included on a treasury method basis. If Match Group subsidiary denominated equity is included in GAAP diluted weighted average shares outstanding, they are backed out of Adjusted EPS as they are assumed to be settled with shares of Match Group common stock.

SEE IMPORTANT NOTES AT END OF THIS DOCUMENT

IAC RECONCILIATION OF SEGMENT NON-GAAP MEASURE TO GAAP MEASURE
($ in millions; rounding differences may occur)

	For the three months ended March 31, 2016					
	Adjusted EBITDA	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Operating income (loss)
Match Group	$ 64.6	$ (17.5)	$ (6.5)	$ (8.3)	$ (3.2)	$ 29.2
HomeAdvisor	5.0	(0.4)	(1.9)	(0.8)	—	1.9
Publishing	11.4	—	(2.2)	(2.4)	—	6.8
Applications	31.1	—	(1.1)	(1.5)	(0.7)	27.7
Video	(16.9)	—	(0.4)	(0.4)	0.2	(17.5)
Other	1.1	—	(0.7)	(0.4)	—	(0.1)
Corporate	(10.3)	(13.3)	(3.0)	—	—	(26.6)
Total	$ 85.9	$ (31.2)	$ (15.8)	$ (13.8)	$ (3.7)	$ 21.4

	For the three months ended March 31, 2015					
	Adjusted EBITDA	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Operating income (loss)
Match Group	$ 33.3	$ (6.3)	$ (7.0)	$ (3.9)	$ 11.0	$ 27.0
HomeAdvisor	(0.8)	(0.4)	(1.6)	(1.2)	—	(4.0)
Publishing	26.7	—	(2.5)	(4.8)	—	19.4
Applications	45.5	—	(1.0)	(1.6)	(4.0)	38.9
Video	(19.7)	(0.1)	(0.2)	(0.4)	—	(20.5)
Other	0.7	—	(0.5)	(0.7)	—	(0.5)
Corporate	(10.5)	(12.0)	(2.7)	—	—	(25.2)
Total	$ 75.2	$ (18.9)	$ (15.6)	$ (12.6)	$ 7.0	$ 35.1

IAC'S PRINCIPLES OF FINANCIAL REPORTING

IAC reports Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Free Cash Flow, all of which are supplemental measures to GAAP. These measures are among 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. These non-GAAP measures 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 measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which are included in this release. Interim results are not necessarily indicative of the results that may be expected for a full year.

Definitions of Non-GAAP Measures

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and goodwill and intangible asset impairments and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. We believe Adjusted EBITDA is a useful measure for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business, from which capital investments are made and debt is serviced.

Adjusted Net Income generally captures all items on the statement of operations that have been, or ultimately will be, settled in cash and is defined as net earnings attributable to IAC shareholders excluding, net of tax effects and noncontrolling interests, if applicable: (1) stock-based compensation expense, (2) acquisition-related items consisting of (i) amortization of intangibles and goodwill and intangible asset impairments and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements, and (3) discontinued operations. We believe Adjusted Net Income is useful to investors because it represents IAC's consolidated results taking into account depreciation, which management believes is an ongoing cost of doing business, as well as other charges that are not allocated to the operating businesses such as interest expense, income taxes and noncontrolling interests, but excluding the effects of any other non-cash expenses.

Adjusted EPS is defined as Adjusted Net Income divided by fully diluted weighted average shares outstanding for Adjusted EPS purposes. We include dilution from options and warrants in accordance with the treasury stock method and include all restricted stock units ("RSUs") in shares outstanding for Adjusted EPS, with performance-based RSUs included based on the number of shares that the Company believes are probable of vesting. This differs from the GAAP method for including RSUs, which are treated on a treasury method, and performance-based RSUs, which are included for GAAP purposes only to the extent the performance criteria have been met (assuming the end of the reporting period is the end of the contingency period). Shares outstanding for Adjusted EPS purposes are therefore higher than shares outstanding for GAAP EPS purposes. We believe Adjusted EPS is useful to investors because it represents, on a per share basis, IAC's consolidated results, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other charges, which are not allocated to the operating businesses such as interest expense, income taxes and noncontrolling interests, but excluding the effects of any other non-cash expenses. Adjusted Net Income and Adjusted EPS have the same limitations as Adjusted EBITDA. Therefore, we think it is important to evaluate these measures along with our consolidated statement of operations.

Free Cash Flow is defined as net cash provided by operating activities, less capital expenditures. In addition, Free Cash Flow excludes, if applicable, tax payments and refunds related to the sales of certain businesses and investments, an internal restructuring and dividends received that represent a return of capital due to the exclusion of the proceeds from these sales and dividends from cash provided by operating activities. We believe Free Cash Flow is useful to investors because it represents the cash that our operating businesses generate, before taking into account non-operational cash movements. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. For example, it does not take into account stock repurchases. Therefore, we think it is important to evaluate Free Cash Flow along with our consolidated statement of cash flows.

Non-Cash Expenses That Are Excluded From Our Non-GAAP Measures

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of stock options, restricted stock units and performance-based RSUs. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding using the treasury stock method; however, performance-based RSUs are included only to the extent the performance criteria have been met (assuming the end of the reporting period is the end of the contingency period). We view the true cost of stock options, restricted stock units and performance-based RSUs as the dilution to our share base, and such awards are included in our shares outstanding for Adjusted EPS purposes as described above under the definition of Adjusted EPS. Upon the exercise of certain stock options and vesting of restricted stock units 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.

Depreciation is a non-cash expense relating to our property and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as content, technology, customer lists, advertiser and supplier relationships, 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. 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.

Gains and losses recognized on changes in the fair value of contingent consideration arrangements are accounting adjustments to report contingent consideration liabilities at fair value. These adjustments can be highly variable and are excluded from our assessment of performance because they are considered non-operational in nature and, therefore, are not indicative of current or future performance or ongoing costs of doing business.

Free Cash Flow

We look at Free Cash Flow as a measure of the strength and performance of our businesses, not for valuation purposes. In our view, applying "multiples" to Free Cash Flow is inappropriate because it is subject to timing, seasonality and one-time events. We manage our business for cash and we think it is of utmost importance to maximize cash — but our primary valuation metrics are Adjusted EBITDA and Adjusted EPS.

OTHER INFORMATION

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This press release and our conference call, which will be held at 8:30 a.m. Eastern Time on May 5, 2016, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "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, strategy and anticipated trends 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 in which IAC's businesses operate, adverse trends in any of the industries in which IAC's businesses operate (primarily the online advertising, general advertising and dating industries), our dependence on third parties to drive traffic to our various websites and distribute our products and services in a cost-effective manner, our ability to attract and 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, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize mobile versions of our various products and services, foreign currency exchange rate fluctuations, changes in industry standards and technology, the integrity and scalability of our systems and infrastructure (and those of third parties), our ability to protect our systems from cyberattacks, 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 Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements 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 press release. IAC does not undertake to update these forward-looking statements.

About IAC

IAC (NASDAQ: IAC) is a leading media and Internet company comprised of some of the world's most recognized brands and products, such as HomeAdvisor, Vimeo, About.com, Dictionary.com, The Daily Beast, Investopedia, and Match Group's online dating portfolio, which includes Match, OkCupid, Tinder and PlentyOfFish. The company is headquartered in New York City and has offices worldwide.

<u>Contact Us</u>

IAC Investor Relations
Mark Schneider / Alexandra Caffrey
(212) 314-7400

IAC Corporate Communications
Isabelle Weisman
(212) 314-7361

IAC
555 West 18th Street, New York, NY 10011 (212) 314-7300 http://iac.com

* * *

Exhibit 99.2

IAC Q1 2016 Shareholder Letter

May 4, 2016

Dear Shareholders,

Since the beginning of this year we've bought back another 6% of our shares. Share repurchases are nothing new for us — we've spent over $3 billion repurchasing our shares since the four spin offs in 2008, at an average price of $30 per share. I think our shares were priced at a bargain, but the large disparity between our perception of value relative to market prices got us thinking about how we might do a better job of communicating. As a result, we're going to make some changes in our overall approach to shareholder relations and guidance. The letter is lengthy because we want to comprehensively set out our philosophy on capital allocation and strategic priorities at our businesses to help set expectations for the calendar year. The timing and length is appropriate as this is the first full year for me as CEO and I want to begin it with as clear and direct a communication as I can in explaining what we have and what we hope to accomplish at IAC in the coming years.

First, the rationale for our recent share purchases. Since our Q4 2015 earnings release, the market price of our shares has implied an average Enterprise Value of approximately $800 million for all of our businesses excluding Match. To arrive at that figure, we assume that the value of our Match equity implied by the current public trading is accurate (though I'd certainly argue cheap given the stability in the core and the opportunity in Tinder), and each $1 of cash we have in the bank is worth $1, minus the debt we owe. When we compared that implied valuation to the standalone prospects of our businesses, we saw a highly compelling acquisition opportunity. If someone walked into my office today and told me IAC could buy a profitable business with a $450 million revenue run-rate that grew 47% year-over-year in the latest quarter (after having accelerated its core domestic growth rate in each of the last 10 quarters), had a phenomenal consumer product, and was the category leader in a $400 billion addressable market, all for the one-time low price of $800 million, I'd sprint for the checkbook. That's our own HomeAdvisor — and in buying our stock at that price, we effectively got all the other IAC businesses for free.

While Publishing has a poor outlook and Applications is managing a significant year-over-year price decline, these businesses still generate cash flow and more than fund our overhead and operating losses

including the Video category, where Vimeo and other assets provide tremendous upside potential. So, we spent $209 million so far this year on the acquisition of an asset we know tremendously well — our own shares. I don't know whether HomeAdvisor or Vimeo or Tinder (which as you heard from management, is well on its way), will each become businesses larger than IAC itself, but I am certain that each one of them has a chance, and I believe our shareholders get those options and others largely for free right now.

Capital Allocation

We view capital allocation as one of the most important things we do. In the last 10 years, 8 public companies have emerged from one IAC, representing an aggregate market capitalization of $38 billion. One dollar invested in 1995 in Silver King Communications, IAC's predecessor company, is today worth approximately $13.00 — as compared to approximately $3.70 for one dollar invested in the S&P 500 over the same period. The value of our strategy does not get tallied on our balance sheet, nor can you find it in a single stock ticker or a simple chart. But nonetheless, it's real.

Many companies and management teams will hold on to their biggest businesses, when those businesses are clear leaders in their categories, growing nicely and operating at scale. We have generally chosen instead to do the opposite — consistently giving those businesses directly to our shareholders, run by their own highly capable management teams and Boards, and in the process shrinking our job here at IAC. IAC may not maintain an ongoing stake in those businesses, but our shareholders continue to own each of them.

A number of shareholders have questioned why, then, IAC hasn't yet spun Match to shareholders. First, we raised enough cash at Match (through both debt financing and the public equity offering) to allow us to extract all of the cash we've invested in the business without overburdening the company with debt. This was important to us — when we create value in an asset over time, we want to get our original investment back out so that we can redeploy the capital elsewhere. Second, Match still provides valuable scale to IAC, giving us enhanced access to capital and relevance in capital markets, which opens a broader set of opportunities.

We prioritize capital allocation across three buckets: 1) investing in our businesses through incremental operating capital (which may manifest itself in the form of reduced or negative operating margins), 2) acquiring new businesses, and 3) repurchasing our shares.

We allocate capital to projects and initiatives that we believe can generate significant growth. Two of our biggest opportunities in IAC — Tinder and Vimeo — were basically homegrown creations built from IAC's capital and resources (Vimeo, barely a seedling at the time, came as part of another small acquisition). Over the past couple of years, we have also invested at HomeAdvisor across TV marketing (approximately $80 million since 2013) and sales force (approximately $150 million since 2013), and taken net losses at Vimeo to capture the opportunity in video. Alternatively, in Publishing and Applications, we've removed costs representing approximately $15 million in annual savings, some of which have been reinvested, and we will reduce or eliminate net losses at The Daily Beast and ASKfm by 2017, freeing up resources for these businesses and others.

In terms of acquiring new businesses, opportunities for IAC to take control positions in proven, growing interactive consumer businesses have been sparse as the private markets have been well funded by new sources of capital, and the options available in the public markets haven't appealed to us. But we believe that landscape will change — it always does — and we'll be ready. Two of our biggest businesses today were purchased for relatively modest sums many years ago — we acquired the two businesses that made up our original Match business for approximately $90 million combined and HomeAdvisor (originally ServiceMagic) for $145 million—and neither was profitable at the time. The bar remains high for new businesses, and in the meantime, we will focus M&A resources on supplementing our existing businesses.

We generally allocate our M&A resources disproportionately to our higher-growth assets or in areas where we enjoy a unique advantage. We've done very well at Match, where we've consolidated the space at reasonably attractive multiples and grown acquired businesses nicely. We've seen the detailed metrics in virtually every variation of dating businesses over time, which means we should be the smartest people in the room on any given deal in the category.

At the moment, HomeAdvisor and Vimeo are getting more attention for M&A, where we are looking aggressively for opportunities, while the bar for M&A in Publishing and Applications is much higher. HomeAdvisor and Vimeo are playing from positions of strength. In contrast, Publishing and Applications need to focus on near-term execution before expanding further. That's not to say that we don't believe in those businesses and those management teams — we do — but those businesses have other priorities.

Our most recent acquisition in Publishing was two years ago, when we bought a bundle of assets that included Investopedia. We coveted Investopedia— a great consumer brand publishing finance content, with endemic advertisers in a very large market, but it came with a bundle of assets in various states of

disrepair. A little over two years later, we sold some of the bundle (including PriceRunner in Q1), operated others for cash, and ultimately slimmed down to the business we wanted, Investopedia. Our original net cash outlay was approximately $65 million after taking into account cash and tax assets acquired, and we've since collected nearly $125 million in cash and still own 100% of Investopedia, which is basically breakeven and growing revenue strongly.

Of course, we definitely have had some losers. We acquired a business called nRelate in 2012 and shuttered it in 2014, losing about $25 million all-in. Our product wasn't good enough for us to commit the capital necessary to enter what turned out to be a highly competitive market. On ASKfm, we bought a business with a large but shrinking global and mobile audience, and we haven't yet been able to return to growth. My point is not that we will always succeed (although we've won more and bigger bets than we've lost), it's that we endeavor to take a disciplined approach to acquisitions in support of existing businesses and meter the level of risk to business prospects.

Finally, we constantly evaluate acquisition opportunities against taking a greater interest in our existing business through share repurchases, though these are not mutually exclusive. We like to bet on ourselves, especially when others don't, and our overall record on repurchases over time is well in-the-money.

Priorities and Initiatives

HomeAdvisor

HomeAdvisor is an ideal IAC business: a great interactive consumer product, a two-sided marketplace in a massive addressable market, and possessing the incredibly rare feature for internet businesses: a nice competitive moat. Our team here, led by Chris Terrill, Brandon Ridenour, and Craig Smith, is world class — bold, aggressive risk takers with steady execution. It wasn't easy getting here. We've owned this business since 2004, and have been steadily digging that moat by adding consumers and service professionals (SPs) into the marketplace, and improving the product that connects them. We really began to see the fruits of our labor over the last couple of years, and now the business is humming. Q1 was our 10th consecutive quarter with accelerating revenue growth in the core domestic business, up 59% year-over-year, and the business delivered another rare thing for internet businesses, especially one growing as fast as HomeAdvisor: $5 million of Adjusted EBITDA in the quarter.

While near-term profit is not our priority, we're going to deliver much more profit than we originally planned. We're still growing our consumer marketing budget 50% year-over-year (our television spend was up 70% in Q1), and we're going to continue to add sales people as fast as we efficiently can (sales force expenses were up 55% in Q1), but we'll probably deliver something closer to 150% Adjusted EBITDA growth for the year, rather than the 100% we earlier predicted, and we expect full year revenue growth comparable or slightly ahead of 2015 growth rates. Q2 revenue will continue to grow nicely, faster than 2015, though not quite as high as Q1, as the prior period growth gets harder to beat. On that pace, Q2 Adjusted EBITDA would more than double year-over-year.

Our priorities for the year are:

- Grow brand awareness, primarily through marketing
- Add SPs, primarily through our sales force
- Innovate the product, primarily through Instant Connect and Instant Booking, especially on mobile
- Expand internationally, where we've moved Jeff Kip to bring a renewed focus on the opportunity

Our brand is a top priority, and our biggest area for improvement. With 10% unaided awareness, we have opportunity to expand. Aided awareness has more than doubled since last year to 50%, but when we look at the competitive set, and the relative strength of our product, we know we can do better. Television marketing is still delivering what we estimate to be about $1.30 in revenue within a year for every $1 we spend. That return has continued to inch up as we increase the size of our platform, now above 120,000 paying SPs, because more great professionals means happier consumers. We now have about 900 sales reps across 6 sales centers working to expand our network, and the results are great — paying SP's are currently up 45% year-over-year, and the average SP is much more engaged on our platform.

Of course, neither sales nor marketing will matter if we can't stay ahead on product. I think our Instant Connect and Instant Booking products are the best consumer and service professional experience in the industry, and we can see it in our strongly positive Net Promoter Scores. Instant Connect and Instant Booking now represents about 10% of the domestic business overall, and will continue to grow.

Video

Our operations in video continue to grow nicely, but not nearly enough to match the opportunity (and our ambition) in the category. The paid video market in the US is about $120 billion — $100 billion of which is subscription to a cable or satellite bundle that my children will barely use in their lifetime. The value creation in this transition will be enormous, and our assets, primarily Vimeo, are well positioned. Vimeo is the largest open video sharing marketplace behind YouTube, and based on the number of calls I get from interested acquirers, we're not alone in our optimism.

Our priorities for the year are:

- Build out the consumer experience
- Recruit and curate the right programming and creators
- Expand our creator tools and services

We initially built Vimeo explicitly for the video creator, not the video consumer. Given the mass of content and creators on the site, we now reach a monthly audience of 280 million consumers, 240 million of whom watch a video. We've begun putting more resources and attention toward the consumer experience, including UI, navigation, applications and search, and we expect our efforts to make things materially easier for the consumer over the course of this year.

On programming, we don't intend to get into the multibillion dollar war on content. Our efforts here will be targeted, with the goal of building out the marketplace that enables creators to access Vimeo's audience. We will help some creators finance their content, and we will commission specific work that aligns with our audience based on consumption patterns, but we aren't going to outspend the competition. Instead, we're giving our creators the tools to circumvent a legacy ecosystem that's been built to award too much power and profit to the distribution, and not enough to the creation. The marketplace we've created is small today, but growing.

On the creator tools, Vimeo's bread and butter, we'll continue to offer the best features at the lowest price, and increasingly, access to our global audience. We just acquired VHX, a company which will allow creators to sell, and our consumers to buy, a subscription to any video channel through Vimeo.

This story in video will play out over time, and we expect Q2 and full year total Video revenue growth at comparable year-over-year rates to 2015. We expect Adjusted EBITDA losses in Q2 in the high-single

digit millions as we continue to invest against the opportunity. In this area in particular, things can move pretty significantly between quarters given the volatility of individual pieces of content.

Publishing

2016 is shaping up to be a tough year for the Publishing business. We knew we would be transitioning to a new Google deal on April 1st with lower mobile revenues, and we knew we would have to adjust to a series of changes to the platforms where we advertise, but I think we've been overly optimistic about our ability to turn the organic traffic trends and recover the marketing in Ask & Other. Despite incredible efforts by the About team on both product and content, an organic traffic leak at About persists. We are working a different approach, including a wonderful new health destination called Verywell, but we're holding celebration here until the results deliver. In the meantime, we've unfortunately had to reduce our headcount in this segment, in particular in the Ask & Other businesses where we've seen the steepest revenue drops, and continue to examine generally non-personnel cost-cuts. We expect material revenue declines in Q2 driven primarily by Ask & Other, falling by more than half year-over-year, with the Premium Brands decline in the 20% range. Publishing overall will incur losses in the mid-single digit millions in Q2, and the good news — if you can call it that — is that Q2 should be the bottom on Adjusted EBITDA and revenue, with Ask & Other revenue dropping to about 50% of the segment revenue, and a much smaller percentage of profit given the margin.

Our priorities for the year are:

- Continue revenue growth at Investopedia/The Daily Beast (+40%/+88% y/y in Q1, respectively)
- Continue verticalization strategy at About.com starting with Verywell
- Stay vigilant on transition to new search deal and cost structure

Applications

Our Applications business remains the least understood business, yet it's a leader in its category, enormously capital efficient, and consistently delivers solid cash flow, helping to fund our aspirations elsewhere. The good news about all the doomsayers leaving the business for dead (yet again) is that they help keep the competition out. We still have an addressable market of roughly 2 billion PCs globally with single digit penetration and the transition to the new Google deal has gone better than expected. We also continue to have ambitions here, where the infrastructure we've built to support the desktop applications can support both subscription-based desktop products and mobile products.

The quarter was challenging due to lower revenue per query (RPQ) on our traffic. Historically, RPQ has been a real benefit to this business as our search monetization partner has generally delivered consistent price increases which pass through to our benefit, but in the last quarter, and expected for Q2 as well, RPQ has declined year-over-year, which has been a drag on revenue and profit. While somewhat outside our control, we don't anticipate RPQ declining further sequentially, with Adjusted EBITDA in Q2 down a few million dollars from Q1 and revenue down high-single digit percentage sequentially. For the full year, we expect revenue down year-over-year comparable to what we saw in Q1.

Our priorities for the year are:

- Manage the April 1st Google transition such that Q2 is the bottom
- Build the mobile business up from 4% segment revenue in Q1
- Build the subscription business up from 4% of segment revenue in Q1

Full Year 2016 Outlook

We've simplified our presentation of financial expectations, by business, for the full year 2016. You'll note that we've only provided guidance on Adjusted EBITDA and not revenue, because we always have and always will manage our businesses for cash flow, and we believe Adjusted EBITDA is a reasonable industry proxy for cash flow. That doesn't mean we won't favor topline growth over margin for some period of time (see HomeAdvisor), but always with an eye toward optimizing long-term cash flow. We've never valued an acquisition on a revenue multiple and don't do deals to drive revenue without cash flow. We will continue to provide qualitative commentary on the next quarter's expectations, similar to how we have done in the past, however, important to keep in mind that we do not manage our businesses on quarters and are providing our yearly targets as a guide and not a destination. We confront investment choices every day and as stewards of your capital will deviate from guidance when we have an attractive opportunity that drives long term value at the expense of short terms results. And of course, sometimes we'll simply be wrong about the future. Amply warned, here's our current outlook for the year:

(in millions)	FY 2016 Adjusted EBITDA Guidance
Match Group	$410-$425
HomeAdvisor	40-45
Publishing	20-30
Applications	130-140
Video	(25-15)
Corporate & Other	(55-50)
Total IAC	**$520-$575**

For the full year 2016, total IAC stock based compensation expense is expected to be $100-$110 million and depreciation/amortization is expected to be $105-$115 million.

Sincerely,

Joey Levin
CEO

Appendix

Webcast and Conference Call Details

IAC will audiocast a conference call to answer questions regarding the Company's 1st quarter financial results on Thursday, May 5, 2016 at 8:30 a.m. Eastern Time. The live audiocast will be open to the public at www.iac.com/Investors. This letter will not be read on the call.

Non-GAAP Financial Measures

This letter contains references to certain non-GAAP measures which, as a reminder, include Adjusted EBITDA. These non-GAAP financial measures should be considered in conjunction with, but not as a substitute for, financial information presented in accordance with GAAP. Please refer to our 1st quarter

2016 press release and the investor relations section of our website for all comparable GAAP measures and full reconciliations for all material non-GAAP measures.

Safe Harbor Statement

This letter and our conference call, which will be held at 8:30 a.m. Eastern Time on May 5, 2016, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "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, strategy and anticipated trends 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 in which IAC's businesses operate, adverse trends in any of the industries in which IAC's businesses operate (primarily the online advertising, general advertising and dating industries), our dependence on third parties to drive traffic to our various websites and distribute our products and services in a cost-effective manner, our ability to attract and 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, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize mobile versions of our various products and services, foreign currency exchange rate fluctuations, changes in industry standards and technology, the integrity and scalability or our systems and infrastructure (and those of third parties), our ability to protect our systems from cyberattacks, 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 Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements 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 letter. IAC does not undertake to update these forward-looking statements.