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As filed with the Securities and Exchange Commission on August 8, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2013

Or

☐ **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	**59-2712887**
(State or other jurisdiction of incorporation or organization)	(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.

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 26, 2013, the following shares of the registrant's common stock were outstanding:

Common Stock	77,185,633
Class B Common Stock	5,789,499
Total outstanding Common Stock	82,975,132

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of July 26, 2013 was $3,963,580,179. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

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PART I
FINANCIAL INFORMATION

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

IAC/INTERACTIVECORP

CONSOLIDATED BALANCE SHEET

(Unaudited)

	June 30, 2013	December 31, 2012
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 678,725	$ 749,977
Marketable securities	7,775	20,604
Accounts receivable, net of allowance of $9,596 and $11,088, respectively	235,950	229,830
Other current assets	148,285	156,339
Total current assets	1,070,735	1,156,750
Property and equipment, net	289,493	270,512
Goodwill	1,664,315	1,616,154
Intangible assets, net	466,161	482,904
Long-term investments	196,811	161,278
Other non-current assets	124,976	118,230
TOTAL ASSETS	$ 3,812,491	$ 3,805,828
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current maturities of long-term debt	$ —	$ 15,844
Accounts payable, trade	83,294	98,314
Deferred revenue	164,667	155,499
Accrued expenses and other current liabilities	362,695	355,232
Total current liabilities	610,656	624,889
Long-term debt, net of current maturities	580,000	580,000
Income taxes payable	496,168	479,945
Deferred income taxes	312,905	323,403
Other long-term liabilities	66,081	31,830
Redeemable noncontrolling interests	64,147	58,126
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock $.001 par value; authorized 1,600,000,000 shares; issued 250,982,079 shares, and outstanding 77,120,701 and 78,471,784 shares, respectively	251	251
Class B convertible common stock $.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 5,789,499 shares	16	16
Additional paid-in capital	11,604,296	11,607,367
Accumulated deficit	(206,592)	(318,519)
Accumulated other comprehensive loss	(32,187)	(32,169)
Treasury stock 184,229,378 and 182,878,295 shares, respectively	(9,734,479)	(9,601,218)
Total IAC shareholders' equity	1,631,305	1,655,728
Noncontrolling interests	51,229	51,907
Total shareholders' equity	1,682,534	1,707,635
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,812,491	$ 3,805,828

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands, except per share data)			
Revenue	$ 799,411	$ 680,612	$ 1,541,660	$ 1,321,212
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	272,822	237,304	528,671	460,604
Selling and marketing expense	247,153	211,252	490,067	430,038
General and administrative expense	103,515	89,639	199,239	178,111
Product development expense	34,052	26,911	69,169	55,032
Depreciation	17,036	12,225	31,052	24,340
Amortization of intangibles	18,137	5,805	32,215	12,846
Total costs and expenses	692,715	583,136	1,350,413	1,160,971
Operating income	106,696	97,476	191,247	160,241
Equity in losses of unconsolidated affiliates	(1,078)	(19,009)	(1,169)	(24,910)
Interest expense	(7,658)	(1,364)	(15,321)	(2,711)
Other (expense) income, net	(4)	(368)	1,654	2,388
Earnings from continuing operations before income taxes	97,956	76,735	176,411	135,008
Income tax provision	(39,416)	(28,634)	(65,162)	(55,754)
Earnings from continuing operations	58,540	48,101	111,249	79,254
Loss from discontinued operations, net of tax	(1,068)	(4,641)	(2,012)	(957)
Net earnings	57,472	43,460	109,237	78,297
Net loss (earnings) attributable to noncontrolling interests	818	(128)	2,690	(487)
Net earnings attributable to IAC shareholders	$ 58,290	$ 43,332	$ 111,927	$ 77,810
Per share information attributable to IAC shareholders:				
Basic earnings per share from continuing operations	$ 0.71	$ 0.56	$ 1.36	$ 0.93
Diluted earnings per share from continuing operations	$ 0.69	$ 0.52	$ 1.31	$ 0.86
Basic earnings per share	$ 0.70	$ 0.50	$ 1.33	$ 0.92
Diluted earnings per share	$ 0.67	$ 0.47	$ 1.29	$ 0.85
Dividends declared per share	$ 0.24	$ 0.12	$ 0.48	$ 0.24
Non-cash compensation expense by function:				
Cost of revenue	$ 681	$ 1,501	$ 1,301	$ 3,225
Selling and marketing expense	794	1,004	1,180	2,126
General and administrative expense	9,427	16,411	20,207	33,528
Product development expense	918	1,525	1,795	3,028
Total non-cash compensation expense	$ 11,820	$ 20,441	$ 24,483	$ 41,907

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Net earnings	$ 57,472	$ 43,460	$ 109,237	$ 78,297
Other comprehensive (loss) income, net of tax:				
Change in foreign currency translation adjustment	(4,598)	(26,634)	(13,021)	(19,549)
Change in net unrealized gains (losses) on available-for-sale securities (net of tax provision of $740 and tax benefit of $84 for the three and six months ended June 30, 2013, respectively, and tax benefit of $5,475 and tax provision of $7,104 for the three and six months ended June 30, 2012, respectively)	17,187	(11,281)	12,211	13,443
Total other comprehensive income (loss)	12,589	(37,915)	(810)	(6,106)
Comprehensive income	70,061	5,545	108,427	72,191
Comprehensive loss attributable to noncontrolling interests	138	3,774	3,482	2,502
Comprehensive income attributable to IAC shareholders	$ 70,199	$ 9,319	$ 111,909	$ 74,693

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

		IAC Shareholders' Equity										
		Common Stock $.001 Par Value		Class B Convertible Common Stock $.001 Par Value								
	Redeemable Noncontrolling Interests	$	Shares	$	Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total IAC Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	(In thousands)											
Balance as of December 31, 2012	$ 58,126	$ 251	250,982	$ 16	16,157	$ 11,607,367	$ (318,519)	$ (32,169)	$ (9,601,218)	$ 1,655,728	$ 51,907	$ 1,707,635
Net (loss) earnings for the six months ended June 30, 2013	(2,451)	—	—	—	—	—	111,927	—	—	111,927	(239)	111,688
Other comprehensive loss, net of tax	(291)	—	—	—	—	—	—	(18)	—	(18)	(501)	(519)
Non-cash compensation expense	—	—	—	—	—	24,277	—	—	—	24,277	206	24,483
Issuance of common stock upon exercise of stock options, vesting of restricted stock units and other, net of withholding taxes	—	—	—	—	—	(5,719)	—	—	2	(5,717)	—	(5,717)
Income tax benefit related to the exercise of stock options, vesting of restricted stock units and other	—	—	—	—	—	23,308	—	—	—	23,308	—	23,308
Dividends	—	—	—	—	—	(37,703)	—	—	—	(37,703)	—	(37,703)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(133,263)	(133,263)	—	(133,263)
Purchase of redeemable noncontrolling interests	(1,347)	—	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	9,787	—	—	—	—	(9,787)	—	—	—	(9,787)	—	(9,787)
Transfer from noncontrolling interests to redeemable noncontrolling interests	144	—	—	—	—	—	—	—	—	—	(144)	(144)
Other	179	—	—	—	—	2,553	—	—	—	2,553	—	2,553
Balance as of June 30, 2013	$ 64,147	$ 251	250,982	$ 16	16,157	$ 11,604,296	$ (206,592)	$ (32,187)	$ (9,734,479)	$ 1,631,305	$ 51,229	$ 1,682,534

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,	
	2013	2012
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net earnings	$ 109,237	$ 78,297
Less: loss from discontinued operations, net of tax	(2,012)	(957)
Earnings from continuing operations	111,249	79,254
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Non-cash compensation expense	24,483	41,907
Depreciation	31,052	24,340
Amortization of intangibles	32,215	12,846
Excess tax benefits from stock-based awards	(23,547)	(14,353)
Deferred income taxes	(6,737)	819
Equity in losses of unconsolidated affiliates	1,169	24,910
Acquisition-related contingent consideration fair value adjustment	5,707	—
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(9,754)	(19,382)
Other current assets	(14,789)	(7,937)
Accounts payable and other current liabilities	23,438	3,013
Income taxes payable	45,529	44,793
Deferred revenue	(203)	8,679
Other, net	8,451	6,638
Net cash provided by operating activities attributable to continuing operations	228,263	205,527
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(36,913)	(20,411)
Capital expenditures	(47,819)	(20,353)
Proceeds from maturities and sales of marketable debt securities	12,502	39,000
Purchases of marketable debt securities	—	(24,254)
Proceeds from sales of long-term investments	310	12,527
Purchases of long-term investments	(25,259)	(6,244)
Other, net	(1,443)	(12,603)
Net cash used in investing activities attributable to continuing operations	(98,622)	(32,338)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(162,660)	(359,231)
Net (payments) proceeds from stock-based award activities	(868)	301,677
Dividends	(38,880)	(21,697)
Excess tax benefits from stock-based awards	23,547	14,353
Principal payments on long-term debt	(15,844)	—
Other, net	(3,634)	(2,842)
Net cash used in financing activities attributable to continuing operations	(198,339)	(67,740)
Total cash (used in) provided by continuing operations	(68,698)	105,449
Total cash provided by (used in) discontinued operations	2,335	(729)
Effect of exchange rate changes on cash and cash equivalents	(4,889)	(1,677)
Net (decrease) increase in cash and cash equivalents	(71,252)	103,043
Cash and cash equivalents at beginning of period	749,977	704,153
Cash and cash equivalents at end of period	$ 678,725	$ 807,196

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

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

IAC is a leading media and internet company comprised of more than 150 brands and products, including Ask.com, About.com, Match.com, HomeAdvisor.com and Vimeo.com. Focused in the areas of search, applications, online dating, local and media, IAC's network of websites is one of the largest in the world, with more than a billion monthly visits across more than 30 countries. IAC includes the businesses comprising its Search & Applications, Match, Local, Media and Other segments, 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. 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. 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 for the year ended December 31, 2012 included in our Current Report on Form 8-K dated May 3, 2013.

Accounting Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make certain estimates, judgments and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from those 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; the recoverability of goodwill and indefinite-lived intangible assets; the useful lives and recovery 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 revenue reserves; the fair value of acquisition-related contingent consideration; the reserves for income tax contingencies; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for 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.

Certain Risks and Concentrations

A substantial portion of the Company's revenue is derived from online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in advertising spending behavior or in customer buying behavior could adversely affect our operating results. Most of the Company's online advertising revenue is attributable to a services agreement with Google Inc. ("Google"), which expires on March 31, 2016. Our services agreement requires that we comply with certain guidelines promulgated by Google. Subject to certain limitations, Google may unilaterally update its policies and guidelines, which could in turn require modifications to, or prohibit and/or render obsolete certain of, our products, services and/or business practices, which could be costly to address or otherwise have an adverse effect on our business, financial condition and results of operations. For the three and six months ended June 30, 2013, revenue earned from Google is $405.8 million and $781.9 million, respectively. For the three and six months ended June 30, 2012, revenue earned from Google is $335.8 million and $664.7 million, respectively. This revenue is earned by the businesses comprising the

Search & Applications segment. Accounts receivable related to revenue earned from Google totaled $140.2 million at June 30, 2013 and $125.3 million at December 31, 2012.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2—INCOME TAXES

At the end of each interim period, the Company makes its best estimate of the annual expected effective income 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 effects 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, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or income tax contingencies is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income 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 income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision in the quarter in which the change occurs.

For the three and six months ended June 30, 2013, the Company recorded an income tax provision for continuing operations of $39.4 million and $65.2 million, respectively, which represents effective income tax rates of 40% and 37%, respectively. The effective rates for the three and six months ended June 30, 2013 are higher than the statutory rate of 35% due primarily to state taxes and interest on reserves for income tax contingencies, partially offset by foreign income taxed at lower rates. For the three and six months ended June 30, 2012, the Company recorded an income tax provision for continuing operations of $28.6 million and $55.8 million, respectively, which represents effective income tax rates of 37% and 41%, respectively. The effective rate for the three months ended June 30, 2012 is higher than the statutory rate of 35% due primarily to a valuation allowance on the deferred tax asset created by News_Beast (formerly The Newsweek/Daily Beast Company) non-cash re-measurement charge related to our acquisition of a controlling interest, and state taxes, partially offset by foreign income taxed at lower rates and a net decrease in the valuation allowance on beginning of the year deferred tax assets related to investments in unconsolidated affiliates. The effective rate for the six months ended June 30, 2012 is higher than the statutory rate of 35% due primarily to an increase in reserves for and interest on reserves for income tax contingencies, a valuation allowance on the deferred tax asset created by the News_Beast non-cash re-measurement charge, and state taxes, partially offset by foreign income taxed at lower rates and a net decrease in the valuation allowance on beginning of the year deferred tax assets related to investments in unconsolidated affiliates.

At June 30, 2013 and December 31, 2012, unrecognized tax benefits, including interest, are $499.3 million and $496.8 million, respectively. Unrecognized tax benefits, including interest, at June 30, 2013 increased by $2.5 million due principally to interest, partially offset by a net decrease in deductible timing differences. Of the total unrecognized tax benefits at June 30, 2013, $484.0 million is included in "Income taxes payable," $15.0 million relates to deferred tax assets included in "Deferred income taxes" and $0.3 million is included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet. Included in unrecognized tax benefits at June 30, 2013 is $70.3 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, 2013 are subsequently recognized, $112.6 million and $224.3 million, net of related deferred tax assets and interest, would reduce income tax expense for continuing operations and discontinued operations, respectively.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax provision. Included in the income tax provision for continuing operations and discontinued operations for the three months ended June 30, 2013 is a $1.5 million and a $1.0 million expense, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. Included in the income tax provision for continuing operations and discontinued operations for the six months ended June 30, 2013 is a $2.9 million and a $2.0 million expense, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. At June 30, 2013 and December 31, 2012, the Company has accrued $125.0 million and

$117.5 million, respectively, for the payment of interest. At June 30, 2013 and December 31, 2012, the Company has accrued $5.0 million 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 substantially completed its audit of the Company's tax returns for the years ended December 31, 2001 through 2009. The settlement of these tax years has been submitted to the Joint Committee of Taxation for approval. The statute of limitations for the years 2001 through 2009 is extended through June 30, 2014. 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 2006. 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 $124.4 million within twelve months of the current reporting date, of which approximately $16.8 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 3—BUSINESS COMBINATIONS

Acquisition of Twoo

On January 4, 2013, Meetic S.A., a Match subsidiary, purchased all the outstanding shares of Massive Media NV, which operates Twoo, a social discovery website that allows its users to meet new people. The purchase price was $25.0 million in cash, plus potential additional consideration of up to €83.2 million (or $109.0 million using the June 30, 2013 exchange rate) that is contingent upon a combination of earnings performance and user growth through December 31, 2015. The fair value of the contingent consideration arrangement at the acquisition date was $40.8 million. See Note 5 for additional information related to the fair value measurement of the contingent consideration arrangement.

Acquisition of About, Inc.

On September 24, 2012, IAC completed its purchase of all the outstanding shares of About, Inc. (“The About Group”), an online content and reference library offering expert, quality content across 90,000 topics. The purchase price was $300 million in cash, plus an amount equal to the net working capital of $17.1 million at closing. The financial results of The About Group are included in IAC's consolidated financial statements, within the Search & Applications segment, beginning October 1, 2012.

The unaudited pro forma financial information in the table below summarizes the combined results of IAC and The About Group as if the acquisition of The About Group had occurred on January 1, 2012. The pro forma financial information includes adjustments required under the acquisition method of accounting and is presented for informational purposes only and is not necessarily indicative of what the results would have been had the acquisition occurred on January 1, 2012. For the three and six months ended June 30, 2012, pro forma adjustments reflected below include an increase of $4.5 million and $9.5 million, respectively, in amortization of intangible assets.

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
	(In thousands, except per share data)	
Revenue	$ 706,022	$ 1,370,567
Net earnings attributable to IAC shareholders	$ 46,122	$ 81,813
Basic earnings per share attributable to IAC shareholders	$ 0.54	$ 0.97
Diluted earnings per share attributable to IAC shareholders	$ 0.50	$ 0.89

NOTE 4—MARKETABLE SECURITIES

At June 30, 2013, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Corporate debt security	$ 1,003	$ 11	$ —	$ 1,014
Total debt security	1,003	11	—	1,014
Equity security	—	6,761	—	6,761
Total marketable securities	$ 1,003	$ 6,772	$ —	$ 7,775

The contractual maturity of the debt security classified as available-for-sale at June 30, 2013 is less than one year.

At December 31, 2012, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Corporate debt securities	$ 13,608	$ 19	$ —	$ 13,627
Total debt securities	13,608	19	—	13,627
Equity security	—	6,977	—	6,977
Total marketable securities	$ 13,608	$ 6,996	$ —	$ 20,604

The net unrealized gains in the tables above are included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet.

At June 30, 2013 and December 31, 2012, there are no investments in current available-for-sale marketable securities that are in an unrealized loss position.

The following table presents the proceeds from maturities and sales of current and non-current available-for-sale marketable securities and the related gross realized gains and losses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Proceeds from maturities and sales of available-for-sale marketable securities	$ 2	$ 21,376	$ 12,502	$ 47,777
Gross realized gains	—	15	—	1,798
Gross realized losses	—	—	—	—

Gross realized gains and losses from the maturities and sales of available-for-sale marketable securities are included in "Other (expense) income, net" in the accompanying consolidated statement of operations.

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.

NOTE 5—FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company categorizes its financial instruments 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 are 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 an 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 assets or liabilities. See below for a discussion of fair value measurements made using Level 3 inputs.

The following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

	June 30, 2013			
	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:				
Money market funds	$ 320,989	$ —	$ —	$ 320,989
Commercial paper	—	109,629	—	109,629
Time deposits	—	100,822	—	100,822
Marketable securities:				
Corporate debt security	—	1,014	—	1,014
Equity security	6,761	—	—	6,761
Long-term investments:				
Auction rate security	—	—	8,760	8,760
Marketable equity securities	42,934	—	—	42,934
Total	$ 370,684	$ 211,465	$ 8,760	$ 590,909
Liabilities:				
Contingent consideration arrangement	$ —	$ —	$ (46,912)	$ (46,912)

	December 31, 2012			
	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:				
Money market funds	$ 545,290	$ —	$ —	$ 545,290
Time deposits	—	11,994	—	11,994
Marketable securities:				
Corporate debt securities	—	13,627	—	13,627
Equity security	6,977	—	—	6,977
Long-term investments:				
Auction rate security	—	—	8,100	8,100
Marketable equity securities	31,244	—	—	31,244
Total	$ 583,511	$ 25,621	$ 8,100	$ 617,232

The cost basis of the Company's long-term marketable equity securities at June 30, 2013 is $42.1 million, with a gross unrealized gain of $1.4 million and a gross unrealized loss of $0.5 million included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. The cost basis of the Company's long-term marketable equity securities at December 31, 2012 is $42.1 million, with a gross unrealized loss of $10.8 million included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. The Company evaluated the near term prospects of the issuer of the equity security with the unrealized loss in relation to the severity and duration of the unrealized loss and based on that evaluation and the Company's ability and intent to hold this security for a reasonable period of time sufficient for an expected recovery of fair value, the Company does not consider this security to be other-than-temporarily impaired at June 30, 2013.

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

	Three Months Ended June 30,		
	2013		2012
	Auction Rate Security	Contingent Consideration Arrangement	Auction Rate Security
	(In thousands)		
Balance at April 1	$ 8,580	$ (42,295)	$ 7,720
Total net gains (losses) (unrealized):			
Included in earnings	—	(4,249)	—
Included in other comprehensive income (loss)	180	(368)	(990)
Balance at June 30	$ 8,760	$ (46,912)	$ 6,730

	Six Months Ended June 30,			
	2013		2012	
	Auction Rate Security	Contingent Consideration Arrangement	Auction Rate Security	Contingent Consideration Arrangement
	(In thousands)			
Balance at January 1	$ 8,100	$ —	$ 5,870	$ (10,000)
Total net gains (losses) (unrealized):				
Included in earnings	—	(5,707)	—	—
Included in other comprehensive income (loss)	660	(368)	860	—
Fair value at date of acquisition	—	(40,837)	—	—
Settlements	—	—	—	10,000
Balance at June 30	$ 8,760	$ (46,912)	$ 6,730	$ —

There are no gains or losses included in earnings for the three and six months ended June 30, 2012 relating to the Company's financial instruments that are measured at fair value on a recurring basis using significant unobservable inputs.

Auction rate security

The Company's auction rate security is valued by discounting the estimated future cash flow streams of the security over the life of the security. Credit spreads and other risk factors are also considered in establishing fair value. The cost basis of the auction rate security is $10.0 million, with gross unrealized losses of $1.2 million and $1.9 million at June 30, 2013 and December 31, 2012, respectively. The unrealized losses are included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. At June 30, 2013, the auction rate security is rated A-/WR and matures in 2035. The Company does not consider the auction rate security to be other-than-temporarily impaired at June 30, 2013, 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 the recovery of its amortized cost basis, which may be maturity.

Contingent Consideration Arrangement

The contingent consideration arrangement entered into in 2013 arose from the acquisition of Twoo (see Note 3 for additional information). The fair value of the contingent consideration arrangement was determined using a probability-weighted analysis, and reflects a discount rate of 15%, which captures the risks associated with the obligation. The probability-weighted analysis consists of the Company's multi-scenario forecasts of Twoo's earnings and the number of users of Twoo.com in accordance with the contingent consideration arrangement through December 31, 2015, and the Company's estimate of the probability of each scenario occurring. These multi-scenario forecasts and related probability assessments were based primarily on management's internal projections and strategic plans, with limited additional consideration given to growth trends of similarly situated businesses. The fair value of the contingent consideration arrangement is sensitive to changes in the discount rate and changes in the forecasts of earnings and website users. The Company remeasures the fair value of the contingent consideration arrangement each reporting period, and changes are recognized in “General and administrative expense” in the accompanying consolidated statement of operations. During the three and six months ended June 30, 2013, the fair value of the contingent consideration arrangement increased by $4.2 million and $5.7 million, respectively. The contingent consideration arrangement liability at June 30, 2013 includes a current portion of $3.9 million and non-current portion of $43.0 million, which are included in “Accrued expenses and other current liabilities” and “Other long-term liabilities,” respectively, in the accompanying consolidated balance sheet.

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 adjusted to fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

At June 30, 2013 and December 31, 2012, the carrying values of the Company's investments accounted for under the cost method totaled $118.6 million and $113.8 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet. The Company evaluates each cost method investment for possible impairment on a quarterly basis and determines the fair value if indicators of impairment are deemed to be present; the Company 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.

Financial instruments measured at fair value only for disclosure purposes

The following table presents the carrying value and the fair value of financial instruments measured at fair value only for disclosure purposes:

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Current maturities of long-term debt	$ —	$ —	$ (15,844)	$ (15,875)
Long-term debt, net of current maturities	(580,000)	(554,419)	(580,000)	(581,994)

The fair value of long-term debt, including current maturities, is estimated using market prices or indices for similar liabilities and taking into consideration other factors such as credit quality and maturity, which are Level 3 inputs.

NOTE 6—LONG-TERM DEBT

The balance of long-term debt is comprised of:

	June 30, 2013	December 31, 2012
	(In thousands)	
7.00% Senior Notes due January 15, 2013 (the "2002 Senior Notes"); interest payable each January 15 and July 15	$ —	$ 15,844
4.75% Senior Notes due December 15, 2022 (the "2012 Senior Notes"); interest payable each June 15 and December 15	500,000	500,000
5% New York City Industrial Development Agency Liberty Bonds due September 1, 2035; interest payable each March 1 and September 1	80,000	80,000
Total long-term debt	580,000	595,844
Less current maturities	—	(15,844)
Long-term debt, net of current maturities	$ 580,000	$ 580,000

On December 21, 2012, the Company issued $500.0 million aggregate principal amount of 4.75% Senior Notes due December 15, 2022. The 2012 Senior Notes were issued at par. Certain domestic subsidiaries have unconditionally guaranteed the 2012 Senior Notes. See Note 13 for guarantor and non-guarantor financial information.

The indenture governing the 2012 Senior Notes contains covenants that would limit our ability to pay dividends or make other distributions and repurchase or redeem our stock in the event a default has occurred or we are not in compliance with the financial ratio set forth in the indenture. At June 30, 2013, the Company was in compliance with these covenants and there were no limitations pursuant thereto. There are additional covenants that limit our ability and the ability of our subsidiaries to, among other things, (i) incur indebtedness, make investments, or sell assets in the event we are not in compliance with the financial ratio set forth in the indenture, and (ii) incur liens, enter into agreements restricting our subsidiaries' ability to pay dividends, enter into transactions with affiliates and consolidate, merge or sell all or substantially all of our assets.

On December 21, 2012, the Company entered into a $300.0 million revolving credit facility, which expires on December 21, 2017. The annual fee to maintain the revolving credit facility is currently 25 basis points. At June 30, 2013 and December 31, 2012, there were no outstanding borrowings under the revolving credit facility. IAC's obligation under the revolving credit facility is unconditionally guaranteed by certain domestic subsidiaries and is also secured by the stock of certain of our domestic and foreign subsidiaries.

NOTE 7—ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the components of accumulated other comprehensive loss and items reclassified out of accumulated other comprehensive loss into earnings:

	Three Months Ended June 30, 2013		
	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains On Available-For-Sale Securities	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance at April 1	$ (32,024)	$ (12,072)	$ (44,096)
Other comprehensive (loss) income before reclassifications	(5,278)	17,187	11,909
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current period other comprehensive (loss) income	(5,278)	17,187	11,909
Balance at June 30	$ (37,302)	$ 5,115	$ (32,187)

	Six Months Ended June 30, 2013		
	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains On Available-For-Sale Securities	Accumulated Other Comprehensive Loss
	(In thousands)		
Balance at January 1	$ (25,073)	$ (7,096)	$ (32,169)
Other comprehensive (loss) income before reclassifications	(12,229)	12,212	(17)
Amounts reclassified from accumulated other comprehensive loss	—	(1)	(1)
Net current period other comprehensive (loss) income	(12,229)	12,211	(18)
Balance at June 30	$ (37,302)	$ 5,115	$ (32,187)

Unrealized gains, net of tax, reclassified out of accumulated other comprehensive loss related to the maturities and sales of available-for-sale securities are included in "Other (expense) income, net" in the accompanying consolidated statement of operations. Unrealized gains, net of tax, reclassified out of accumulated other comprehensive loss into other (expense) income, net for the three and six months ended June 30, 2012 were less than $0.1 million and $0.7 million, respectively.

NOTE 8—EARNINGS PER SHARE

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

	Three Months Ended June 30,			
	2013		2012	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Earnings from continuing operations	$ 58,540	$ 58,540	$ 48,101	$ 48,101
Net loss (earnings) attributable to noncontrolling interests	818	818	(128)	(128)
Earnings from continuing operations attributable to IAC shareholders	59,358	59,358	47,973	47,973
Loss from discontinued operations attributable to IAC shareholders	(1,068)	(1,068)	(4,641)	(4,641)
Net earnings attributable to IAC shareholders	$ 58,290	$ 58,290	$ 43,332	$ 43,332
Denominator:				
Weighted average basic shares outstanding	83,609	83,609	86,174	86,174
Dilutive securities including stock options, warrants and RSUs[(a)(b)]	—	2,954	—	5,766
Denominator for earnings per share—weighted average shares[(a)(b)]	83,609	86,563	86,174	91,940
Earnings (loss) per share attributable to IAC shareholders:				
Earnings per share from continuing operations	$ 0.71	$ 0.69	$ 0.56	$ 0.52
Discontinued operations	(0.01)	(0.02)	(0.06)	(0.05)
Earnings per share	$ 0.70	$ 0.67	$ 0.50	$ 0.47

	Six Months Ended June 30,			
	2013		2012	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Earnings from continuing operations	$ 111,249	$ 111,249	$ 79,254	$ 79,254
Net loss (earnings) attributable to noncontrolling interests	2,690	2,690	(487)	(487)
Earnings from continuing operations attributable to IAC shareholders	113,939	113,939	78,767	78,767
Loss from discontinued operations attributable to IAC shareholders	(2,012)	(2,012)	(957)	(957)
Net earnings attributable to IAC shareholders	$ 111,927	$ 111,927	$ 77,810	$ 77,810
Denominator:				
Weighted average basic shares outstanding	83,912	83,912	84,487	84,487
Dilutive securities including stock options, warrants and RSUs[(a)(b)]	—	3,058	—	7,342
Denominator for earnings per share—weighted average shares[(a)(b)]	83,912	86,970	84,487	91,829
Earnings (loss) per share attributable to IAC shareholders:				
Earnings per share from continuing operations	$ 1.36	$ 1.31	$ 0.93	$ 0.86
Discontinued operations	(0.03)	(0.02)	(0.01)	(0.01)
Earnings per share	$ 1.33	$ 1.29	$ 0.92	$ 0.85

(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"). As of May 8, 2012, there are no warrants outstanding. For the three and six months ended June 30, 2013, approximately 0.7 million and 3.8 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 both the three and six months ended June 30, 2012, approximately 0.6 million shares related to potentially dilutive securities are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

(b) Performance-based stock units ("PSUs") are included in the denominator for earnings per share if (1) the applicable performance condition(s) has been met and (2) the inclusion of the PSUs is dilutive for the respective reporting periods. For the three and six months ended June 30, 2013, approximately 0.1 million PSUs that are probable of vesting were excluded from the calculation of diluted earnings per share because the performance conditions had not been met. For the three and six months ended June 30, 2012, approximately 3.0 million PSUs that were probable of vesting were excluded from the calculation of diluted earnings per share because the performance conditions had not been met.

NOTE 9—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 views 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. 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 Other, do not meet the quantitative thresholds that require presentation as separate operating segments.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Revenue:				
Search & Applications	$ 427,449	$ 348,762	$ 824,641	$ 691,960
Match	194,320	178,418	383,182	352,693
Local	84,734	84,505	159,679	161,624
Media	58,014	38,368	103,329	54,279
Other	35,005	30,629	71,050	60,835
Inter-segment elimination	(111)	(70)	(221)	(179)
Total	$ 799,411	$ 680,612	$ 1,541,660	$ 1,321,212

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Operating Income (Loss):				
Search & Applications	$ 89,346	$ 74,067	$ 176,329	$ 147,557
Match	58,387	57,099	99,346	87,005
Local	(3,958)	11,670	(7,361)	15,459
Media	(4,028)	(7,305)	(12,856)	(13,974)
Other	(4,097)	(2,182)	(7,319)	(3,896)
Corporate	(28,954)	(35,873)	(56,892)	(71,910)
Total	$ 106,696	$ 97,476	$ 191,247	$ 160,241

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Operating Income Before Amortization:				
Search & Applications	$ 96,007	$ 74,079	$ 189,656	$ 147,579
Match	67,608	62,645	113,911	99,973
Local	1,968	11,832	967	15,782
Media	(3,522)	(6,789)	(11,896)	(13,190)
Other	(3,418)	(1,755)	(5,917)	(3,153)
Corporate	(17,741)	(16,290)	(33,069)	(31,997)
Total	$ 140,902	$ 123,722	$ 253,652	$ 214,994

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Depreciation:				
Search & Applications	$ 6,413	$ 3,385	$ 10,278	$ 6,676
Match	4,776	3,742	9,453	7,279
Local	2,707	2,475	5,053	5,276
Media	524	295	1,047	474
Other	348	257	650	501
Corporate	2,268	2,071	4,571	4,134
Total	$ 17,036	$ 12,225	$ 31,052	$ 24,340

Revenue by geography is based on where the customer is located. Geographic information about revenue and long-lived assets is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Revenue:				
United States	$ 551,880	$ 472,553	$ 1,066,494	$ 918,213
All other countries	247,531	208,059	475,166	402,999
Total	$ 799,411	$ 680,612	$ 1,541,660	$ 1,321,212

	June 30, 2013	December 31, 2012
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$ 267,861	$ 251,379
All other countries	21,632	19,133
Total	$ 289,493	$ 270,512

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) acquisition-related contingent consideration fair value adjustments and (5) one-time items. The Company believes this measure is useful to investors because it represents the consolidated 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.

The following tables reconcile Operating Income Before Amortization to operating income (loss) for the Company's reportable segments:

	Three Months Ended June 30, 2013				
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustment	Operating Income (Loss)
	(In thousands)				
Search & Applications	$ 96,007	$ —	$ (6,661)	$ —	$ 89,346
Match	67,608	(363)	(4,609)	(4,249)	58,387
Local	1,968	—	(5,926)	—	(3,958)
Media	(3,522)	(213)	(293)	—	(4,028)
Other	(3,418)	(31)	(648)	—	(4,097)
Corporate	(17,741)	(11,213)	—	—	(28,954)
Total	$ 140,902	$ (11,820)	$ (18,137)	$ (4,249)	$ 106,696

	Three Months Ended June 30, 2012			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$ 74,079	$ (9)	$ (3)	$ 74,067
Match	62,645	(556)	(4,990)	57,099
Local	11,832	—	(162)	11,670
Media	(6,789)	(236)	(280)	(7,305)
Other	(1,755)	(57)	(370)	(2,182)
Corporate	(16,290)	(19,583)	—	(35,873)
Total	$ 123,722	$ (20,441)	$ (5,805)	$ 97,476

	Six Months Ended June 30, 2013				
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustment	Operating Income (Loss)
	(In thousands)				
Search & Applications	$ 189,656	$ (3)	$ (13,324)	$ —	$ 176,329
Match	113,911	(206)	(8,652)	(5,707)	99,346
Local	967	—	(8,328)	—	(7,361)
Media	(11,896)	(418)	(542)	—	(12,856)
Other	(5,917)	(33)	(1,369)	—	(7,319)
Corporate	(33,069)	(23,823)	—	—	(56,892)
Total	$ 253,652	$ (24,483)	$ (32,215)	$ (5,707)	$ 191,247

	Six Months Ended June 30, 2012			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$ 147,579	$ (17)	$ (5)	$ 147,557
Match	99,973	(1,463)	(11,505)	87,005
Local	15,782	—	(323)	15,459
Media	(13,190)	(504)	(280)	(13,974)
Other	(3,153)	(10)	(733)	(3,896)
Corporate	(31,997)	(39,913)	—	(71,910)
Total	$ 214,994	$ (41,907)	$ (12,846)	$ 160,241

NOTE 10—CONSOLIDATED FINANCIAL STATEMENT DETAILS

	June 30, 2013	December 31, 2012
	(In thousands)	
Property and equipment, net:		
Buildings and leasehold improvements	$ 246,158	$ 238,652
Computer equipment and capitalized software	203,443	197,402
Furniture and other equipment	44,227	42,949
Projects in progress	36,004	19,303
Land	5,117	5,117
	534,949	503,423
Accumulated depreciation and amortization	(245,456)	(232,911)
Property and equipment, net	$ 289,493	$ 270,512

NOTE 11—SUPPLEMENTAL CASH FLOW INFORMATION

The consideration for the acquisition of Twoo on January 4, 2013 includes a contingent consideration arrangement, which is described in Note 3 and Note 5.

NOTE 12—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 income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome 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 2 for additional information related to income tax contingencies.

NOTE 13—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

The 2012 Senior Notes are unconditionally guaranteed, jointly and severally, by certain domestic subsidiaries which are 100% owned by the Company. The following tables present condensed consolidating financial information at June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012 for: IAC, on a stand-alone basis; the combined guarantor subsidiaries of IAC; the combined non-guarantor subsidiaries of IAC; and IAC on a consolidated basis.

Balance sheet at June 30, 2013:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash and cash equivalents	$ 413,467	$ —	$ 265,258	$ —	$ 678,725
Marketable securities	7,775	—	—	—	7,775
Accounts receivable, net	11	151,153	84,786	—	235,950
Other current assets	26,226	66,061	52,875	3,123	148,285
Intercompany receivables	—	415,915	1,768,667	(2,184,582)	—
Property and equipment, net	4,378	214,744	70,371	—	289,493
Goodwill	—	1,179,578	484,737	—	1,664,315
Intangible assets, net	—	319,251	146,910	—	466,161
Investment in subsidiaries	4,377,565	676,168	—	(5,053,733)	—
Other non-current assets	181,304	18,071	122,358	54	321,787
Total assets	$ 5,010,726	$ 3,040,941	$ 2,995,962	$ (7,235,138)	$ 3,812,491
Accounts payable, trade	$ 1,543	$ 45,858	$ 35,893	$ —	$ 83,294
Other current liabilities	38,823	263,956	239,449	(14,866)	527,362
Long-term debt, net of current maturities	500,000	80,000	—	—	580,000
Income taxes payable	440,261	25,422	12,270	18,215	496,168
Intercompany liabilities	2,184,582	—	—	(2,184,582)	—
Other long-term liabilities	214,212	81,475	83,471	(172)	378,986
Redeemable noncontrolling interests	—	—	64,147	—	64,147
IAC shareholders' equity	1,631,305	2,544,230	2,509,503	(5,053,733)	1,631,305
Noncontrolling interests	—	—	51,229	—	51,229
Total liabilities and shareholders' equity	$ 5,010,726	$ 3,040,941	$ 2,995,962	$ (7,235,138)	$ 3,812,491

Balance sheet at December 31, 2012:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash and cash equivalents	$ 501,075	$ —	$ 248,902	$ —	$ 749,977
Marketable securities	20,604	—	—	—	20,604
Accounts receivable, net	43	142,627	87,160	—	229,830
Other current assets	58,452	53,720	45,204	(1,037)	156,339
Intercompany receivables	—	482,926	10,276,178	(10,759,104)	—
Property and equipment, net	4,116	194,515	71,881	—	270,512
Goodwill	—	1,190,199	425,955	—	1,616,154
Intangible assets, net	—	340,631	142,273	—	482,904
Investment in subsidiaries	12,913,694	611,851	—	(13,525,545)	—
Other non-current assets	153,155	16,509	109,912	(68)	279,508
Total assets	$ 13,651,139	$ 3,032,978	$ 11,407,465	$ (24,285,754)	$ 3,805,828
Accounts payable, trade	$ 4,366	$ 64,888	$ 29,060	$ —	$ 98,314
Other current liabilities	74,214	216,010	238,003	(1,652)	526,575
Long-term debt, net of current maturities	500,000	80,000	—	—	580,000
Income taxes payable	440,110	26,389	13,446	—	479,945
Intercompany liabilities	10,759,104	—	—	(10,759,104)	—
Other long-term liabilities	217,617	91,119	45,950	547	355,233
Redeemable noncontrolling interests	—	1,388	56,738	—	58,126
IAC shareholders' equity	1,655,728	2,553,184	10,972,361	(13,525,545)	1,655,728
Noncontrolling interests	—	—	51,907	—	51,907
Total liabilities and shareholders' equity	$ 13,651,139	$ 3,032,978	$ 11,407,465	$ (24,285,754)	$ 3,805,828

Statement of operations for the three months ended June 30, 2013:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 553,406	$ 247,164	$ (1,159)	$ 799,411
Costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	549	156,703	116,570	(1,000)	272,822
Selling and marketing expense	710	187,543	59,052	(152)	247,153
General and administrative expense	23,582	44,015	35,925	(7)	103,515
Product development expense	867	23,284	9,901	—	34,052
Depreciation	344	11,380	5,312	—	17,036
Amortization of intangibles	—	12,157	5,980	—	18,137
Total costs and expenses	26,052	435,082	232,740	(1,159)	692,715
Operating (loss) income	(26,052)	118,324	14,424	—	106,696
Equity in earnings (losses) of unconsolidated affiliates	75,927	8,540	(132)	(85,413)	(1,078)
Interest expense	(6,515)	(1,078)	(65)	—	(7,658)
Other income (expense), net	3,109	(9,627)	6,514	—	(4)
Earnings from continuing operations before income taxes	46,469	116,159	20,741	(85,413)	97,956
Income tax benefit (provision)	12,889	(41,871)	(10,434)	—	(39,416)
Earnings from continuing operations	59,358	74,288	10,307	(85,413)	58,540
(Loss) earnings from discontinued operations, net of tax	(1,068)	—	4	(4)	(1,068)
Net earnings	58,290	74,288	10,311	(85,417)	57,472
Net loss attributable to noncontrolling interests	—	404	414	—	818
Net earnings attributable to IAC shareholders	$ 58,290	$ 74,692	$ 10,725	$ (85,417)	$ 58,290
Comprehensive income attributable to IAC shareholders	$ 70,199	$ 74,628	$ 5,227	$ (79,855)	$ 70,199

Statement of operations for the three months ended June 30, 2012:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 473,580	$ 208,759	$ (1,727)	$ 680,612
Costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	1,299	136,869	100,489	(1,353)	237,304
Selling and marketing expense	869	160,409	50,353	(379)	211,252
General and administrative expense	28,721	35,333	25,580	5	89,639
Product development expense	1,447	18,514	6,950	—	26,911
Depreciation	145	8,673	3,407	—	12,225
Amortization of intangibles	—	596	5,209	—	5,805
Total costs and expenses	32,481	360,394	191,988	(1,727)	583,136
Operating (loss) income	(32,481)	113,186	16,771	—	97,476
Equity in earnings (losses) of unconsolidated affiliates	108,333	14,025	(18,659)	(122,708)	(19,009)
Interest expense	(277)	(1,065)	(22)	—	(1,364)
Other (expense) income, net	(104,077)	(3,072)	106,781	—	(368)
(Loss) earnings from continuing operations before income taxes	(28,502)	123,074	104,871	(122,708)	76,735
Income tax benefit (provision)	76,475	(38,459)	(66,650)	—	(28,634)
Earnings from continuing operations	47,973	84,615	38,221	(122,708)	48,101
(Loss) earnings from discontinued operations, net of tax	(4,641)	—	718	(718)	(4,641)
Net earnings	43,332	84,615	38,939	(123,426)	43,460
Net loss (earnings) attributable to noncontrolling interests	—	21	(149)	—	(128)
Net earnings attributable to IAC shareholders	$ 43,332	$ 84,636	$ 38,790	$ (123,426)	$ 43,332
Comprehensive income attributable to IAC shareholders	$ 9,319	$ 84,400	$ 16,287	$ (100,687)	$ 9,319

Statement of operations for the six months ended June 30, 2013:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 1,069,190	$ 474,666	$ (2,196)	$ 1,541,660
Costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	1,226	310,375	218,849	(1,779)	528,671
Selling and marketing expense	1,141	358,210	131,125	(409)	490,067
General and administrative expense	45,827	84,167	69,253	(8)	199,239
Product development expense	1,766	46,098	21,305	—	69,169
Depreciation	711	20,381	9,960	—	31,052
Amortization of intangibles	—	21,067	11,148	—	32,215
Total costs and expenses	50,671	840,298	461,640	(2,196)	1,350,413
Operating (loss) income	(50,671)	228,892	13,026	—	191,247
Equity in earnings (losses) of unconsolidated affiliates	190,477	11,311	(223)	(202,734)	(1,169)
Interest expense	(13,072)	(2,143)	(106)	—	(15,321)
Other (expense) income, net	(52,339)	(28,357)	82,350	—	1,654
Earnings from continuing operations before income taxes	74,395	209,703	95,047	(202,734)	176,411
Income tax benefit (provision)	39,544	(75,454)	(29,252)	—	(65,162)
Earnings from continuing operations	113,939	134,249	65,795	(202,734)	111,249
(Loss) earnings from discontinued operations, net of tax	(2,012)	—	11	(11)	(2,012)
Net earnings	111,927	134,249	65,806	(202,745)	109,237
Net loss attributable to noncontrolling interests	—	412	2,278	—	2,690
Net earnings attributable to IAC shareholders	$ 111,927	$ 134,661	$ 68,084	$ (202,745)	$ 111,927
Comprehensive income attributable to IAC shareholders	$ 111,909	$ 134,523	$ 46,494	$ (181,017)	$ 111,909

Statement of operations for the six months ended June 30, 2012:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 933,251	$ 391,011	$ (3,050)	$ 1,321,212
Costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	2,693	278,845	181,389	(2,323)	460,604
Selling and marketing expense	1,772	319,751	109,258	(743)	430,038
General and administrative expense	58,060	71,117	48,918	16	178,111
Product development expense	2,823	38,965	13,244	—	55,032
Depreciation	292	17,643	6,405	—	24,340
Amortization of intangibles	—	1,226	11,620	—	12,846
Total costs and expenses	65,640	727,547	370,834	(3,050)	1,160,971
Operating (loss) income	(65,640)	205,704	20,177	—	160,241
Equity in earnings (losses) of unconsolidated affiliates	206,198	18,185	(22,712)	(226,581)	(24,910)
Interest expense	(555)	(2,130)	(26)	—	(2,711)
Other (expense) income, net	(208,564)	(1,791)	212,743	—	2,388
(Loss) earnings from continuing operations before income taxes	(68,561)	219,968	210,182	(226,581)	135,008
Income tax benefit (provision)	147,328	(75,075)	(128,007)	—	(55,754)
Earnings from continuing operations	78,767	144,893	82,175	(226,581)	79,254
(Loss) earnings from discontinued operations, net of tax	(957)	—	258	(258)	(957)
Net earnings	77,810	144,893	82,433	(226,839)	78,297
Net loss (earnings) attributable to noncontrolling interests	—	37	(524)	—	(487)
Net earnings attributable to IAC shareholders	$ 77,810	$ 144,930	$ 81,909	$ (226,839)	$ 77,810
Comprehensive income attributable to IAC shareholders	$ 74,693	$ 144,720	$ 65,560	$ (210,280)	$ 74,693

Statement of cash flows for the six months ended June 30, 2013:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Net cash (used in) provided by operating activities attributable to continuing operations	$ (32,997)	$ 253,527	$ 7,733	$ —	$ 228,263
Cash flows from investing activities attributable to continuing operations:					
Acquisitions, net of cash acquired	—	(6,072)	(30,841)	—	(36,913)
Capital expenditures	(719)	(38,482)	(8,618)	—	(47,819)
Proceeds from maturities and sales of marketable debt securities	12,502	—	—	—	12,502
Proceeds from sales of long-term investments	—	—	310	—	310
Purchases of long-term investments	(17,362)	—	(7,897)	—	(25,259)
Other, net	(55)	38	(1,426)	—	(1,443)
Net cash used in investing activities attributable to continuing operations	(5,634)	(44,516)	(48,472)	—	(98,622)
Cash flows from financing activities attributable to continuing operations:					
Purchase of treasury stock	(162,660)	—	—	—	(162,660)
Net payments from stock-based award activities	(868)	—	—	—	(868)
Dividends	(38,880)	—	—	—	(38,880)
Excess tax benefits from stock-based awards	23,547	—	—	—	23,547
Principal payments on long-term debt	(15,844)	—	—	—	(15,844)
Intercompany	144,320	(207,810)	63,490	—	—
Other, net	(927)	(1,224)	(1,483)	—	(3,634)
Net cash (used in) provided by financing activities attributable to continuing operations	(51,312)	(209,034)	62,007	—	(198,339)
Total cash (used in) provided by continuing operations	(89,943)	(23)	21,268	—	(68,698)
Total cash provided by discontinued operations	2,335	—	—	—	2,335
Effect of exchange rate changes on cash and cash equivalents	—	23	(4,912)	—	(4,889)
Net (decrease) increase in cash and cash equivalents	(87,608)	—	16,356	—	(71,252)
Cash and cash equivalents at beginning of period	501,075	—	248,902	—	749,977
Cash and cash equivalents at end of period	$ 413,467	$ —	$ 265,258	$ —	$ 678,725

Statement of cash flows for the six months ended June 30, 2012:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Net cash (used in) provided by operating activities attributable to continuing operations	$ (11,514)	$ 204,438	$ 12,603	$ —	$ 205,527
Cash flows from investing activities attributable to continuing operations:					
Acquisitions, net of cash acquired	—	(19,126)	(1,285)	—	(20,411)
Capital expenditures	(31)	(13,010)	(7,312)	—	(20,353)
Proceeds from maturities and sales of marketable debt securities	39,000	—	—	—	39,000
Purchases of marketable debt securities	(24,254)	—	—	—	(24,254)
Proceeds from sales of long-term investments	12,527	—	—	—	12,527
Purchases of long-term investments	—	(24)	(6,220)	—	(6,244)
Other, net	(350)	(220)	(12,033)	—	(12,603)
Net cash provided by (used in) investing activities attributable to continuing operations	26,892	(32,380)	(26,850)	—	(32,338)
Cash flows from financing activities attributable to continuing operations:					
Purchase of treasury stock	(359,231)	—	—	—	(359,231)
Net proceeds from stock-based award activities	301,677	—	—	—	301,677
Dividends	(21,697)	—	—	—	(21,697)
Excess tax benefits from stock-based awards	9,461	4,892	—	—	14,353
Intercompany	109,568	(176,951)	67,383	—	—
Other, net	—	—	(2,842)	—	(2,842)
Net cash provided by (used in) financing activities attributable to continuing operations	39,778	(172,059)	64,541	—	(67,740)
Total cash provided by (used in) continuing operations	55,156	(1)	50,294	—	105,449
Total cash used in discontinued operations	(656)	—	(73)	—	(729)
Effect of exchange rate changes on cash and cash equivalents	—	1	(1,678)	—	(1,677)
Net increase in cash and cash equivalents	54,500	—	48,543	—	103,043
Cash and cash equivalents at beginning of period	545,222	—	158,931	—	704,153
Cash and cash equivalents at end of period	$ 599,722	$ —	$ 207,474	$ —	$ 807,196

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

GENERAL

Management Overview

IAC is a leading media and internet company comprised of more than 150 brands and products, including Ask.com, About.com, Match.com, HomeAdvisor.com and Vimeo.com. Focused in the areas of search, applications, online dating, local and media, IAC's network of websites is one of the largest in the world, with more than a billion monthly visits across more than 30 countries.

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, 2012.

Results of Operations for the three and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013	$ Change	% Change	2012	2013	$ Change	% Change	2012
	(Dollars in thousands)							
Search & Applications	$ 427,449	$ 78,687	23%	$ 348,762	$ 824,641	$ 132,681	19%	$ 691,960
Match	194,320	15,902	9%	178,418	383,182	30,489	9%	352,693
Local	84,734	229	—%	84,505	159,679	(1,945)	(1)%	161,624
Media	58,014	19,646	51%	38,368	103,329	49,050	90%	54,279
Other	35,005	4,376	14%	30,629	71,050	10,215	17%	60,835
Inter-segment elimination	(111)	(41)	(58)%	(70)	(221)	(42)	(23)%	(179)
Total	$ 799,411	$ 118,799	17%	$ 680,612	$ 1,541,660	$ 220,448	17%	$ 1,321,212

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

Search & Applications revenue increased 23% to $427.4 million, reflecting strong growth from both Applications (which includes our direct to consumer downloadable applications business (B2C) and our partnership operations (B2B), as well as our Ask.com and Dictionary.com downloadable applications) and Websites (which includes Ask.com, About.com and Dictionary.com). Applications revenue grew 26% to $224.6 million, driven by increased contributions from existing and new B2B partners and B2C products. Websites revenue grew 19% to $202.9 million, reflecting the contribution from The About Group, acquired September 24, 2012, which had revenue of $36.7 million.

Match revenue increased 9% to $194.3 million driven by increases in subscribers. Core revenue (which consists of Match.com in the U.S., Chemistry and People Media), Meetic revenue and Developing revenue (which includes OkCupid, DateHookup, Twoo and Match's international operations, excluding Meetic) increased 6% to $116.1 million; 4% to $54.8 million; and 44% to $23.4 million, respectively. Developing revenue benefitted from the contribution of Twoo, acquired January 4, 2013.

Local revenue was flat primarily reflecting the contribution of Felix, a pay-per-call advertising service acquired August 20, 2012, and an increase from HomeAdvisor's operations, offset by a decrease from CityGrid Media.

Media revenue increased 51% to $58.0 million primarily due to strong growth from Electus and Vimeo, as well as the contribution from News_Beast (formerly The Newsweek/DailyBeast Company), consolidated beginning June 1, 2012 following the Company's acquisition of a controlling interest.

Other revenue increased 14% to $35.0 million primarily due to the contribution from Tutor.com, an online tutoring solution acquired December 14, 2012.

A substantial portion of the Company's revenue is derived from online advertising. Most of the Company's online advertising revenue is attributable to our services agreement with Google Inc. ("Google"), which expires on March 31, 2016. For the three months ended June 30, 2013 and 2012, revenue earned from Google was $405.8 million and $335.8 million, respectively. This revenue was earned by the businesses comprising the Search & Applications segment.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

Search & Applications revenue increased 19% to $824.6 million, reflecting strong growth from both Applications and Websites. Applications revenue grew 19% to $432.1 million, driven by the factors described above in the three month discussion. Websites revenue grew 19% to $392.5 million, reflecting the contribution from The About Group, acquired September 24, 2012, which had revenue of $68.1 million.

Match revenue increased 9% to $383.2 million driven by increases in subscribers. Core revenue, Meetic revenue and Developing revenue increased 5% to $229.8 million; 8% to $109.8 million; and 32% to $43.6 million, respectively. Developing revenue was also impacted by the factor described above in the three month discussion. Meetic revenue in 2012 of $101.3 million was negatively impacted by the write-off of $5.2 million of deferred revenue in connection with its acquisition.

Local revenue decreased 1% to $159.7 million, primarily reflecting a decline from CityGrid Media and HomeAdvisor, partially offset by the contribution of Felix. HomeAdvisor domestic revenue was negatively impacted by a 13% decrease in accepted service requests due primarily to the domain name change.

Media and Other revenue increased 90% to $103.3 million and 17% to $71.1 million, respectively, primarily due to the factors described above in the three months discussion.

For the six months ended June 30, 2013 and 2012, revenue earned from Google was $781.9 million and $664.7 million, respectively.

Cost of revenue

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
Cost of revenue	$272,822	$35,518	15%	$237,304
As a percentage of revenue	34%			35%

Cost of revenue consists primarily of traffic acquisition costs. Traffic acquisition costs consist of payments made to partners who distribute our B2B 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, production costs related to media produced by Electus and other businesses within our Media segment, content acquisition costs, 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.

Cost of revenue in 2013 increased from 2012 primarily due to increases of $24.6 million from Search & Applications, $7.2 million from Media and $3.1 million from Other. The increase in cost of revenue from Search & Applications was primarily due to an increase of $18.4 million in traffic acquisition costs driven by increased revenue from our B2B operations. As a percentage of revenue, traffic acquisition costs at Search & Applications decreased compared to the prior year due to an increase in the proportion of revenue from Websites which resulted from the acquisition of The About Group. Cost of revenue from Media increased primarily due to increased production costs at Electus related to the increase in its revenue, partially offset by decreased expenses at News_Beast as it transitioned to a digital only publication in 2013. The increase in cost of revenue from Other is due to an increase in the cost of products sold at Shoebuy resulting from increased sales and Tutor.com, acquired December 14, 2012.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Cost of revenue	$528,671	$68,067	15%	$460,604
As a percentage of revenue	34%			35%

Cost of revenue in 2013 increased from 2012 primarily due to increases of $35.2 million from Search & Applications, $26.6 million from Media and $7.6 million from Other. The increases in cost of revenue from Search & Applications and Other are primarily due to the factors described above in the three month discussion. Cost of revenue from Media increased primarily due to production costs at Electus related to the increase in its revenue and News_Beast, consolidated beginning June 1, 2012.

Selling and marketing expense

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Selling and marketing expense	$247,153	$35,901	17%	$211,252
As a percentage of revenue	31%			31%

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 our B2C downloadable applications, and offline marketing, which is primarily television advertising.

Selling and marketing expense in 2013 increased from 2012 primarily due to increases of $20.7 million from Search & Applications, $7.2 million from Match and $5.7 million from Local. The increase from Search & Applications is primarily due to increases of $14.3 million and $2.9 million in online marketing and compensation and other employee-related costs, respectively. The increase in online marketing from Search & Applications is primarily related to new B2C downloadable applications and the inclusion of The About Group, acquired on September 24, 2012. Selling and marketing expense at Match increased primarily due to an increase of $4.0 million in offline marketing spend. The increase from Local is primarily due to an increase of $4.1 million in marketing spend related to the re-branding of the HomeAdvisor domain name.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Selling and marketing expense	$490,067	$60,029	14%	$430,038
As a percentage of revenue	32%			33%

Selling and marketing expense in 2013 increased from 2012 primarily due to increases of $34.3 million from Search & Applications, $11.7 million from Match, $8.0 million from Local and $5.4 million from Media. The increases from Search & Applications, Match and Local are primarily due to the factors described above in the three month discussion. Selling and marketing expense at Media increased primarily due to an increase of $3.0 million in online marketing spend at Vimeo.

General and administrative expense

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
General and administrative expense	$103,515	$13,876	15%	$89,639
As a percentage of revenue	13%			13%

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 2013 increased from 2012 primarily due to increases of $5.3 million from Media, $4.5 million from Local, $4.2 million from Match, $2.9 million from Search & Applications and $2.5 million from Other, partially offset by a decrease of $5.6 million from corporate. The increase in general and administrative expense from Media resulted primarily from the inclusion of News_Beast, consolidated beginning June 1, 2012. General and administrative expense from Local increased primarily due to the inclusion of $4.2 million in employee termination costs associated with the CityGrid Media restructuring. The increase in general and administrative expense from Match is due to an acquisition-related contingent consideration fair value adjustment that arose from the acquisition of Twoo in the first quarter of 2013. The increase in general and administrative expense from Search & Applications is primarily due to the inclusion of The About Group, acquired on September 24, 2012. General and administrative expense from Other increased primarily due to the inclusion of Tutor.com, acquired on December 14, 2012. The decrease in general and administrative expense from corporate is primarily due to a decrease of $7.0 million in non-cash compensation expense as certain awards fully vested in the fourth quarter of 2012 and the number of awards forfeited increased from the prior year, partially offset by an increase in professional fees.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
General and administrative expense	$199,239	$21,128	12%	$178,111
As a percentage of revenue	13%			13%

General and administrative expense in 2013 increased from 2012 primarily due to increases of $11.9 million from Media, $6.6 million from Search & Applications, $5.7 million from Local, $4.8 million from Other and $4.3 million from Match, partially offset by a decrease of $12.3 million from corporate. The increases in general and administrative expense from Media, Search & Applications, Local, Other and Match and the decrease from corporate are primarily due to the factors described above in the three month discussion.

Product development expense

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
Product development expense	$34,052	$7,141	27%	$26,911
As a percentage of revenue	4%			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 2013 increased from 2012 primarily due to increases of $5.5 million from Search & Applications and $1.9 million from Media. The increase in product development expense from Search & Applications is primarily due to a decrease in costs being capitalized in the current year period as well as an increase in compensation and other employee-related costs associated with the inclusion of The About Group, acquired on September 24, 2012. The increase from Media is primarily due to News_Beast, consolidated beginning June 1, 2012.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
Product development expense	$69,169	$14,137	26%	$55,032
As a percentage of revenue	4%			4%

Product development expense in 2013 increased from 2012 primarily due to increases of $10.8 million from Search & Applications and $3.1 million from Media. The increases in product development expense from Search & Applications and Media are primarily due to the factors described above in the three month discussion.

Depreciation

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
Depreciation	$17,036	$4,811	39%	$12,225
As a percentage of revenue	2%			2%

Depreciation in 2013 increased from 2012 resulting from the write-off of $2.7 million in capitalized software costs at The About Group primarily related to projects which commenced prior to its acquisition, the incremental depreciation associated with capital expenditures made subsequent to the second half of 2012 and various acquisitions, partially offset by certain fixed assets becoming fully depreciated.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	**$ Change**	**% Change**	**2012**
	(Dollars in thousands)			
Depreciation	$31,052	$6,712	28%	$24,340
As a percentage of revenue	2%			2%

Depreciation in 2013 increased from 2012 primarily due to the factors described above in the three month discussion.

Operating Income Before Amortization

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013	$ Change	% Change	2012	2013	$ Change	% Change	2012
	(Dollars in thousands)							
Search & Applications	$ 96,007	$ 21,928	30%	$ 74,079	$ 189,656	$ 42,077	29%	$ 147,579
Match	67,608	4,963	8%	62,645	113,911	13,938	14%	99,973
Local	1,968	(9,864)	(83)%	11,832	967	(14,815)	(94)%	15,782
Media	(3,522)	3,267	48%	(6,789)	(11,896)	1,294	10%	(13,190)
Other	(3,418)	(1,663)	(95)%	(1,755)	(5,917)	(2,764)	(88)%	(3,153)
Corporate	(17,741)	(1,451)	(9)%	(16,290)	(33,069)	(1,072)	(3)%	(31,997)
Total	$ 140,902	$ 17,180	14%	$ 123,722	$ 253,652	$ 38,658	18%	$ 214,994

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

Search & Applications Operating Income Before Amortization increased 30% to $96.0 million, benefiting from the higher revenue noted above, partially offset by increases of $20.7 million in selling and marketing expense, $18.4 million in traffic acquisition costs, $5.5 million in product development expense and $2.9 million in general and administrative expense. The increase in selling and marketing expense is driven primarily by increased online marketing expenditures related to new B2C downloadable applications and the inclusion of The About Group, acquired on September 24, 2012. The increase in traffic acquisition costs is primarily due to increased revenue from our B2B operations. The increase in both product development expense and general and administrative expense is primarily due to an increase in compensation and other employee-related costs related to the inclusion of The About Group. Product development expense was also impacted by a decrease in costs being capitalized in the current year period. Search & Applications Operating Income Before Amortization was further impacted in the current year by the write-off of $2.7 million in capitalized software costs at The About Group primarily related to projects which commenced prior to its acquisition.

Match Operating Income Before Amortization increased 8% to $67.6 million, primarily due to the higher revenue noted above, partially offset by an increase of $7.2 million in selling and marketing expense related to an increase in offline marketing spend.

Local Operating Income Before Amortization decreased 83% to $2.0 million reflecting increases of $5.7 million in selling and marketing expense and $4.5 million in general and administrative expense. The increases in selling and marketing expense and general and administrative expense are primarily due to marketing costs related to the re-branding of the HomeAdvisor domain name and $4.2 million in employee termination costs associated with the CityGrid Media restructuring, respectively.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

Search & Applications Operating Income Before Amortization increased 29% to $189.7 million primarily due to the factors described above in the three months discussion. Match Operating Income Before Amortization increased 14% to $113.9 million due to the higher revenue noted above and operating expense leverage. Local Operating Income Before Amortization decreased 94% to $1.0 million primarily due to the factors described above in the three month discussion.

Operating income (loss)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013	$ Change	% Change	2012	2013	$ Change	% Change	2012
	(Dollars in thousands)							
Search & Applications	$ 89,346	$ 15,279	21%	$ 74,067	$ 176,329	$ 28,772	19%	$ 147,557
Match	58,387	1,288	2%	57,099	99,346	12,341	14%	87,005
Local	(3,958)	(15,628)	NM	11,670	(7,361)	(22,820)	NM	15,459
Media	(4,028)	3,277	45%	(7,305)	(12,856)	1,118	8%	(13,974)
Other	(4,097)	(1,915)	(88)%	(2,182)	(7,319)	(3,423)	(88)%	(3,896)
Corporate	(28,954)	6,919	19%	(35,873)	(56,892)	15,018	21%	(71,910)
Total	$ 106,696	$ 9,220	9%	$ 97,476	$ 191,247	$ 31,006	19%	$ 160,241

Refer to Note 9 to the consolidated financial statements for reconciliations of Operating Income Before Amortization to operating income (loss) by reportable segment.

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

Operating income in 2013 increased from 2012 primarily due to the increase of $17.2 million in Operating Income Before Amortization described above and a decrease of $8.6 million in non-cash compensation expense, partially offset by increases of $12.3 million in amortization of intangibles and $4.2 million in acquisition-related contingent consideration fair value adjustments. The decrease in non-cash compensation expense is primarily a result of certain awards fully vesting in the fourth quarter of 2012 and the number of awards forfeited increased from the prior year. The increase in amortization of intangibles is primarily related to the acquisition of The About Group and a $3.4 million impairment charge associated with an indefinite-lived intangible asset related to the CityGrid Media restructuring. The acquisition-related contingent consideration fair value adjustment arose from the acquisition of Twoo in the first quarter of 2013.

At June 30, 2013, there was $105.0 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 2.6 years.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

Operating income in 2013 increased from 2012 primarily due to the increase of $38.7 million in Operating Income Before Amortization described above and a decrease of $17.4 million in non-cash compensation expense, partially offset by increases of $19.4 million in amortization of intangibles and $5.7 million in acquisition-related contingent consideration fair value adjustments. The decrease in non-cash compensation expense and increases in amortization of intangibles and acquisition-related contingent consideration fair value adjustments are due to the factors described above in the three month discussion.

Equity in losses of unconsolidated affiliates

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Equity in losses of unconsolidated affiliates	$(1,078)	$17,931	94%	$(19,009)

Equity in losses of unconsolidated affiliates in 2013 decreased from 2012 primarily due to the inclusion in 2012 of a pre-tax non-cash charge of $18.6 million related to the re-measurement of the carrying value of our investment in News_Beast to fair value in connection with our acquisition of a controlling interest in May 2012.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Equity in losses of unconsolidated affiliates	$(1,169)	$23,741	95%	$(24,910)

Equity in losses of unconsolidated affiliates in 2013 decreased from 2012 primarily due to the factor described above in the three month discussion.

Interest expense

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Interest expense	$(7,658)	$(6,294)	461%	$(1,364)

Interest expense in 2013 increased from 2012 primarily due to the issuance of $500.0 million aggregate principal amount of 4.75% Senior Notes due December 15, 2022.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Interest expense	$(15,321)	$(12,610)	465%	$(2,711)

Interest expense in 2013 increased from 2012 primarily due to the factor described above in the three month discussion.

Income tax provision

For the three months ended June 30, 2013 compared to the three months ended June 30, 2012

	Three Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Income tax provision	$(39,416)	NM	NM	$(28,634)

In 2013, the Company recorded an income tax provision for continuing operations of $39.4 million, which represents an effective income tax rate of 40%. The 2013 effective rate is higher than the statutory rate of 35% due primarily to state taxes and interest on reserves for income tax contingencies, partially offset by foreign income taxed at lower rates. In 2012, the Company recorded an income tax provision for continuing operations of $28.6 million, which represents an effective income tax rate of 37%. The 2012 effective rate is higher than the statutory rate of 35% due primarily to a valuation allowance on the deferred tax asset created by the News_Beast non-cash re-measurement charge related to our acquisition of a controlling interest, and state taxes, partially offset by foreign income taxed at lower rates and a net decrease in the valuation allowance on beginning of the year deferred tax assets related to investments in unconsolidated affiliates.

For the six months ended June 30, 2013 compared to the six months ended June 30, 2012

	Six Months Ended June 30,			
	2013	$ Change	% Change	2012
	(Dollars in thousands)			
Income tax provision	$(65,162)	NM	NM	$(55,754)

In 2013, the Company recorded an income tax provision for continuing operations of $65.2 million, which represents an effective income tax rate of 37%. The 2013 effective rate is higher than the statutory rate of 35% due primarily to state taxes and interest on reserves for income tax contingencies, partially offset by foreign income taxed at lower rates. In 2012, the Company recorded an income tax provision for continuing operations of $55.8 million, which represents an effective income tax rate of 41%. The 2012 effective rate is higher than the statutory rate of 35% due primarily to an increase in reserves for and interest on reserves for income tax contingencies, a valuation allowance on the deferred tax asset created by the News_Beast non-cash re-measurement charge, and state taxes, partially offset by foreign income taxed at lower rates and a net decrease in the valuation allowance on beginning of the year deferred tax assets related to investments in unconsolidated affiliates.

At June 30, 2013 and December 31, 2012, the Company has unrecognized tax benefits of $374.3 million and $379.3 million, respectively. Unrecognized tax benefits at June 30, 2013 decreased $5.0 million from December 31, 2012 due principally to a net decrease in deductible timing differences. 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, 2013 is a $1.5 million and a $1.0 million expense, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. Included in the income tax provision for continuing operations and discontinued operations for the six months ended June 30, 2013 is a $2.9 million and a $2.0 million expense, respectively, net of related deferred taxes, for interest in unrecognized tax benefits. At June 30, 2013 and December 31, 2012, the Company has accrued $125.0 million and $117.5 million, respectively, for the payment of interest. At June 30, 2013 and December 31, 2012, the Company has accrued $5.0 million 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 substantially completed its audit of the Company's tax returns for the years ended December 31, 2001 through 2009. The settlement of these tax years has been submitted to the Joint Committee of Taxation for approval. The statute of limitations for the years 2001 through 2009 is extended through June 30, 2014. 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 2006. 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 $124.4 million within twelve months of the current reporting date, of which approximately $16.8 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.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2013, the Company had $678.7 million of cash and cash equivalents, $7.8 million of marketable securities, and $580.0 million of long-term debt. Domestically, cash equivalents primarily consist of AAA rated money market funds and commercial paper rated A2/P2 or better. Internationally, cash equivalents primarily consist of time deposits and AAA rated money market funds. Marketable securities consist of an equity security and a short-to-intermediate-term debt security issued by an investment grade corporate issuer. The Company only invests in marketable securities with active secondary or resale markets to ensure portfolio liquidity and the ability to readily convert investments into cash to fund current operations or satisfy other cash requirements as needed. From time to time, the Company may invest in marketable equity securities as part of its investment strategy. Long-term debt is comprised of $500.0 million in 2012 Senior Notes due December 15, 2022 and $80.0 million in Liberty Bonds due September 1, 2035.

At June 30, 2013, $257.9 million of the $678.7 million of cash and cash equivalents was held by the Company's foreign subsidiaries. If needed for our operations in the U.S., most of the cash and cash equivalents held by the Company's foreign subsidiaries could be repatriated to the U.S. but, under current law, would be subject to U.S. federal and state income taxes and we have not provided for any such tax. However, the Company's intent is to indefinitely reinvest these funds outside of the U.S. The Company currently does not anticipate a need to repatriate them to fund our U.S. operations.

In summary, the Company's cash flows attributable to continuing operations are as follows:

	Six Months Ended June 30,	
	2013	**2012**
	(In thousands)	
Net cash provided by operating activities	$228,263	$205,527
Net cash used in investing activities	(98,622)	(32,338)
Net cash used in financing activities	(198,339)	(67,740)

Net cash provided by operating activities attributable to continuing operations consists of earnings or loss from continuing operations adjusted for non-cash items, including non-cash compensation expense, depreciation, amortization of intangibles, excess tax benefits from stock-based awards, deferred income taxes, asset impairment charges, equity in income or losses of unconsolidated affiliates, acquisition-related contingent consideration fair value adjustments, and the effect of changes in working capital activities. Net cash provided by operating activities attributable to continuing operations in 2013 was $228.3 million and consists of earnings from continuing operations of $111.2 million, adjustments for non-cash items of $72.8 million and cash provided by working capital activities of $44.2 million. Adjustments for non-cash items primarily consists of $32.2 million of amortization of intangibles, $31.1 million of depreciation, $24.5 million of non-cash compensation expense, partially offset by $23.5 million of excess tax benefits from stock-based awards. The increase in cash from changes in working capital activities primarily consists of an increase in income taxes payable of $45.5 million and an increase in accounts payable and other current liabilities of $23.4 million, partially offset by an increase of $14.8 million in other current assets and an increase of $9.8 million in accounts receivable. The increase in income taxes payable is due to current year income tax accruals in excess of current year income tax payments. The increase in accounts payable and other current liabilities is due to an increase in accrued employee compensation and benefits due to the timing of bonus payments and an increase in accrued revenue share expense primarily at Search & Applications, partially offset by a decrease in accruals due to News_Beast's transition to a digital only publication in 2013 and a seasonal decrease in payables to suppliers at Shoebuy. The increase in other current assets is primarily due to an increase in short-term and long-term production costs at certain of our media businesses that are capitalized as the television program, video or film is being produced. The increase in accounts receivable is primarily due to the growth in revenue at Search & Applications earned from our services agreement with Google; the related receivable from Google was $140.2 million and $125.3 million at June 30, 2013 and December 31, 2012, respectively. While Match experienced growth, its accounts receivable is principally credit card receivables and, is not significant in relation to its revenue. Electus' accounts receivable increased due to higher revenue. These increases were partially offset by a $15.8 million decrease in accounts receivable at News_Beast due to its transition to a digital only publication.

Net cash used in investing activities attributable to continuing operations in 2013 of $98.6 million includes cash consideration used in acquisitions and investments of $62.2 million, which includes the acquisition of Twoo, and capital expenditures of $47.8 million, which includes $23.6 million related to the purchase of a 50% ownership interest in an aircraft, partially offset by net maturities and sales of marketable debt securities and sales of long-term investments of $12.8 million.

Net cash used in financing activities attributable to continuing operations in 2013 of $198.3 million includes $162.7 million for the repurchase of 2.9 million shares of common stock at an average price of $46.27 per share, $38.9 million related to the payment of cash dividends to IAC shareholders and $15.8 million for the payment of our 2002 Senior Notes, which were due January 15, 2013, partially offset by excess tax benefits from stock-based awards of $23.5 million.

Net cash provided by operating activities attributable to continuing operations in 2012 was $205.5 million and consists of earnings from continuing operations of $79.3 million, adjustments for non-cash items of $97.1 million and cash provided by working capital activities of $29.2 million. Adjustments for non-cash items primarily consists of $41.9 million of non-cash compensation expense, $24.9 million of equity in losses of unconsolidated affiliates, which includes a non-cash charge of $18.6 million to re-measure the carrying value of our investment in News_Beast to fair value, $24.3 million of depreciation and $12.8 million of amortization of intangibles, partially offset by $14.4 million of excess tax benefits from stock-based awards. The increase in cash from changes in working capital activities primarily consists of an increase in income taxes payable of $44.8 million and an increase in deferred revenue of $8.7 million, partially offset by an increase of $19.4 million in accounts receivable and an increase of $7.9 million in other current assets. The increase in income taxes payable is due to current year income tax accruals in excess of current year income tax payments. The increase in deferred revenue is primarily due to the growth in subscription revenue at Match, which includes an increase of $5.2 million in deferred revenue at Meetic. The increase in accounts receivable is primarily due to the growth in revenue at Search & Applications earned from our services agreement with Google; the related receivable from Google was $117.9 million and $105.7 million at June 30, 2012 and December 31, 2011, respectively. While our Match and HomeAdvisor businesses experienced growth, the accounts receivable at these businesses are principally credit card receivables and, accordingly, are not significant in relation to the revenue of these businesses. The increase in other current assets is primarily related to the increase in short-term production costs at certain of our Media businesses that are capitalized as the television program, video or film is being produced.

Net cash used in investing activities attributable to continuing operations in 2012 of $32.3 million includes cash consideration used in acquisitions and investments of $26.7 million, primarily related to the payment of contingent consideration associated with the 2011 acquisition of OkCupid and the June 2012 acquisition of nRelate, and capital expenditures of $20.4 million primarily related to the internal development of software to support our products and services, partially offset by net maturities and sales of marketable debt securities and sales of long-term investments of $27.3 million.

Net cash used in financing activities attributable to continuing operations in 2012 of $67.7 million includes $359.2 million for the repurchase of 7.8 million shares of common stock at an average price of $46.25 per share and $21.7 million related to the payment of cash dividends to IAC shareholders, partially offset by net proceeds from stock-based award activities of $301.7 million and excess tax benefits from stock-based awards of $14.4 million. Included in the net proceeds from stock-based award activities are proceeds of $284.1 million from the exercise of warrants to acquire 11.7 million shares of IAC common stock, some of which were exercised on a cashless or net basis. The weighted average strike price of the warrants was $28.40 per share.

The Company's principal sources of liquidity are its cash and cash equivalents and marketable securities as well as its cash flows generated from operations. The Company has a $300.0 million revolving credit facility, which expires on December 21, 2017 and is available as an additional source of financing. At June 30, 2013, there were no outstanding borrowings under the revolving credit facility.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its operations. Capital expenditures in 2013 will be higher than 2012. At June 30, 2013, IAC had 10.2 million shares remaining in its share repurchase authorization. IAC may purchase shares over an indefinite period of time 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. On July 30, 2013, IAC declared a quarterly cash dividend of $0.24 per share of common and Class B common stock outstanding payable on September 1, 2013 to stockholders of record on August 15, 2013.

The Company believes its existing cash, cash equivalents and marketable securities, together with its expected positive cash flows generated from operations and available borrowing capacity under its $300.0 million revolving credit facility will be sufficient to fund its normal operating requirements, including capital expenditures, share repurchases, quarterly cash dividends, and investing and other commitments for the next twelve months. Our liquidity could be negatively affected by a decrease in demand for our products and services. The Company may make acquisitions and investments that could reduce its cash, cash equivalents and marketable securities balances and as a result, the Company may need to raise additional capital through future debt or equity financing to provide for greater financial flexibility. Additional financing may not be available at all or on terms favorable to us.

CONTRACTUAL OBLIGATIONS AND COMMERICAL COMMITMENTS

At June 30, 2013, there have been no material changes to the Company's contractual obligations, commercial commitments and off-balance sheet arrangements since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2012.

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. Interim results are not necessarily indicative of the results that may be expected for a full year.

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) acquisition-related contingent consideration fair value adjustments 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.

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 adjustments for 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 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. 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.

Acquisition-related contingent consideration fair value adjustments are accounting adjustments to record 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.

RECONCILIATION OF OPERATING INCOME BEFORE AMORTIZATION

Note 9 to the consolidated financial statements includes a reconciliation of Operating Income Before Amortization to operating income (loss) by reportable segment for the three and six months ended June 30, 2013 and 2012.

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

At June 30, 2013, there have been no material changes to the Company's instruments or positions that are sensitive to market risk since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2012.

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.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), IAC management, including the Chairman and Senior Executive, the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined by Rule 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, the Chairman and Senior Executive, the Chief Executive Officer and the 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 providing reasonable assurance that information we are required to disclose in our filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and Forms, and include controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of IAC 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.

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 IAC 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 I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2012. 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 quarterly report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this quarterly report, you should carefully consider the risk factors discussed in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2012, 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 future 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, 2013:

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 2013	—	$	—	—	—
May 2013	680,000	$	50.25	680,000	11,007,606
June 2013	800,000	$	48.69	800,000	10,207,606
Total	1,480,000	$	49.41	1,480,000	10,207,606

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

(2) Reflects repurchases made pursuant to repurchase authorizations previously announced in May 2012.

(3) Represents the total number of shares of common stock that remained available for repurchase as of June 30, 2013 pursuant to the May 2012 and April 2013 repurchase authorizations. IAC may purchase shares pursuant to these repurchase authorizations over an indefinite period of time 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.

Item 6. ***Exhibits***

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith, incorporated by reference to the location indicated or furnished herewith.

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.
4.1	Supplemental Indenture, dated as of May 30, 2013, among IAC/InterActiveCorp, as Issuer, the Guarantors party thereto and Computershare Trust Company, N.A., as Trustee.	Exhibit 4.4 to the Registrant's Registration Statement on Form S-4/A, filed on June 5, 2013.
10.1	IAC/InterActiveCorp 2013 Stock and Annual Incentive Plan.(1)	
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	
101.SCH	XBRL Taxonomy Extension Schema	
101.CAL	XBRL Taxonomy Extension Calculation	
101.DEF	XBRL Taxonomy Extension Definition	
101.LAB	XBRL Taxonomy Extension Labels	
101.PRE	XBRL Taxonomy Extension Presentation	

(1) Filed herewith.

(2) Furnished herewith.

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: August 8, 2013

IAC/INTERACTIVECORP

By: /s/ JEFFREY W. KIP

Jeffrey W. Kip

Executive Vice President and
Chief Financial Officer

Signature	Title	Date
/s/ JEFFREY W. KIP Jeffrey W. Kip	Executive Vice President and Chief Financial Officer	August 8, 2013

QuickLinks

IAC/INTERACTIVECORP
2013 STOCK AND ANNUAL INCENTIVE PLAN

SECTION 1. PURPOSE; DEFINITIONS

The purposes of this Plan are to give the Company a competitive advantage in attracting, retaining and motivating officers, employees, directors and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a stock and incentive plan providing incentives directly linked to stockholder value. Certain terms used herein have definitions given to them in the first place in which they are used. In addition, for purposes of this Plan, the following terms are defined as set forth below:

(a) "Affiliate" means a corporation or other entity controlled by, controlling or under common control with, the Company.

(b) "Applicable Exchange" means the NASDAQ or such other securities exchange as may at the applicable time be the principal market for the Common Stock.

(c) "Award" means an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, other stock-based award or Cash-Based Award granted pursuant to the terms of this Plan.

(d) "Award Agreement" means a written or electronic document or agreement setting forth the terms and conditions of a specific Award.

(e) "Board" means the Board of Directors of the Company.

(f) "Cash-Based Award" means an Award denominated in a dollar amount.

(g) "Cause" means, unless otherwise provided in an Award Agreement, (i) "Cause" as defined in any Individual Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Cause: (A) the willful or gross neglect by a Participant of his employment duties; (B) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by a Participant; (C) a material breach by a Participant of a fiduciary duty owed to the Company or any of its subsidiaries; (D) a material breach by a Participant of any nondisclosure, non-solicitation or non-competition obligation owed to the Company or any of its Affiliates; or (E) before a Change in Control, such other events as shall be determined by the Committee and set forth in a Participant's Award Agreement. Notwithstanding the general rule of Section 2(c), following a Change in Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review.

(h) "Change in Control" has the meaning set forth in Section 10(a).

(i) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

(j) "Commission" means the Securities and Exchange Commission or any successor agency.

(k) "Committee" has the meaning set forth in Section 2(a).

(l) "Common Stock" means common stock, par value $0.001 per share, of the Company.

(m) "Company" means IAC/InterActiveCorp, a Delaware corporation, or its successor.

(n) "Disability" means (i) "Disability" as defined in any Individual Agreement to which the Participant is a party, or (ii) if there is no such Individual Agreement or it does not define "Disability," (A) permanent and total disability as determined under the Company's long-term disability plan applicable to the Participant, or (B) if there is no such plan applicable to the Participant or the Committee determines otherwise in an applicable Award Agreement, "Disability" as determined by the Committee. Notwithstanding the above, with respect to an Incentive Stock Option, Disability shall mean Permanent and Total Disability as defined in Section 22(e)(3) of the Code and, with respect to all Awards, to the extent required by Section 409A of the Code, Disability shall mean "disability" within the meaning of Section 409A of the Code.

(o) "Disaffiliation" means a Subsidiary's or Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company and its Affiliates.

(p) "EBITA" means for any period, operating profit (loss) plus, if applicable, (i) amortization and impairment of intangibles, (ii) goodwill impairment, (iii) non-cash compensation expense, (iv) restructuring charges, (v) non cash write-downs of assets, (vi) charges relating to disposal of lines of business, (vii) litigation settlement amounts and (viii) costs incurred for proposed and completed acquisitions.

(q) "EBITDA" means for any period, operating profit (loss) plus, if applicable, (i) depreciation, (ii) amortization and impairment of intangibles, (iii) goodwill impairment, (iv) non-cash compensation expense, (v) restructuring charges, (vi) non cash write-downs of assets, (vii) charges relating to disposal of lines of business, (viii) litigation settlement amounts and (ix) costs incurred for proposed and completed acquisitions.

(r) "Eligible Individuals" means directors, officers, employees and consultants of the Company or any of its Subsidiaries or Affiliates, and prospective directors, officers, employees and consultants who have accepted offers of employment or consultancy from the Company or its Subsidiaries or Affiliates.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(t) "Fair Market Value" means, unless otherwise determined by the Committee, the closing price of a share of Common Stock on the Applicable Exchange on the date of measurement, or if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded, all as reported by such source as the Committee may select. If the Common Stock is not listed on a national securities exchange, Fair Market Value shall be determined by the Committee in its good faith discretion, provided that such determination shall be made in a manner consistent with any applicable requirements of Section 409A of the Code.

(u) "Free-Standing SAR" has the meaning set forth in Section 5(b).

(v) "Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares to be subject to such Award or the formula for earning a number of shares or cash amount, or (ii) such later date as the Committee shall provide in such resolution.

(w) "Incentive Stock Option" means any Option that is designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.

(x) "Individual Agreement" means an employment, consulting or similar agreement between a Participant and the Company or one of its Subsidiaries or Affiliates.

(y) "NASDAQ" means the National Association of Securities Dealers Inc. Automated Quotation System.

(z) "Nonqualified Option" means any Option that is not an Incentive Stock Option.

(aa) "Option" means an Award described under Section 5.

(bb) "Outside Directors" has the meaning set forth in Section 11(a).

(cc) "Participant" means an Eligible Individual to whom an Award is or has been granted.

(dd) "Performance Goals" means the performance goals established by the Committee in connection with the grant of an Award. In the case of Qualified-Performance Based Awards that are intended to qualify under Section 162(m)(4)(C) of the Code, (i) such goals shall be based on the attainment of one or any combination of the following: specified levels of earnings per share from continuing operations, net profit after tax, EBITDA, EBITA, gross profit, cash generation, unit volume, market share, sales, asset quality, earnings per share, operating income, revenues, return on assets, return on operating assets, return on equity, profits, total stockholder return (measured in terms of stock price appreciation and/or dividend growth), cost saving levels, marketing-spending efficiency, core non-interest income, change in working capital, return on capital, and/or stock price, with respect to the Company or any Subsidiary, Affiliate, division or department of the Company and (ii) such Performance Goals shall be set by the Committee within the time period prescribed by Section 162(m) of the Code and related regulations. Such Performance Goals also may be based upon the attaining of specified levels of Company, Subsidiary, Affiliate or divisional performance under one or more of the measures described above relative to the performance of other entities, divisions or subsidiaries.

(ee) "Plan" means this IAC/InterActiveCorp 2013 Stock and Annual Incentive Plan, as set forth herein and as hereafter amended from time to time.

(ff) "Qualified Performance-Based Award" means an Award intended to qualify for the Section 162(m) Exemption, as provided in Section 11.

(gg) "Restricted Stock" means an Award described under Section 6.

(hh) "Restricted Stock Units" means an Award described under Section 7.

(ii) "Retirement" means retirement from active employment with the Company, a Subsidiary or Affiliate at or after the Participant's attainment of age 65.

(jj) "RS Restriction Period" has the meaning set forth in Section 6(b)(ii).

(kk) "RSU Restriction Period" has the meaning set forth in Section 7(b)(ii).

(ll) "Section 162(m) Exemption" means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code.

(mm) "Share" means a share of Common Stock.

(nn) "Stock Appreciation Right" has the meaning set forth in Section 5(b).

(oo) "Subsidiary" means any corporation, partnership, joint venture, limited liability company or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

(pp) "Tandem SAR" has the meaning set forth in Section 5(b).

(qq) "Term" means the maximum period during which an Option or Stock Appreciation Right may remain outstanding, subject to earlier termination upon Termination of Employment or otherwise, as specified in the applicable Award Agreement.

(rr) "Termination of Employment" means the termination of the applicable Participant's employment with, or performance of services for, the Company and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee, if a Participant's employment with, or membership on a board of directors of, the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a non-employee director capacity or as an employee, as applicable, such change in status shall not be deemed a Termination of Employment. A Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company and its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of (or service provider for), or member of the board of directors of, the Company or another Subsidiary or Affiliate. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Terminations of Employment. Notwithstanding the foregoing, with respect to any Award that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code, "Termination of Employment" shall mean a "separation from service" as defined under Section 409A of the Code.

SECTION 2. ADMINISTRATION

(a) Committee. The Plan shall be administered by the Compensation and Human Resources Committee of the Board or such other committee of the Board as the Board may from time to time designate (the "Committee"), which committee shall be composed of not less than two directors, and shall be appointed by and serve at the pleasure of the Board. The Committee shall, subject to Section 11, have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Among other things, the Committee shall have the authority, subject to the terms of the Plan:

(i) to select the Eligible Individuals to whom Awards may from time to time be granted;

(ii) to determine whether and to what extent Incentive Stock Options, Nonqualified Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, other stock-based awards, Cash-Based Awards or any combination thereof, are to be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder or the amount of any Cash-Based Award;

(iv) to determine the terms and conditions of each Award granted hereunder, based on such factors as the Committee shall determine;

(v) subject to Section 12, to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time;

(vi) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(vii) subject to Section 11, to accelerate the vesting or lapse of restrictions of any outstanding Award, based in each case on such considerations as the Committee in its sole discretion determines;

(viii) to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto);

(ix) to establish any "blackout" period that the Committee in its sole discretion deems necessary or advisable;

(x) to decide all other matters that must be determined in connection with an Award; and

(xi) to otherwise administer the Plan.

(b) Procedures. (i) The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law or the listing standards of the Applicable Exchange and subject to Section 11, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it.

(ii) Subject to Section 11(c), any authority granted to the Committee may also be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

(c) Discretion of Committee. Subject to Section 1(g), any determination made by the Committee or by an appropriately delegated officer pursuant to delegated authority under the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, Participants, and Eligible Individuals.

(d) Award Agreements. The terms and conditions of each Award (other than any Cash-Based Award), as determined by the Committee, shall be set forth in an Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. The effectiveness of an Award shall not be subject to the Award Agreement's being signed by the Company and/or the Participant receiving the Award unless specifically so provided in the Award Agreement. Award Agreements may be amended only in accordance with Section 12 hereof.

SECTION 3. COMMON STOCK SUBJECT TO PLAN

(a) Plan Maximums. The maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 10,000,000 Shares. The maximum number of Shares that may be granted pursuant to Options intended to be Incentive Stock Options shall be 10,000,000 Shares. Shares subject to an Award under the Plan may be authorized and unissued Shares or may be treasury Shares.

(b) Individual Limits. During a calendar year, no single Participant (excluding non-employee directors of the Company) may be granted:

(A) Options or Stock Appreciation Rights covering in excess of 3,000,000 Shares in the aggregate; or

(B) Qualified Performance-Based Awards (other than Options or Stock Appreciation Rights) covering in excess of 2,000,000 Shares in the aggregate.

(c) Rules for Calculating Shares Delivered.

(i) To the extent that any Award is forfeited, terminates, expires or lapses without being exercised, or any Award is settled for cash, the Shares subject to such Award not delivered as a result thereof shall again be available for Awards under the Plan.

(ii) If the exercise price of any Option and/or the tax withholding obligations relating to any Award are satisfied by delivering Shares to the Company (by either actual delivery or by attestation), only the number of Shares issued net of the Shares delivered or attested to shall be deemed delivered for purposes of the limits set forth in Section 3(a).

(iii) To the extent any Shares subject to an Award are withheld to satisfy the exercise price (in the case of an Option) and/or the tax withholding obligations relating to such Award, such Shares shall not be deemed to have been delivered for purposes of the limits set forth in Section 3(a).

(d) Adjustment Provisions.

(i) In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, Disaffiliation (other than a spinoff), or similar event affecting the Company or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 3(a) and 3(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards; and (D) the exercise price of outstanding Options and Stock Appreciation Rights.

(ii) In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of the Company (each, a "Share Change"), the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 3(a) and 3(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards; and (D) the exercise price of outstanding Options and Stock Appreciation Rights.

(iii) In the case of Corporate Transactions, the adjustments contemplated by clause (i) of this paragraph (d) may include, without limitation, (A) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which holders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Option or Stock Appreciation Right shall conclusively be deemed valid); (B) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Awards; and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Company securities). The Committee may adjust the Performance Goals applicable to any Awards to reflect any Share Change and any Corporate Transaction and any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis or the Company's other filings with the Commission, *provided* that in the case of Performance Goals applicable to any Qualified Performance-Based Awards, such adjustment does not violate Section 162(m) of the Code. Any adjustments made pursuant to this Section 3(d) to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code. Any adjustments made pursuant to this Section 3(d) to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A of the Code or (B) comply with the requirements of Section 409A of the Code.

(iv) Any adjustment under this Section 3(d) need not be the same for all Participants.

SECTION 4. ELIGIBILITY

Awards may be granted under the Plan to Eligible Individuals; provided, however, that Incentive Stock Options may be granted only to employees of the Company and its subsidiaries or parent corporation (within the meaning of Section 424(f) of the Code).

SECTION 5. OPTIONS AND STOCK APPRECIATION RIGHTS

(a) Types of Options. Options may be of two types: Incentive Stock Options and Nonqualified Options. The Award Agreement for an Option shall indicate whether the Option is intended to be an Incentive Stock Option or a Nonqualified Option.

(b) Types and Nature of Stock Appreciation Rights. Stock Appreciation Rights may be "Tandem SARs," which are granted in conjunction with an Option, or "Free-Standing SARs," which are not granted in conjunction with an Option. Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount in cash, Shares, or both, in value equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price of the applicable Stock Appreciation Right, multiplied by (ii) the number of Shares in respect of which the Stock Appreciation Right has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Common Stock or both, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the Stock Appreciation Right.

(c) Tandem SARs. A Tandem SAR may be granted at the Grant Date of the related Option. A Tandem SAR shall be exercisable only at such time or times and to the extent that the related Option is exercisable in accordance with the provisions of this Section 5, and shall have the same exercise price as the related Option. A Tandem SAR shall terminate or be forfeited upon the exercise or forfeiture of the related Option, and the related Option shall terminate or be forfeited upon the exercise or forfeiture of the Tandem SAR.

(d) Exercise Price. The exercise price per Share subject to an Option or Stock Appreciation Right shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a share of the Common Stock on the applicable Grant Date. In no event may any Option or Stock Appreciation Right granted under this Plan be amended, other than pursuant to Section 3(d), to decrease the exercise price thereof, be cancelled in exchange for cash or other Awards or in conjunction with the grant of any new Option or Stock Appreciation Right with a lower exercise price or otherwise be subject to any action that would be treated under the Applicable Exchange listing standards or for accounting purposes, as a "repricing" of such Option or Stock Appreciation Right, unless such amendment, cancellation, or action is approved by the Company's stockholders.

(e) Term. The Term of each Option and each Stock Appreciation Right shall be fixed by the Committee, but shall not exceed ten years from the Grant Date.

(f) Vesting and Exercisability. Except as otherwise provided herein, Options and Stock Appreciation Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Option or Stock Appreciation Right will become exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may at any time accelerate the exercisability of any Option or Stock Appreciation Right.

(g) Method of Exercise. Subject to the provisions of this Section 5, Options and Stock Appreciation Rights may be exercised, in whole or in part, at any time during the applicable Term by giving written notice of exercise to the Company or through the procedures established with the Company's appointed third-party Plan administrator specifying the number of Shares as to which the Option or Stock Appreciation Right is being exercised; provided, however, that, unless otherwise permitted by the Committee, any such exercise must be with respect to a portion of the applicable Option or Stock Appreciation Right relating to no less than the lesser of the number of Shares then subject to such Option or Stock Appreciation Right or 100 Shares. In the case of the exercise of an Option, such notice shall be accompanied by payment in full of the aggregate purchase price (which shall equal the product of such number of Shares subject to such Option multiplied by the applicable per Share exercise price) by certified or bank check or such other instrument as the Company may accept. If approved by the Committee, payment, in full or in part, may also be made as follows:

(i) Payment may be made in the form of unrestricted Shares already owned by Participant (by delivery of such Shares or by attestation) of the same class as the Common Stock subject to the Option (based on the Fair Market Value of the Common Stock on the date the Option is exercised); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned Shares of the same class as the Common Stock subject to the Option may be authorized only at the time the Option is granted.

(ii) To the extent permitted by applicable law, payment may be made by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds necessary to pay the purchase price, and, if requested, the amount of any federal, state, local or foreign withholding taxes. To facilitate the foregoing, the Company may, to the extent permitted by applicable law, enter into agreements for coordinated procedures with one or more brokerage firms. To the extent permitted by applicable law, the Committee may also provide for Company loans to be made for purposes of the exercise of Options.

(iii) Payment may be made by instructing the Company to withhold a number of Shares having a Fair Market Value (based on the Fair Market Value of the Common Stock on the date the applicable Option is exercised) equal to the product of (A) the exercise price per Share multiplied by (B) the number of Shares in respect of which the Option shall have been exercised.

(h) Delivery; Rights of Stockholders. No Shares shall be delivered pursuant to the exercise of an Option until the exercise price therefor has been fully paid and applicable taxes have been withheld. The applicable Participant shall have all of the rights of a stockholder of the Company holding the class or series of Common Stock that is subject to the Option or Stock Appreciation Right (including, if applicable, the right to vote the applicable Shares and the right to receive dividends), when the Participant (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 14(a), and (iii) in the case of an Option, has paid in full for such Shares.

(i) Terminations of Employment. Subject to Section 10(b), a Participant's Options and Stock Appreciation Rights shall be forfeited upon such Participant's Termination of Employment, except as set forth below:

(i) Upon a Participant's Termination of Employment by reason of death, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the first anniversary of the date of such death and (B) the expiration of the Term thereof;

(ii) Upon a Participant's Termination of Employment by reason of Disability or Retirement, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the first anniversary of such Termination of Employment and (B) the expiration of the Term thereof;

(iii) Upon a Participant's Termination of Employment for Cause, any Option or Stock Appreciation Right held by the Participant shall be forfeited, effective as of such Termination of Employment;

(iv) Upon a Participant's Termination of Employment for any reason other than death, Disability, Retirement or for Cause, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the 90th day following such Termination of Employment and (B) expiration of the Term thereof; and

(v) Notwithstanding the above provisions of this Section 5(i), if a Participant dies after such Participant's Termination of Employment but while any Option or Stock Appreciation Right remains exercisable as set forth above, such Option or Stock Appreciation Right may be exercised at any time until the later of (A) the earlier of (1) the first anniversary of the date of such death and (2) expiration of the Term thereof and (B) the last date on which such Option or Stock Appreciation Right would have been exercisable, absent this Section 5(i)(v).

Notwithstanding the foregoing, the Committee shall have the power, in its discretion, to apply different rules concerning the consequences of a Termination of Employment; provided, however, that if such rules are less favorable to the Participant than those set forth above, such rules are set forth in the applicable Award Agreement. If an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Option will thereafter be treated as a Nonqualified Option.

(j) Nontransferability of Options and Stock Appreciation Rights. No Option or Stock Appreciation Right shall be transferable by a Participant other than (i) by will or by the laws of descent and distribution, or (ii) in the case of a Nonqualified Option or Stock Appreciation Right, pursuant to a qualified domestic relations order or as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to the Participant's family members or to a charitable organization, whether directly or indirectly or by means of a trust or partnership or otherwise. For purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto. A Tandem SAR shall be transferable only with the related Option as permitted by the preceding sentence. Any Option or Stock Appreciation Right shall be exercisable, subject to the terms of this Plan, only by the applicable Participant, the guardian or legal representative of such Participant, or any person to whom such Option or Stock Appreciation Right is permissibly transferred pursuant to this Section 5(j), it being understood that the term "Participant" includes such guardian, legal representative and other transferee; provided, however, that the term "Termination of Employment" shall continue to refer to the Termination of Employment of the original Participant.

SECTION 6. RESTRICTED STOCK

(a) Nature of Awards and Certificates. Shares of Restricted Stock are actual Shares issued to a Participant, and shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate issued in respect of Shares of Restricted Stock shall be registered in the name of the applicable Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the IAC/InterActiveCorp 2013 Stock and Annual Incentive Plan and an Award Agreement. Copies of such Plan and Agreement are on file at the offices of IAC/InterActiveCorp."

The Committee may require that the certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of any Award of Restricted Stock, the applicable Participant shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(b) Terms and Conditions. Shares of Restricted Stock shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the vesting or transferability of an Award of Restricted Stock upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such an Award as a Qualified Performance-Based Award. The conditions for grant, vesting, or transferability and the other provisions of Restricted Stock Awards (including without limitation any Performance Goals) need not be the same with respect to each Participant.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, so long as a Restricted Stock Award remains subject to the satisfaction of vesting conditions (the "RS Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.

(iii) Except as provided in this Section 6 and in the applicable Award Agreement, the applicable Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any cash dividends. If so determined by the Committee in the applicable Award Agreement and subject to Section 14(e), (A) cash dividends on the class or series of Common Stock that is the subject of the Restricted Stock Award shall be automatically reinvested in additional Restricted Stock, held subject to the vesting of the underlying Restricted Stock, and (B) subject to any adjustment pursuant to Section 3(d), dividends payable in Common Stock shall be paid in the form of Restricted Stock of the same class as the Common Stock with which such dividend was paid, held subject to the vesting of the underlying Restricted Stock.

(iv) Except as otherwise set forth in the applicable Award Agreement and subject to Section 10(b), upon a Participant's Termination of Employment for any reason during the RS Restriction Period or before the applicable Performance Goals are satisfied, all Shares of Restricted Stock still subject to restriction shall be forfeited by such Participant; provided, however, that subject to Section 11(b), the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's Shares of Restricted Stock.

(v) If and when any applicable Performance Goals are satisfied and the RS Restriction Period expires without a prior forfeiture of the Shares of Restricted Stock for which legended certificates have been issued, unlegended certificates for such Shares shall be delivered to the Participant upon surrender of the legended certificates.

SECTION 7. RESTRICTED STOCK UNITS

(a) Nature of Awards. Restricted Stock Units are Awards denominated in Shares that will be settled, subject to the terms and conditions of the Restricted Stock Units, in an amount in cash, Shares or both, based upon the Fair Market Value of a specified number of Shares.

(b) Terms and Conditions. Restricted Stock Units shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the grant, vesting, or transferability of Restricted Stock Units upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of Restricted Stock

Units upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such Awards as Qualified Performance-Based Awards. The conditions for grant, vesting or transferability and the other provisions of Restricted Stock Units (including without limitation any Performance Goals) need not be the same with respect to each Participant.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, so long as an Award of Restricted Stock Units remains subject to the satisfaction of vesting conditions (the "RSU Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Restricted Stock Units.

(iii) The Award Agreement for Restricted Stock Units shall specify whether, to what extent and on what terms and conditions the applicable Participant shall be entitled to receive current or delayed payments of cash, Common Stock or other property corresponding to the dividends payable on the Common Stock (subject to Section 14(e) below).

(iv) Except as otherwise set forth in the applicable Award Agreement, and subject to Section 10(b), upon a Participant's Termination of Employment for any reason during the RSU Restriction Period or before the applicable Performance Goals are satisfied, all Restricted Stock Units still subject to restriction shall be forfeited by such Participant; provided, however, that subject to Section 11(b), the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's Restricted Stock Units.

(v) Except to the extent otherwise provided in the applicable Award Agreement, an award of Restricted Stock Units shall be settled as and when the Restricted Stock Units vest (but in no event later than March 15 of the calendar year following the end of the calendar year in which the Restricted Stock Units vest).

SECTION 8. OTHER STOCK-BASED AWARDS

Other Awards of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based upon or settled in, Common Stock, including (without limitation), unrestricted stock, performance units, dividend equivalents, and convertible debentures, may be granted under the Plan.

SECTION 9. CASH-BASED AWARDS

Cash-Based Awards may be granted under this Plan. Cash-Based Awards that are Qualified Performance-Based Awards shall be subject to the provisions of Section 11 of this Plan. In addition, no Eligible Individual may be granted a Cash-Based Award that is a Qualified Performance-Based Award that has an aggregate maximum payment value in any calendar year in excess of $10.0 million. Cash-Based Awards may be paid in cash or in Shares (valued at Fair Market Value as of the date of payment) as determined by the Committee.

SECTION 10. CHANGE IN CONTROL PROVISIONS

(a) Definition of Change in Control. Except as otherwise may be provided in an applicable Award Agreement, for purposes of the Plan, a "Change in Control" shall mean any of the following events:

(i) The acquisition by any individual entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than Barry Diller and his Affiliates (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of equity securities of the Company representing more than 50% of the voting power of the then outstanding equity securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition directly from the

Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board , or whose election was not opposed by Barry Diller voting as a stockholder so long as he is the Chairman and senior executive officer of the Company, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the purchase of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of the then outstanding combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, (B) no Person (excluding Barry Diller and his Affiliates, any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, more than a majority of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership of the Company existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination will have been members of the Incumbent Board at the time of the initial agreement, or action of the Board, providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) Impact of Event/Double Trigger. Unless otherwise provided in the applicable Award Agreement, subject to Sections 3(d), 10(d) and 14(k), notwithstanding any other provision of this Plan to the contrary, upon a Participant's Termination of Employment, during the two-year period following a Change in Control, by the Company other than for Cause or Disability or by the Participant for Good Reason (as defined below):

(i) any Options and Stock Appreciation Rights outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be fully exercisable and vested and shall remain exercisable until the later of (i) the last date on which such Option or Stock Appreciation Right would be exercisable in the absence of this Section 10(b) and (ii) the earlier of (A) the first anniversary of such Change in Control and (B) expiration of the Term of such Option or Stock Appreciation Right;

(ii) all Restricted Stock outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall become free of all restrictions and become fully vested and transferable; and

(iii) all Restricted Stock Units outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, and any restrictions shall lapse and such Restricted Stock Units shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the Restricted Stock Units vest).

(c) For purposes of this Section 10, "Good Reason" means (i) "Good Reason" as defined in any Individual Agreement or Award Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Good Reason, without the Participant's prior written consent: (A) a material reduction in the Participant's rate of annual base salary from the rate of annual base salary in effect for such Participant immediately prior to the Change in Control, (B) a relocation of the Participant's principal place of business more than 35 miles from the city in which such Participant's principal place of business was located immediately prior to the Change in Control or (C) a material and demonstrable adverse change in the nature and scope of the Participant's duties from those in effect immediately prior to the Change in Control. In order to invoke a Termination of Employment for Good Reason, a Participant shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (A) through (C) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within 90 days following the Cure Period in order for such Termination of Employment to constitute a Termination of Employment for Good Reason.

(d) Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 10 shall be applicable only to the extent specifically provided in the Award Agreement or in the Individual Agreement.

SECTION 11. QUALIFIED PERFORMANCE-BASED AWARDS; SECTION 16(b)

(a) The provisions of this Plan are intended to ensure that all Options and Stock Appreciation Rights granted hereunder to any Participant who is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) in the tax year in which such Option or Stock Appreciation Right is expected to be deductible to the Company qualify for the Section 162(m) Exemption, and all such Awards shall therefore be considered Qualified Performance-Based Awards and this Plan shall be interpreted and operated consistent with that intention (including, without limitation, to require that all such Awards be granted by a committee composed solely of members who satisfy the requirements for being "outside directors" for purposes of the Section 162(m) Exemption ("Outside Directors")). When granting any Award other than an Option or Stock Appreciation Right, the Committee may designate such Award as a Qualified Performance-Based Award, based upon a determination that (i) the recipient is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) with respect to such Award, and (ii) the Committee wishes such Award to qualify for the Section 162(m) Exemption, and the terms of any such Award (and of the grant thereof) shall be consistent with such designation (including, without limitation, that all such Awards be granted by a committee composed solely of Outside Directors).

(b) Each Qualified Performance-Based Award (other than an Option or Stock Appreciation Right) shall be earned, vested and/or payable (as applicable) upon the achievement of one or more Performance Goals, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate.

(c) The full Board shall not be permitted to exercise authority granted to the Committee to the extent that the grant or exercise of such authority would cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption.

(d) The provisions of this Plan are intended to ensure that no transaction under the Plan is subject to (and all such transactions will be exempt from) the short-swing recovery rules of Section 16(b) of the Exchange Act ("Section 16(b)"). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).

SECTION 12. TERM, AMENDMENT AND TERMINATION

(a) Effectiveness. The Board approved this Plan on February 14, 2013. The effective date (the "Effective Date") of this Plan is the date that the Plan is approved by the Company's stockholders.

(b) Termination. The Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

(c) Amendment of Plan. The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of the Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law (including without limitation Section 409A of the Code), stock exchange rules or accounting rules. In addition, no amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by applicable law or the listing standards of the Applicable Exchange.

(d) Amendment of Awards. Subject to Section 5(d), the Committee may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall, without the Participant's consent, materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules.

SECTION 13. UNFUNDED STATUS OF PLAN

It is intended that the Plan constitute an "unfunded" plan. Solely to the extent permitted under Section 409A, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; provided, however, that the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

SECTION 14. GENERAL PROVISIONS

(a) Conditions for Issuance. The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(b) Additional Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

(c) No Contract of Employment. The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any employee at any time.

(d) Required Taxes. No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income or employment or other tax purposes with respect to any Award under the Plan, such Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. If determined by the Company, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.

(e) Limitation on Dividend Reinvestment and Dividend Equivalents. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Shares with respect to dividends to Participants holding Awards of Restricted Stock Units, shall only be permissible if sufficient Shares are available under Section 3 for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Shares are not available for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of Restricted Stock Units equal in number to the Shares that would have been obtained by such payment or reinvestment, the terms of which Restricted Stock Units shall provide for settlement in cash and for dividend equivalent reinvestment in further Restricted Stock Units on the terms contemplated by this Section 14(e).

(f) Designation of Death Beneficiary. The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such eligible Individual, after such Participant's death, may be exercised.

(g) Subsidiary Employees. In the case of a grant of an Award to any employee of a Subsidiary, the Company may, if the Committee so directs, issue or transfer the Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the Shares to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All Shares underlying Awards that are forfeited or canceled shall revert to the Company.

(h) Governing Law and Interpretation. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect.

(i) Non-Transferability. Except as otherwise provided in Section 5(j) or as determined by the Committee, Awards under the Plan are not transferable except by will or by laws of descent and distribution.

(j) Foreign Employees and Foreign Law Considerations. The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

(k) Section 409A of the Code. It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise as provided in this Section 14(k), and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement, and shall comply in all respects with Section 409A of the Code. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" subject to Section 409A of the Code, if the Participant is a "specified employee" within the meaning of Section 409A of the Code, any payments (whether in cash, Shares or other property) to be made with respect to the Award upon the Participant's Termination of Employment shall be delayed until the earlier of (A) the first day of the seventh month following the Participant's Termination of Employment and (B) the Participant's death. Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.

Exhibit 31.1

Certification

I, Gregory R. Blatt, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2013 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: August 8, 2013

/s/ GREGORY R. BLATT

Gregory R. Blatt
Chief Executive Officer

Exhibit 31.2

Certification

I, Barry Diller, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2013 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: August 8, 2013

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

Exhibit 31.3

Certification

I, Jeffrey W. Kip, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2013 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: August 8, 2013

/s/ JEFFREY W. KIP

Jeffrey W. Kip
Executive Vice President & Chief Financial Officer

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) the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 of IAC/InterActiveCorp (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: August 8, 2013	/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) the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 of IAC/InterActiveCorp (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: August 8, 2013

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

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, Jeffrey W. Kip, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 of IAC/InterActiveCorp (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: August 8, 2013

/s/ JEFFREY W. KIP

Jeffrey W. Kip
Executive Vice President & Chief Financial Officer