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As filed with the Securities and Exchange Commission on May 7, 2008

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 March 31, 2008

or

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

For the transition period from to

Commission File No. 0-20570

IAC/INTERACTIVECORP

(Exact name of registrant as specified in its charter)

Delaware	**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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

As of April 25, 2008, the following shares of the Registrant's common stock were outstanding:

Common Stock, including 200,000 shares of restricted stock	253,181,447
Class B Common Stock	25,599,998
Total outstanding Common Stock	278,781,445

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of April 25, 2008 was $3,776,748,312. For the purpose of the foregoing calculation only, all directors and executive officers of the Registrant are assumed to be affiliates of the Registrant.

PART I—FINANCIAL STATEMENTS

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

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2008	2007
		(Restated)
	(In thousands, except per share data)	
Product sales	$ 723,530	$ 706,506
Service revenue	878,819	783,625
Net revenue	1,602,349	1,490,131
Cost of sales—product sales (exclusive of depreciation shown separately below)	464,408	436,655
Cost of sales—service revenue (exclusive of depreciation shown separately below)	398,006	334,660
Gross profit	739,935	718,816
Selling and marketing expense	337,197	331,378
General and administrative expense	219,878	202,995
Other operating expense	33,913	30,415
Amortization of non-cash marketing	6,511	507
Amortization of intangibles	29,821	30,228
Depreciation	42,603	37,847
Operating income	70,012	85,446
Other income (expense):		
Interest income	10,491	19,291
Interest expense	(12,851)	(15,016)
Equity in income of unconsolidated affiliates	6,445	7,847
Other income	12,052	681
Total other income, net	16,137	12,803
Earnings from continuing operations before income taxes and minority interest	86,149	98,249
Income tax provision	(36,809)	(37,489)
Minority interest in losses (income) of consolidated subsidiaries	895	(113)
Earnings from continuing operations	50,235	60,647
Income from discontinued operations, net of tax	2,581	103
Net earnings available to common shareholders	$ 52,816	$ 60,750
Earnings per share from continuing operations:		
Basic earnings per share	$ 0.18	$ 0.21
Diluted earnings per share	$ 0.18	$ 0.20
Net earnings per share available to common shareholders:		
Basic earnings per share	$ 0.19	$ 0.21
Diluted earnings per share	$ 0.18	$ 0.20

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

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007
	(unaudited)	(audited)
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 1,234,050	$ 1,585,302
Restricted cash and cash equivalents	12,613	23,701
Marketable securities	169,307	326,788
Accounts receivable, net of allowance of $24,896 and $20,215, respectively	508,291	483,336
Loans held for sale, net	91,185	86,754
Inventories	351,411	331,970
Deferred income taxes	94,373	97,401
Prepaid and other current assets	349,091	352,177
Total current assets	2,810,321	3,287,429
Property and equipment, net	660,646	651,474
Goodwill	6,794,102	6,473,014
Intangible assets, net	1,521,971	1,404,897
Long-term investments	501,022	450,318
Other non-current assets	280,461	257,388
TOTAL ASSETS	$ 12,568,523	$ 12,524,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current maturities of long-term obligations and short-term borrowings	$ 93,374	$ 111,857
Accounts payable, trade	307,790	279,749
Accounts payable, client accounts	500,547	413,070
Deferred revenue	199,472	171,650
Income taxes payable	5,039	20,521
Accrued expenses and other current liabilities	626,100	691,965
Total current liabilities	1,732,322	1,688,812
Long-term obligations, net of current maturities	850,005	834,566
Income taxes payable	265,987	266,488
Other long-term liabilities	177,352	171,725
Deferred income taxes	988,611	938,786
Minority interest	40,238	40,481
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Preferred stock $.01 par value; authorized 100,000,000 shares; 758 shares issued and outstanding	—	—
Common stock $.001 par value; authorized 1,600,000,000 shares; issued 417,950,312 and 417,077,599 shares, respectively, and outstanding 253,135,548 and 258,262,835 shares, respectively, including 200,000 shares of restricted stock	418	417
Class B convertible common stock $.001 par value; authorized 400,000,000 shares; issued 32,314,998 shares and outstanding 25,599,998 shares	32	32
Additional paid-in capital	14,763,013	14,744,318
Retained earnings	620,636	567,820
Accumulated other comprehensive income	44,238	39,814
Treasury stock 164,814,764 and 158,814,764 shares, respectively	(6,914,329)	(6,768,739)
Total shareholders' equity	8,514,008	8,583,662
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 12,568,523	$ 12,524,520

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

IAC/INTERACTIVECORP AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Total	Preferred Stock $.01 Par Value		Common Stock $.001 Par Value		Class B Convertible Common Stock $.001 Par Value		Additional Paid-in Capital	Retained Earnings	Accum Other Comp. Income	Treasury Stock
		$	Shares	$	Shares	$	Shares				
	(In thousands)										
Balance as of December 31, 2007	$ 8,583,662	$ —	1	$ 417	417,077	$ 32	32,315	$ 14,744,318	$ 567,820	$ 39,814	$ (6,768,739)
Comprehensive income:											
Net earnings for the three months ended March 31, 2008	52,816	—	—	—	—	—	—	—	52,816	—	—
Foreign currency translation	21,418	—	—	—	—	—	—	—	—	21,418	—
Unrealized losses on available for sale securities	(16,994)	—	—	—	—	—	—	—	—	(16,994)	—
Comprehensive income	57,240										
Non-cash compensation expense	27,356	—	—	—	—	—	—	27,356	—	—	—
Issuance of common stock upon exercise of stock options and vesting of restricted stock units, net of withholding taxes	(6,016)	—	—	1	873	—	—	(6,017)	—	—	—
Income tax benefit related to the exercise of stock options and vesting of restricted stock units	(2,644)	—	—	—	—	—	—	(2,644)	—	—	—
Purchase of treasury stock	(145,590)	—	—	—	—	—	—	—	—	—	(145,590)
Balance as of March 31, 2008	$ 8,514,008	$ —	1	$ 418	417,950	$ 32	32,315	$ 14,763,013	$ 620,636	$ 44,238	$ (6,914,329)

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

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	2008	2007
		(Restated)
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net earnings available to common shareholders	$ 52,816	$ 60,750
Less: income from discontinued operations, net of tax	(2,581)	(103)
Earnings from continuing operations	50,235	60,647
Adjustments to reconcile earnings from continuing operations to net cash provided by (used in) operating activities attributable to continuing operations:		
Depreciation and amortization of intangibles	72,424	68,075
Non-cash compensation expense	28,903	24,226
Amortization of cable distribution fees	1,120	1,241
Amortization of non-cash marketing	6,511	507
Deferred income taxes	4,547	1,801
Gain on sales of loans held for sale	(23,573)	(48,617)
Equity in income of unconsolidated affiliates, net of dividends	(6,445)	(7,847)
Minority interest in (losses) income of consolidated subsidiaries	(895)	113
Changes in current assets and liabilities:		
Accounts receivable	40,292	21,040
Origination of loans held for sale	(611,490)	(1,997,623)
Proceeds from sales of loans held for sale	628,501	1,981,313
Inventories	(15,185)	(31,014)
Prepaid and other current assets	(34,619)	(14,067)
Accounts payable, income taxes payable and other current liabilities	(23,026)	(104,448)
Deferred revenue	17,942	21,669
Funds collected by Ticketmaster on behalf of clients, net	18,963	43,335
Other, net	(5,477)	11,285
Net cash provided by operating activities attributable to continuing operations	148,728	31,636
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(414,203)	(54,576)
Capital expenditures	(36,460)	(51,355)
Purchases of marketable securities	(35,971)	(166,202)
Proceeds from sales and maturities of marketable securities	181,035	283,319
Increase in long term investments	(48,549)	(250)
Other, net	352	35
Net cash (used in) provided by investing activities attributable to continuing operations	(353,796)	10,971
Cash flows from financing activities attributable to continuing operations:		
Borrowing under lines of credit	553,141	1,947,302
Repayments of lines of credit	(553,828)	(1,884,903)
Principal payments on long-term obligations	(20,378)	(11,204)
Purchase of treasury stock	(145,590)	(322,577)
Issuance of common stock, net of withholding taxes	(6,016)	12,699
Excess tax benefits from stock-based awards	322	6,889
Other, net	12,746	(7,860)
Net cash used in financing activities attributable to continuing operations	(159,603)	(259,654)
Total cash used in continuing operations	(364,671)	(217,047)
Net cash provided by operating activities attributable to discontinued operations	711	8,182
Net cash used in investing activities attributable to discontinued operations	—	(1,459)
Net cash used in financing activities attributable to discontinued operations	—	(280)
Total cash provided by discontinued operations	711	6,443
Effect of exchange rate changes on cash and cash equivalents	12,708	3,631
Net decrease in cash and cash equivalents	(351,252)	(206,973)
Cash and cash equivalents at beginning of period	1,585,302	1,428,140
Cash and cash equivalents at end of period	$ 1,234,050	$ 1,221,167

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

IAC/InterActiveCorp's operating businesses provide products and services through a diversified portfolio of specialized and global brands and enable billions of dollars of consumer direct transactions and advertising for products and services via interactive distribution channels. All references to "IAC," the "Company," "we," "our" or "us" in this report are to IAC/InterActiveCorp.

On November 5, 2007, the Company announced that its Board of Directors approved a plan to separate IAC into five publicly traded companies:

- IAC, which is expected to include:
  - the businesses currently comprising its Media & Advertising sector;
  - the Match, ServiceMagic and Entertainment segments;
  - the businesses currently comprising its Emerging Businesses group, including Shoebuy and ReserveAmerica, which were formerly included in the Retailing and Ticketmaster segments, respectively; and
  - certain investments in unconsolidated affiliates.
- HSN, which is expected to include HSN TV, *HSN.com*, and the Cornerstone Brands, Inc. portfolio of catalogs, websites and retail locations;
- Ticketmaster, which is expected to include its primary domestic and international operations as well as certain investments in unconsolidated affiliates;
- Interval International, which is expected to include the businesses currently comprising the Interval segment; and
- LendingTree, which is expected to include the businesses currently comprising the Lending and Real Estate segments.

In this report, we refer to this transaction as the "Proposed Spin-Offs." The Proposed Spin-Offs are subject to a number of conditions, including, among others, final approval of the transaction specifics by the Company's Board of Directors, confirmation regarding the tax-free nature of the transaction, and the filing and effectiveness of registration statements with the Securities and Exchange Commission (the "SEC"). The Proposed Spin-Offs are expected to be completed in the third quarter of 2008. Upon completion of the Proposed Spin-Offs, IAC would have no ownership interest in HSN, Ticketmaster, Interval International and LendingTree.

During the first quarter of 2008, in contemplation of the Proposed Spin-Offs, IAC reorganized its Retailing, Ticketmaster and Emerging Businesses reporting segments. Shoebuy and ReserveAmerica, which were previously included in the Retailing and Ticketmaster segments, respectively, are now included in the Emerging Businesses segment. Information for all prior periods has been restated for comparative purposes. In addition, the goodwill related to Shoebuy and Reserve America has been reflected in Emerging Businesses for all periods presented. The entities that are expected to comprise IAC after the completion of the Proposed Spin-Offs are referred to collectively herein as "New IAC."

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the rules and regulations of the SEC. Accordingly, they do not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for a full year. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2007.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles. These estimates and assumptions impact the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements include: inventory reserves; sales returns and other revenue allowances; recovery of marketable securities; the allowance for doubtful accounts; reserves for losses associated with loans held for sale and loans that have been previously sold; recoverability of long-lived assets; recovery of goodwill and intangibles; income taxes payable and deferred income taxes, including related valuation allowances; various other allowances, reserves and accruals; and assumptions related to the determination of stock-based compensation.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill impairment is determined using a two-step process. The first step of the process is to compare the fair value of a reporting unit with its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit by using various valuation techniques with the primary method employed being a discounted cash flow ("DCF") analysis. Determining fair value using a DCF analysis requires the exercise of significant judgments, including judgments about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is required to be performed to measure the amount of impairment, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

The impairment test for indefinite-lived intangible assets involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of indefinite-lived intangible assets are determined using a DCF valuation analysis. Common among such approaches is the "relief from royalty" methodology, which is the principal method used by the Company in estimating the fair value of its trade names and trademarks. Significant judgments inherent in this analysis include the determination of royalty rates, discount rates and the terminal growth rates.

Goodwill and indefinite-lived intangible assets, primarily trade names and trademarks, are tested annually for impairment as of October 1 or earlier upon the occurrence of certain events or substantive changes in circumstances. The Company's 2007 annual impairment assessment identified impairment for goodwill and indefinite-lived intangible assets of its Lending and Entertainment reporting units. Certain reporting units are currently operating in dynamic and challenged industry segments. These include HSN, Catalogs, Lending, Real Estate and Entertainment. To illustrate the magnitude of potential impairment charges relative to future changes in estimated fair value, had the estimated fair value of each of these reporting units and their respective indefinite-lived intangible assets been hypothetically lower by 10% as of October 1, 2007, the aggregate book value of goodwill and indefinite-lived intangible assets would have exceeded fair value by approximately $166.0 million at HSN, $74.0 million at Catalogs, $7.0 million at Lending, $8.0 million at Real Estate and $16.0 million at Entertainment. Had the estimated fair values of each of these reporting units and their respective indefinite-lived intangible assets been hypothetically lower by 20% as of October 1, 2007, the book value of goodwill and indefinite-lived intangible assets would have exceeded fair value by approximately $441.0 million at HSN, $156.0 million at Catalogs, $21.0 million at Lending, $18.0 million at Real Estate and $24.0 million at Entertainment.

Long-term Investments

On June 19, 2007, as part of the consideration for the sale of Home Shopping Europe GmbH & Co. KG, and its affiliated TV station HSE 24 ("HSE") to Arcandor AG ("ARO"), IAC received approximately 5.5 million shares of ARO stock (the "ARO Shares") valued at €141 million or $190.1 million plus additional consideration in the form of a contingent value right ("CVR"). The CVR has a value of up to €54 million within three years. The ultimate value of the CVR is dependent, in part, upon the average closing value of the ARO Shares for the 90 days preceding June 19, 2010 (the "Average Value"). To the extent that the Average Value is equal to or less than €141 million, IAC will receive a cash payment equal to € 54 million. To the extent that the Average Value is equal to or greater than €195 million, IAC will receive no additional consideration. To the extent that the Average Value is between €141 million and €195 million, IAC will receive a pro rata portion of the €54 million. If the closing value of an ARO share equals or exceeds €35.68 per share for at least 30 consecutive trading days during the three year period from June 20, 2007 through June 19, 2010, the CVR expires without any payment being made. The CVR is accounted for as a derivative asset and maintained at fair value each reporting period with any changes in fair value recognized in current earnings as a component of other income in the consolidated statement of operations each period. During the three months ended March 31, 2008, the change in the fair value of the CVR resulted in a gain of $4.3 million which was recognized in current earnings. The CVR was valued at $63.0 million at March 31, 2008 and $54.7 million at December 31, 2007. The ARO stock is an available-for-sale

marketable security that is accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and is included in "Long-term investments" in the accompanying consolidated balance sheets, with a carrying value of $109.5 million at March 31, 2008 and $130.8 million at December 31, 2007. At March 31, 2008, included within other comprehensive income, a separate component of shareholders' equity, was an unrealized loss of $63.4 million related to this marketable security, which is recorded net of a deferred tax benefit of $39.9 million. The severity of the unrealized loss (fair value is approximately 50% less than cost) and duration of the unrealized loss (less than 10 months) are consistent with the weak and adverse conditions affecting the market in which ARO operates. The Company has evaluated the prospects of ARO in relation to the severity and duration of the unrealized loss and the Company's ability and intent to hold the ARO Shares for a period of time sufficient for an expected recovery of fair value which is influenced, in part, by the June 2010 maturity of the related CVR. Based upon this evaluation, the Company does not consider the unrealized loss related to the ARO Shares to be other-than-temporary.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. SFAS No. 160 will be applied prospectively, except as it relates to disclosures, for which the effects will be applied retrospectively for all periods presented. Early adoption is not permitted. The Company is currently assessing the impact of SFAS No. 160 on its consolidated financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"), which replaces FASB Statement No. 141. SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. The Statement also establishes disclosure requirements that will enable users to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations in fiscal years beginning after December 15, 2008. Early adoption is not permitted. The Company is currently assessing the impact of the adoption of SFAS No. 141R on its consolidated financial position, results of operations and cash flows.

Reclassifications

The accompanying consolidated statements of operations and cash flows for the three months ended March 31, 2007 have been reclassified to present HSE, which was previously reported in IAC's Retailing segment, as a discontinued operation. See Note 6 for a further description of discontinued operations.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restatement of Prior Period Consolidated Financial Statements

Prior to the fourth quarter 2007, the Company's Interval segment improperly recorded deferred revenue and certain related direct costs. The error was due primarily to the recognition of membership renewal revenue beginning in the month a member renewed its membership rather than beginning with the actual start date of the renewal period. The Company has restated its consolidated statements of operations and cash flows for the three months ended March 31, 2007. For further information, refer to the Company's annual report on Form 10-K for the year ended December 31, 2007.

Consolidated Statement of Operations for the three months ended March 31, 2007:

	As originally reported(a)	Effect of restatement	As restated
		(In thousands)	
Service revenue	$ 786,175	$ (2,550)	$ 783,625
Net revenue	1,492,681	(2,550)	1,490,131
Cost of sales—service revenue	335,073	(413)	334,660
Gross profit	720,953	(2,137)	718,816
Operating income	87,583	(2,137)	85,446
Earnings from continuing operations before income taxes and minority interest	100,386	(2,137)	98,249
Income tax provision	(38,285)	796	(37,489)
Earnings from continuing operations	61,988	(1,341)	60,647
Net earnings available to common shareholders	62,091	(1,341)	60,750
Earnings per share from continuing operations:			
Basic earnings per share	0.22	(0.01)	0.21
Diluted earnings per share	0.20	0.00	0.20
Earnings per share available to common shareholders:			
Basic earnings per share	0.22	(0.01)	0.21
Diluted earnings per share	0.20	0.00	0.20

Consolidated Statement of Cash Flows for the three months ended March 31, 2007:

	As originally reported(a)	Effect of restatement	As restated
		(In thousands)	
Earnings from continuing operations	$ 61,988	$ (1,341)	$ 60,647
Deferred income taxes	2,022	(221)	1,801
Change in accounts payable, income taxes payable and other current liabilities	(103,873)	(575)	(104,448)
Change in deferred revenue	19,532	2,137	21,669

(a) The reclassification of HSE as a discontinued operation is reflected in the balances as originally reported.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other

Effective April 1, 2007, the Company began to capitalize and amortize the costs associated with certain arrangements that require it to pay a fee per access point delivered. These access points are generally in the form of downloadable search toolbars associated with the Company's Media & Advertising businesses. These fees are amortized over the estimated useful lives of the access points to the extent the Company can reasonably estimate a probable future economic benefit and the period over which such benefit will be realized. Otherwise, the fees are charged to expense as incurred. Amounts capitalized during the three months ended March 31, 2008 are being amortized over a period of 18 months. For fees paid prior to April 1, 2007, such benefit or period could not be reasonably estimated and the fees were charged to expense as incurred. The effect of capitalizing and amortizing these costs in the first quarter of 2008 was to reduce expense by $4.6 million.

NOTE 3—GOODWILL AND INTANGIBLE ASSETS

The balance of goodwill and intangible assets, net is as follows (in thousands):

	March 31, 2008	December 31, 2007
Goodwill	$ 6,794,102	$ 6,473,014
Intangible assets with indefinite lives	1,100,331	1,100,328
Intangible assets with definite lives, net	421,640	304,569
Total goodwill and intangible assets, net	$ 8,316,073	$ 7,877,911

Intangible assets with indefinite lives relate principally to trade names and trademarks acquired in various acquisitions. At March 31, 2008, intangible assets with definite lives relate to the following (in thousands):

	Cost	Accumulated Amortization	Net	Weighted Average Amortization Life (Years)
Purchase agreements	$ 318,354	$ (257,738)	$ 60,616	6.8
Distribution agreements	205,889	(191,341)	14,548	4.1
Technology	232,483	(157,075)	75,408	4.4
Customer lists	238,589	(134,122)	104,467	7.5
Merchandise agreements	36,493	(33,719)	2,774	4.6
Other	229,041	(65,214)	163,827	9.3
Total	$ 1,260,849	$ (839,209)	$ 421,640	

NOTE 3—GOODWILL AND INTANGIBLE ASSETS (Continued)

At December 31, 2007, intangible assets with definite lives relate to the following (in thousands):

	Cost	Accumulated Amortization	Net	Weighted Average Amortization Life (Years)
Purchase agreements	$ 316,427	$ (246,718)	$ 69,709	6.8
Distribution agreements	205,069	(189,091)	15,978	4.1
Technology	208,638	(149,633)	59,005	4.4
Customer lists	200,390	(124,023)	76,367	7.7
Merchandise agreements	36,493	(33,488)	3,005	4.6
Other	144,592	(64,087)	80,505	7.9
Total	$ 1,111,609	$ (807,040)	$ 304,569	

Amortization of intangible assets with definite lives is computed on a straight-line basis and, based on December 31, 2007 balances, such amortization for the next five years and thereafter is estimated to be as follows (in thousands):

Years Ending December 31,	
2008	$ 93,418
2009	71,266
2010	47,881
2011	30,957
2012	24,007
2013 and thereafter	37,040
	$ 304,569

The following table presents the balance of goodwill by segment, including changes in the carrying amount of goodwill, for the three months ended March 31, 2008 (in thousands):

	Balance as of January 1, 2008	Additions	(Deductions)	Foreign Exchange Translation	Balance as of March 31, 2008
New IAC:					
Media & Advertising	$ 1,361,914	$ —	$ (112)	$ (4)	$ 1,361,798
Match	233,397	—	—	2,104	235,501
ServiceMagic	99,641	—	—	—	99,641
Entertainment	19,350	321	(554)	—	19,117
Emerging Businesses	128,827	—	—	(519)	128,308
Total New IAC	1,843,129	321	(666)	1,581	1,844,365
Retailing (to be renamed HSN)	2,882,992	—	—	—	2,882,992
Ticketmaster	1,090,418	315,195	(14)	4,932	1,410,531
LendingTree:					
Lending	71,850	—	(262)	—	71,588
Real Estate	70,265	—	(11)	—	70,254
Total LendingTree	142,115	—	(273)	—	141,842
Interval	514,360	12	—	—	514,372
Total	$ 6,473,014	$ 315,528	$ (953)	$ 6,513	$ 6,794,102

NOTE 3—GOODWILL AND INTANGIBLE ASSETS (Continued)

Additions principally relate to the acquisitions of Paciolan, TicketsNow and GET ME IN! LTD. Deductions principally relate to the establishment of deferred tax assets related to acquired tax attributes and the income tax benefit realized pursuant to the exercise of stock options assumed in business acquisitions that were vested at the transaction date and are treated as a reduction in goodwill when the income tax deductions are realized.

NOTE 4—PROPERTY AND EQUIPMENT

The balance of property and equipment, net is as follows (in thousands):

	March 31, 2008	December 31, 2007
Computer equipment and capitalized software	$ 869,475	$ 827,984
Buildings and leasehold improvements	322,710	316,208
Furniture and other equipment	138,693	134,001
Projects in progress	80,210	82,589
Land	19,353	19,395
	1,430,441	1,380,177
Less: accumulated depreciation and amortization	(769,795)	(728,703)
Total property and equipment, net	$ 660,646	$ 651,474

NOTE 5—SEGMENT INFORMATION

The overall concept that IAC employs in determining its operating segments is to present the financial information in a manner consistent with how the chief operating decision maker and executive management view the businesses, how the businesses are organized as to segment management, and the focus of the businesses with regards to the types of products or services offered or the target market. Entities included in discontinued operations, as described in Note 6, are excluded from the schedules below. Operating segments are combined for reporting purposes if they have similar economic characteristics and meet the aggregation criteria of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information."

	Three months ended March 31,	
	2008	2007
	(In thousands)	
Revenue:		
New IAC:		
Media & Advertising	$ 215,549	$ 168,054
Match	90,536	82,401
ServiceMagic	28,948	21,594
Entertainment	20,962	20,701
Emerging Businesses	43,752	28,437
Intercompany elimination	(7,731)	(490)
Total New IAC	392,016	320,697
Retailing (to be renamed HSN)	676,886	666,705
Ticketmaster	348,981	303,577
LendingTree:		
Lending	61,811	99,998
Real Estate	8,382	13,231
Total LendingTree	70,193	113,229
Interval	115,937	86,433
Intercompany elimination	(1,664)	(510)
Total	$ 1,602,349	$ 1,490,131

NOTE 5—SEGMENT INFORMATION (Continued)

	Three months ended March 31,	
	2008	2007
	(In thousands)	
Operating Income (Loss):		
New IAC:		
Media & Advertising	$ 30,695	$ 10,511
Match	7,136	8,184
ServiceMagic	5,610	5,300
Entertainment	(14,487)	(13,732)
Emerging Businesses	(8,704)	(3,645)
Corporate	(53,595)	(45,859)
Total New IAC	(33,345)	(39,241)
Retailing (to be renamed HSN)	20,241	35,186
Ticketmaster	51,025	64,783
LendingTree:		
Lending	(3,658)	127
Real Estate	(5,042)	(7,972)
Total LendingTree	(8,700)	(7,845)
Interval	40,791	32,563
Total	$ 70,012	$ 85,446

The Company's primary metric is Operating Income Before Amortization, which is defined as operating income excluding, if applicable: (1) non-cash compensation expense and amortization of non-cash marketing, (2) amortization of intangibles and goodwill impairment, (3) pro forma adjustments for significant acquisitions, and (4) 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, non-cash marketing, and acquisition related accounting. 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

NOTE 5—SEGMENT INFORMATION (Continued)

accordance with generally accepted accounting principles, and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure.

	Three months ended March 31,	
	2008	2007
	(In thousands)	
Operating Income Before Amortization:		
New IAC:		
Media & Advertising	$ 36,925	$ 17,197
Match	10,139	8,398
ServiceMagic	6,149	6,222
Entertainment	(13,939)	(13,047)
Emerging Businesses	(7,222)	(2,179)
Corporate	(27,049)	(22,628)
Total New IAC	5,003	(6,037)
Retailing (to be renamed HSN)	26,213	39,384
Ticketmaster	61,683	71,636
LendingTree:		
Lending	(1,014)	3,113
Real Estate	(3,934)	(6,557)
Total LendingTree	(4,948)	(3,444)
Interval	47,296	38,868
Total	$ 135,247	$ 140,407

NOTE 5—SEGMENT INFORMATION (Continued)

The following tables reconcile Operating Income Before Amortization to operating income (loss) for the Company's reporting segments and to net earnings available to common shareholders in total (in millions, rounding differences may occur):

	For the three months ended March 31, 2008:				
	Operating Income Before Amortization	Non-cash compensation expense (A)	Amortization of non-cash marketing	Amortization of intangibles	Operating income (loss)
New IAC:					
Media & Advertising	$ 36.9	$ —	$ —	$ (6.2)	$ 30.7
Match	10.1	—	(2.8)	(0.2)	7.1
ServiceMagic	6.1	(0.2)	—	(0.4)	5.6
Entertainment	(13.9)	—	—	(0.5)	(14.5)
Emerging Businesses	(7.2)	(0.2)	—	(1.2)	(8.7)
Corporate	(27.0)	(26.5)	—	—	(53.6)
Total New IAC	5.0	(26.9)	(2.8)	(8.6)	(33.3)
Retailing (to be renamed HSN)	26.2	(0.1)	(3.7)	(2.2)	20.2
Ticketmaster	61.7	(1.8)	—	(8.9)	51.0
LendingTree:					
Lending	(1.0)	(0.1)	—	(2.6)	(3.7)
Real Estate	(3.9)	—	—	(1.1)	(5.0)
Total LendingTree	(4.9)	(0.1)	—	(3.7)	(8.7)
Interval	47.3	—	—	(6.5)	40.8
Total	$ 135.2	$ (28.9)	$ (6.5)	$ (29.8)	70.0
Other income, net					16.1
Earnings from continuing operations before income taxes and minority interest					86.1
Income tax provision					(36.8)
Minority interest in losses of consolidated subsidiaries					0.9
Earnings from continuing operations					50.2
Income from discontinued operations, net of tax					2.6
Net earnings available to common shareholders					$ 52.8

(A) Non-cash compensation expense includes $2.1 million, $2.3 million, $24.5 million and $0.1 million which are included in cost of sales, selling and marketing expense, general and administrative

NOTE 5—SEGMENT INFORMATION (Continued)

expense and other operating expense, respectively, in the accompanying consolidated statement of operations.

For the three months ended March 31, 2007:

	Operating Income Before Amortization	Non-cash compensation expense (B)	Amortization of non-cash marketing	Amortization of intangibles	Operating income (loss)
New IAC:					
Media & Advertising	$ 17.2	$ —	$ (0.5)	$ (6.2)	$ 10.5
Match	8.4	—	—	(0.2)	8.2
ServiceMagic	6.2	(0.2)	—	(0.8)	5.3
Entertainment	(13.0)	—	—	(0.7)	(13.7)
Emerging Businesses	(2.2)	(0.6)	—	(0.9)	(3.6)
Corporate	(22.6)	(23.2)	—	—	(45.9)
Total New IAC	(6.0)	(24.0)	(0.5)	(8.7)	(39.2)
Retailing (to be renamed HSN)	39.4	(0.1)	—	(4.1)	35.2
Ticketmaster	71.6	—	—	(6.9)	64.8
LendingTree:					
Lending	3.1	(0.1)	—	(2.9)	0.1
Real Estate	(6.6)	—	—	(1.4)	(8.0)
Total LendingTree	(3.4)	(0.1)	—	(4.3)	(7.8)
Interval	38.9	—	—	(6.3)	32.6
Total	$ 140.4	$ (24.2)	$ (0.5)	$ (30.2)	85.4
Other income, net					12.8
Earnings from continuing operations before income taxes and minority interest					98.2
Income tax provision					(37.5)
Minority interest in income of consolidated subsidiaries					(0.1)
Earnings from continuing operations					60.6
Income from discontinued operations, net of tax					0.1
Net earnings available to common shareholders					$ 60.7

(B) Non-cash compensation expense includes $1.8 million, $2.0 million and $20.3 million which are included in cost of sales, selling and marketing expense and general and administrative expense, respectively, in the accompanying consolidated statement of operations.

NOTE 5—SEGMENT INFORMATION (Continued)

The Company maintains operations in the United States, the United Kingdom, Canada and other international territories. Geographic information about the United States and international territories is presented below:

	Three months ended March 31,	
	2008	2007
	(In thousands)	
Revenue:		
United States	$ 1,401,279	$ 1,337,583
All other countries	201,070	152,548
	$ 1,602,349	$ 1,490,131

	March 31, 2008	December 31, 2007
	(In thousands)	
Long-lived assets:		
United States	$ 635,821	$ 627,692
All other countries	35,344	35,420
	$ 671,165	$ 663,112

NOTE 6—DISCONTINUED OPERATIONS

On June 19, 2007, IAC sold HSE, previously reported in the International segment of IAC's Retailing sector. See Note 9 for a further description of the sale of HSE. Accordingly, HSE is presented as a discontinued operation in the statement of operations for the three months ended March 31, 2007. Quiz TV Limited, iBuy, TV Travel Shop, Styleclick and ECS are also presented as discontinued operations for all periods presented.

The net revenue and net earnings for the aforementioned discontinued operations for the applicable periods were as follows (in thousands):

	Three months ended March 31,	
	2008	2007
Net revenue	$ 3	$ 105,917
(Loss) earnings before income taxes	$ (2,006)	$ 1,263
Income tax benefit (provision)	4,587	(1,160)
Net earnings	$ 2,581	$ 103

NOTE 7—EARNINGS PER SHARE

The following table sets forth the computation of Basic and Diluted GAAP earnings per share.

	Three months ended March 31,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net earnings from continuing operations available to common shareholders	$ 50,235	$ 50,235	$ 60,647	$ 60,647
Interest expense on Convertible Notes, net of tax(a)(b)	—	—	—	121
Net earnings from continuing operations available to common shareholders after assumed conversions of Convertible Notes, if applicable	50,235	50,235	60,647	60,768
Income from discontinued operations, net of tax	2,581	2,581	103	103
Net earnings available to common shareholders	$ 52,816	$ 52,816	$ 60,750	$ 60,871
Denominator:				
Basic shares outstanding	278,767	278,767	287,191	287,191
Dilutive securities including stock options, warrants and restricted stock and share units	—	7,477	—	17,494
Denominator for earnings per share—weighted average shares(c)	278,767	286,244	287,191	304,685
Earnings per share:				
Earnings per share from continuing operations	$ 0.18	$ 0.18	$ 0.21	$ 0.20
Discontinued operations, net of tax	0.01	—	—	—
Earnings per share from net earnings	$ 0.19	$ 0.18	$ 0.21	$ 0.20

(a) For the three months ended March 31, 2008, approximately 0.5 million weighted average shares related to the assumed conversion of the Company's Convertible Notes were excluded from the calculation of diluted earnings per share because the effect would be anti-dilutive. Accordingly, under the "if-converted" method, the interest expense on the Convertible Notes, net of tax, was included in net earnings from continuing operations available to common shareholders.

(b) For the three months ended March 31, 2007, approximately 0.6 million weighted average common shares, related to the assumed conversion of the Company's Convertible Notes were included in the calculation of diluted earnings per share. Accordingly, under the "if-converted" method, the interest expense on the Convertible Notes, net of tax, was excluded from net earnings from continuing operations available to common shareholders.

(c) Weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and warrants, vesting of restricted stock units and conversion of the Company's Convertible Notes. For the three months ended March 31, 2008 and 2007, approximately 45.3 million and 11.4 million shares, respectively, that could potentially dilute basic earnings per share in the future were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

NOTE 8—EQUITY INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At March 31, 2008 and December 31, 2007, the Company's equity investments in unconsolidated affiliates totaled $343.2 million and $293.2 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheets.

Summarized aggregated financial information for the Company's equity investments is as follows (in thousands):

	Three months ended March 31,	
	2008	2007
Net sales	$ 336,734	$ 243,073
Gross profit	131,943	99,709
Net income	23,112	20,971

NOTE 9—FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). In accordance with SFAS No. 157, the Company categorizes its assets and liabilities measured at fair value into a fair value hierarchy that prioritizes the assumptions used in pricing the asset or liability into the following three levels:

- Level 1: Observable inputs such as quoted prices for identical assets and liabilities in active markets obtained from independent sources.
- 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.
- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the asset or liability.

NOTE 9—FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2008:

	Recurring Fair Value Measurements Using			
	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)			
Marketable securities	$ 162,757	$ 6,550	$ —	$ 169,307
Long-term investments	117,612	—	13,793	131,405
Loans held for sale, net	—	87,532	—	87,532
Derivatives related to long-term debt	—	17,769	—	17,769
Net derivatives related to loans held for sale and interest rate lock commitments	—	(1,612)	5,264	3,652
Derivative assets created in the Expedia spin-off	—	—	10,138	10,138
Derivatives liabilities created in the Expedia spin-off	—	—	(6,940)	(6,940)
Derivative asset created in the HSE sale	—	—	63,003	63,003
Total	$ 280,369	$ 110,239	$ 85,258	$ 475,866

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

	Long-term investments	Net derivatives related to loans held for sale and interest rate lock commitments	Net derivatives created in the Expedia spin-off	Derivative asset created in the HSE sale
	(In thousands)			
Balance at January 1, 2008	$ 14,763	$ 3,465	$ 890	$ 54,656
Total net gains or losses (realized and unrealized):				
Included in earnings	—	15,361	2,308	4,286
Included in other comprehensive income	(970)	—	—	4,061
Transfers of IRLCs to closed loans	—	(13,094)	—	—
Transfers in and/or out of Level 3	—	(468)	—	—
Balance at March 31, 2008	$ 13,793	$ 5,264	$ 3,198	$ 63,003

NOTE 9—FAIR VALUE MEASUREMENTS (Continued)

The following table presents the gains and losses included in earnings for the three months ended March 31, 2008 relating to the Company's assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Net derivatives related to loans held for sale and interest rate lock commitments	Net derivatives created in the Expedia spin-off	Derivative asset created in the HSE sale
		(In thousands)	
Total gains included in earnings for the three months ended March 31, 2008:			
Revenue	$ 15,361	$ —	$ —
Other income	—	2,308	4,286
Total	$ 15,361	$ 2,308	$ 4,286
Change in unrealized gains relating to assets and liabilities still held at March 31, 2008:			
Revenue	$ 5,264	$ —	$ —
Other income	—	2,308	4,286
Total	$ 5,264	$ 2,308	$ 4,286

Long-term Investments

Long-term investments in the table above that are measured at fair value using significant unobservable inputs (Level 3) include available-for-sale auction rate securities accounted for in accordance with SFAS No. 115. In the third quarter of 2007, these auction rate securities had failed auctions due to sell orders exceeding buy orders. These auction rate securities are valued by discounting the future cash flow streams of the securities over the estimated period that the securities will be held until they are expected to be refinanced. Credit spreads and other risk factors are also considered in establishing a fair value. At March 31, 2008, $13.8 million, which is net of an unrealized loss of $1.2 million, was associated with failed auctions and accordingly, were reclassified as long-term investments in the first quarter of 2008. These auction rate securities are rated AAA/Aaa. Due to their high rating and the general quality of the investments underlying the portfolios, the unrealized loss related to these securities is not considered to be an other-than-temporary impairment.

Derivative assets and liabilities created in the Expedia spin-off and sale of HSE

The derivative assets and derivative liabilities created in the Expedia spin-off and the derivative asset created in the sale of HSE are maintained at fair value. The derivative asset created in the sale of HSE is valued using Monte Carlo simulation relying on various observable and unobservable inputs including risk free interest rates, stock price volatility and credit risk.

Net derivatives related to loans held for sale and interest rate lock commitments

Prior to April 1, 2007, LendingTree Loans hedged the changes in fair value of certain loans held for sale primarily by entering into mortgage forward delivery contracts. Although LendingTree Loans continues to enter into forward delivery contracts for risk management purposes it no longer designates

NOTE 9—FAIR VALUE MEASUREMENTS (Continued)

these derivatives as hedges for accounting purposes. When hedge accounting was discontinued, the affected loans held for sale were no longer adjusted for changes in fair value. However, the changes in fair value of the forward delivery contracts continued to be recognized in current earnings as a component of revenue. The fair value of the forward delivery contracts is recorded in "Prepaid and other current assets" and/or "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheets. For the three months ended March 31, 2008, the Company recognized losses of less than $0.1 million related to the changes in fair value of forward delivery contracts related to loans held for sale.

LendingTree Loans enters into commitments with consumers to originate loans at a locked in interest rate (interest rate lock commitments—"IRLCs"). IAC reports IRLCs as derivative instruments at fair value in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). Accordingly, LendingTree Loans determines the fair value of IRLCs using current secondary market prices for underlying loans with similar coupons, maturity and credit quality, subject to the anticipated loan funding probability, or fallout factor. The fair value of IRLCs is subject to change primarily due to changes in interest rates and fallout factors. Under LendingTree Loans' risk management policy, LendingTree Loans hedges the changes in fair value of IRLCs primarily by entering into mortgage forward delivery contracts which can reduce the volatility of economic outcomes. Neither the IRLCs nor the related hedging instrument qualify for hedge accounting and both are recorded at fair value with changes in fair value being recorded in current earnings as a component of revenue in the statement of operations.

Prior to the adoption of SFAS No. 157 the recognition of gains and losses at the inception of a derivative contract were prohibited unless the fair value of the contract was evidenced by a quoted price in an active market. As no active market exists for IRLCs, such day one gains and losses were not recognized until the related loan was sold. Prior to January 1, 2008, guidance also prohibited including the value of servicing the loan in calculating the fair value of an IRLC. Such guidance was rescinded by Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value Through Earnings" ("SAB 109"). Accordingly, with the adoption of SFAS No. 157 and SAB 109 on January 1, 2008, the day one gains and servicing value, adjusted by the loan funding probability, are included in the value of IRLCs.

The net change in fair value of the IRLCs and related forward delivery contracts for the three months ended March 31, 2008 and 2007 resulted in gains of $14.8 million and losses of $0.3 million, respectively, which have been recognized in the accompanying consolidated statements of operations. The significant change year over year is due principally to the inclusion of day one gains and the value of servicing the loan in 2008 associated with the adoption of SFAS No. 157 and SAB 109. The IRLCs are recorded in "Prepaid and other current assets" and/or "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheets. At March 31, 2008, there was $254.1 million of IRLCs notional value outstanding.

Effective January 1, 2008 the Company adopted SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure certain financial instruments at fair value with the objective of reducing both the complexity in the accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Upon adoption, IAC elected to account for loans held for sale issued after January 1, 2008 at fair value.

NOTE 9—FAIR VALUE MEASUREMENTS (Continued)

Electing the fair value option allows a better offset of the changes in fair values of the loans and the forward delivery contracts used to economically hedge them without the burden of complying with the requirements for hedge accounting under SFAS No. 133.

The Company did not elect the fair value option on loans held for sale of $3.7 million originated prior to January 1, 2008. These loans are carried at the lower of cost or market value determined on an aggregate basis except for loans that are impaired, which are assessed on an individual basis. The fair value of impaired loans at March 31, 2008, measured based on significant unobservable inputs (Level 3) was $2.9 million. The fair value of impaired loans is measured on a non-recurring basis and is based on management's best estimate of the market value of such loans and considers reprice bids received from the investors prior to repurchase, if applicable, or current bids in the secondary market for similar loans and represent management's best estimate of the market value of such loans.

During the three months ended March 31, 2008, the change in fair value of loans held for sale for which the fair value option has been elected was a loss of $0.1 million and is included as a component of revenue in the accompanying consolidated statement of operations.

The following table presents the difference between the aggregate fair value and the aggregate unpaid principal balance of loans held for sale at March 31, 2008 for which the fair value option has been elected:

	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
		(In thousands)	
Loans held for sale, net	$ 87,532	$ 84,952	$ 2,580

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

On July 19, 2005, IAC completed the acquisition of IAC Search & Media. As part of the transaction, IAC irrevocably and unconditionally guaranteed the Convertible Notes. IAC Search & Media is wholly owned by IAC.

The following tables present condensed consolidating financial information as of March 31, 2008 and December 31, 2007 and for the three months ended March 31, 2008 and 2007 for: the guarantor, IAC, on a stand-alone basis; IAC Search & Media (since its acquisition on July 19, 2005), on a stand alone basis; the combined non-guarantor subsidiaries of IAC; and, IAC on a consolidated basis.

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION (Continued)

Balance sheet as of March 31, 2008:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Current assets	$ 96,785	$ 151,954	$ 2,561,582	$ —	$ 2,810,321
Property and equipment, net	—	72,476	588,170	—	660,646
Goodwill and intangible assets, net	—	1,663,641	6,652,432	—	8,316,073
Investment in subsidiaries	14,940,845	1,327,061	11,881,899	(28,149,805)	—
Other assets	142,404	8,665	630,414	—	781,483
Total assets	$ 15,180,034	$ 3,223,797	$ 22,314,497	$ (28,149,805)	$ 12,568,523
Current liabilities	$ 11,083	$ 57,626	$ 1,663,613	$ —	$ 1,732,322
Long term obligations, net of current maturities	767,769	—	82,236	—	850,005
Other liabilities and minority interest	733,363	76,954	661,871	—	1,472,188
Intercompany liabilities (receivables)	5,153,811	(213,946)	(4,939,865)	—	—
Interdivisional equity	—	3,256,838	20,753,320	(24,010,158)	—
Shareholders' equity	8,514,008	46,325	4,093,322	(4,139,647)	8,514,008
Total liabilities and shareholders' equity	$ 15,180,034	$ 3,223,797	$ 22,314,497	$ (28,149,805)	$ 12,568,523

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION (Continued)

Balance sheet as of December 31, 2007:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Current assets	$ 93,819	$ 152,425	$ 3,041,185	$ —	$ 3,287,429
Property and equipment, net	—	75,711	575,763	—	651,474
Goodwill and intangible assets, net	—	1,670,211	6,207,700	—	7,877,911
Investment in subsidiaries	14,492,986	1,213,532	11,881,899	(27,588,417)	—
Other assets	83,139	8,422	616,145	—	707,706
Total assets	$ 14,669,944	$ 3,120,301	$ 22,322,692	$ (27,588,417)	$ 12,524,520
Current liabilities	$ 29,067	$ 77,077	$ 1,582,668	$ —	$ 1,688,812
Long term obligations, net of current maturities	754,542	—	80,024	—	834,566
Other liabilities and minority interest	733,978	76,954	606,548	—	1,417,480
Intercompany liabilities (receivables)	4,568,695	(199,063)	(4,369,632)	—	—
Interdivisional equity	—	3,143,309	20,557,068	(23,700,377)	—
Shareholders' equity	8,583,662	22,024	3,866,016	(3,888,040)	8,583,662
Total liabilities and shareholders' equity	$ 14,669,944	$ 3,120,301	$ 22,322,692	$ (27,588,417)	$ 12,524,520

Statement of operations for the three months ended March 31, 2008:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Net revenue	$ —	$ 192,215	$ 1,410,134	$ —	$ 1,602,349
Operating expenses	—	(164,375)	(1,367,962)	—	(1,532,337)
Interest (expense) income, net	(136,186)	1,889	131,937	—	(2,360)
Other income, net	186,421	6,944	68,631	(243,499)	18,497
Income tax provision	—	(12,102)	(24,707)	—	(36,809)
Minority interest in losses of consolidated subsidiaries	—	—	895	—	895
Earnings from continuing operations	50,235	24,571	218,928	(243,499)	50,235
Discontinued operations, net of tax	2,581	—	2,581	(2,581)	2,581
Net earnings available to common shareholders	$ 52,816	$ 24,571	$ 221,509	$ (246,080)	$ 52,816

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION (Continued)

Statement of cash flows for the three months ended March 31, 2008:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash flows (used in) provided by operating activities attributable to continuing operations	$ (195,596)	$ 31,587	$ 312,737	$ —	$ 148,728
Cash flows used in investing activities attributable to continuing operations	(244,425)	(2,659)	(106,712)	—	(353,796)
Cash flows provided by (used in) financing activities attributable to continuing operations	440,021	(26,343)	(573,281)	—	(159,603)
Net cash provided by discontinued operations	—	—	711	—	711
Effect of exchange rate changes on cash and cash equivalents	—	(269)	12,977	—	12,708
Cash and cash equivalents at beginning of period	—	64,977	1,520,325	—	1,585,302
Cash and cash equivalents at end of period	$ —	$ 67,293	$ 1,166,757	$ —	$ 1,234,050

Statement of operations for the three months ended March 31, 2007:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Net revenue	$ —	$ 146,951	$ 1,343,180	$ —	$ 1,490,131
Operating expenses	—	(135,369)	(1,269,316)	—	(1,404,685)
Interest (expense) income, net	(123,935)	1,236	126,974	—	4,275
Other income (expense), net	184,579	(1,671)	8,765	(183,145)	8,528
Income tax provision	—	(4,046)	(33,443)	—	(37,489)
Minority interest in losses (income) of consolidated subsidiaries	3	—	(116)	—	(113)
Earnings from continuing operations	60,647	7,101	176,044	(183,145)	60,647
Discontinued operations, net of tax	103	—	103	(103)	103
Net earnings available to common shareholders	$ 60,750	$ 7,101	$ 176,147	$ (183,248)	$ 60,750

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION (Continued)

Statement of cash flows for the three months ended March 31, 2007:

	IAC	IAC Search & Media	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash flows (used in) provided by operating activities attributable to continuing operations	$ (87,450)	$ 31,074	$ 88,012	$ —	$ 31,636
Cash flows (used in) provided by investing activities attributable to continuing operations	(54,062)	(8,642)	73,675	—	10,971
Cash flows provided by (used in) financing activities attributable to continuing operations	141,512	(18,700)	(382,466)	—	(259,654)
Net cash provided by discontinued operations	—	—	6,443	—	6,443
Effect of exchange rate changes on cash and cash equivalents	—	(66)	3,697	—	3,631
Cash and cash equivalents at beginning of period	—	51,013	1,377,127	—	1,428,140
Cash and cash equivalents at end of period	$ —	$ 54,679	$ 1,166,488	$ —	$ 1,221,167

NOTE 11—SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2007, $6.0 million in aggregate principal amount of Convertible Notes was converted by the holders. Upon conversion, 0.2 million shares of IAC common stock and 0.2 million shares of Expedia common stock were issued to the holders. There were no such conversions during the three months ended March 31, 2008.

NOTE 12—COMPREHENSIVE INCOME

Comprehensive income is comprised of (in thousands):

	Three Months Ended March 31,	
	2008	2007
Net earnings available to common shareholders	$ 52,816	$ 60,750
Foreign currency translation	21,418	2,802
Unrealized (losses) gains on available for sale securities	(16,994)	1,355
Net losses on derivative contracts	—	(2,462)
Other comprehensive income	4,424	1,695
Comprehensive income	$ 57,240	$ 62,445

NOTE 12—COMPREHENSIVE INCOME (Continued)

Accumulated other comprehensive income, net of tax, is comprised of (in thousands):

	March 31, 2008	December 31, 2007
Foreign currency translation	$ 107,193	$ 85,775
Unrealized losses on available for sale securities	(62,955)	(45,961)
Accumulated other comprehensive income	$ 44,238	$ 39,814

NOTE 13—INCOME TAXES

The Company calculates its interim income tax provision in accordance with Accounting Principles Board Opinion No. 28 and FASB Interpretation No. 18. At the end of each interim period, the Company makes its best estimate of the annual expected effective tax rate and applies that rate to its ordinary year-to-date earnings or loss. The tax or benefit related to significant, unusual, or extraordinary items that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws or rates, tax status, or judgment on the realizability of a beginning-of-the-year deferred tax asset in future years is recognized in the interim period in which the change occurs.

The computation of the annual expected effective tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected operating income for the year, projections of the proportion of income (or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision 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 estimated annual effective tax rate changes during a quarter, the effect of the change on prior quarters is included in tax expense for the current quarter.

For the three months ended March 31, 2008 and 2007, the Company recorded a tax provision for continuing operations of $36.8 million and $37.5 million, respectively, which represent effective tax rates of 43% and 38%, respectively. The tax rate for the three months ended March 31, 2008 is higher than the federal statutory rate of 35% due principally to state taxes, interest on tax contingencies, non-deductible costs related to the Proposed Spin-Offs, and a write-off of a deferred tax asset related to non-cash compensation, partially offset by foreign income taxed at lower rates. The tax rate for the three months ended March 31, 2007 is higher than the federal statutory rate of 35% due principally to state taxes and interest on tax contingencies, partially offset by foreign tax credits associated with equity income from unconsolidated affiliates.

As of December 31, 2007 and March 31, 2008, the Company had unrecognized tax benefits of approximately $235.6 million and $231.3 million, respectively. Unrecognized tax benefits for the quarter ended March 31, 2008 decreased by $4.3 million of which $3.4 million was recorded as a benefit to discontinued operations and relates to the effective settlement of prior year tax positions with the Internal Revenue Service ("IRS"). The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. Included in income tax expense for the three months ended March 31, 2008 is $2.6 million, net of related deferred taxes, for interest on

NOTE 13—INCOME TAXES (Continued)

unrecognized tax benefits. At March 31, 2008 the Company has accrued $43.0 million for the payment of interest. There are no material accruals 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 deductions and the allocation of income among various tax jurisdictions. Income tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year returns; however, the amount paid upon resolution of issues raised may differ from the amount provided. Differences between the reserves for tax contingencies and the amounts owed by the Company are recorded in the period they become known. If unrecognized tax benefits are subsequently recognized, approximately $46.4 million and $34.1 million, net of related deferred tax assets, would reduce income tax expense from continuing operations and discontinued operations, respectively.

The IRS is currently examining the Company's tax returns for the years ended December 31, 2001 through 2003. The statute of limitations for these years has been extended to December 31, 2008. Various state, local and foreign jurisdictions are currently under exam, the most significant of which are California, Florida, New York and New York City, for various tax years after December 31, 2001. The examinations are expected to be completed by late 2008. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by approximately $37.9 million within twelve months of the current reporting date due to settlements and the reversal of deductible temporary differences which will result in a corresponding increase in net deferred tax liabilities. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

NOTE 14—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. It is possible that an unfavorable outcome of one or more of these lawsuits could have a material impact on the liquidity, results of operations, or financial condition of the Company. The Company also evaluates other contingent matters, including tax contingencies, to assess the probability and estimated extent of potential loss. See Note 13 for discussion related to income tax contingencies.

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

GENERAL

Management Overview

IAC/InterActiveCorp's operating businesses provide products and services through a diversified portfolio of specialized and global brands and enable billions of dollars of consumer direct transactions and advertising for products and services via interactive distribution channels. All references to "IAC," the "Company," "we," "our" or "us" in this report are to IAC/InterActiveCorp.

On November 5, 2007, the Company announced that its Board of Directors approved a plan to separate IAC into five publicly traded companies:

- IAC, which is expected to include:
    - the businesses currently comprising its Media & Advertising sector;
    - the Match, ServiceMagic and Entertainment segments;
    - the businesses currently comprising its Emerging Businesses group, including Shoebuy and ReserveAmerica, which were formerly included in the Retailing and Ticketmaster segments, respectively; and
    - certain investments in unconsolidated affiliates.
- HSN, which is expected to include HSN TV, *HSN.com*, and the Cornerstone Brands, Inc. portfolio of catalogs, web sites and retail locations;
- Ticketmaster, which is expected to include its primary domestic and international operations as well as certain investments in unconsolidated affiliates;
- Interval International, which is expected to include the businesses currently in the Interval segment; and,
- LendingTree, which is expected to include the businesses currently in the Lending and Real Estate segments.

In this report, we refer to this transaction as the "Proposed Spin-Offs." The Proposed Spin-Offs are subject to a number of conditions, including, among others, final approval of the transaction specifics by the Company's Board of Directors, confirmation regarding the tax-free nature of the transaction, and the filing and effectiveness of registration statements with the Securities and Exchange Commission. The Proposed Spin-Offs are expected to be completed in the third quarter of 2008. Upon completion of the Proposed Spin-Offs, IAC would have no ownership interest in HSN, Ticketmaster, Interval International and LendingTree.

During the first quarter of 2008, in contemplation of the Proposed Spin-Offs, IAC reorganized its Retailing, Ticketmaster and Emerging Businesses reporting segments. Shoebuy and ReserveAmerica, which were previously included in the Retailing and Ticketmaster segments, respectively, are now included in the Emerging Businesses segment. Information for all prior periods has been restated for comparative purposes. The entities that are expected to comprise IAC after the completion of the Proposed Spin-Offs are referred to collectively herein as "New IAC".

For a more detailed presentation of the Company's operating businesses, see the Company's annual report on Form 10-K for the year ended December 31, 2007.

Results of operations for the three months ended March 31, 2008 compared to the three months ended March 31, 2007

Given the Proposed Spin-Offs, we thought it appropriate to present results for the businesses which are expected to comprise New IAC, HSN, Ticketmaster, LendingTree and Interval International after the spin-offs. The information is presented for illustrative purposes only and is not indicative of the operating results that would have been achieved if the Proposed Spin-Offs had occurred prior to, or during, the periods presented, nor is it indicative of future operating results. Set forth below are the contributions to consolidated revenue, operating income and Operating Income Before Amortization (as defined in IAC's Principles of Financial Reporting) for the three months ended March 31, 2008 and 2007 (rounding differences may occur):

	Three months ended March 31,			
	2008	Percentage of total	2007	Percentage of total
	(Dollars in millions)			
Revenue:				
New IAC	$ 392.0	24%	$ 320.7	22%
Retailing (To be named HSN)	676.9	42%	666.7	45%
Ticketmaster	349.0	22%	303.6	20%
LendingTree	70.2	4%	113.2	8%
Interval	115.9	7%	86.4	6%
Intercompany elimination	(1.7)	0%	(0.5)	0%
Total	$ 1,602.3	100%	$ 1,490.1	100%

	Three months ended March 31,*			
	2008	Percentage of total	2007	Percentage of total
	(Dollars in millions)			
Operating Income (Loss):				
New IAC	$ (33.3)	(48)%	$ (39.2)	(46)%
Retailing (To be named HSN)	20.2	29%	35.2	41%
Ticketmaster	51.0	73%	64.8	76%
LendingTree	(8.7)	(12)%	(7.8)	(9)%
Interval	40.8	58%	32.6	38%
Total	$ 70.0	100%	$ 85.4	100%

	Three months ended March 31,*			
	2008	Percentage of total	2007	Percentage of total
	(Dollars in millions)			
Operating Income Before Amortization:				
New IAC	$ 5.0	4%	$ (6.0)	(4)%
Retailing (To be named HSN)	26.2	19%	39.4	28%
Ticketmaster	61.7	46%	71.6	51%
LendingTree	(4.9)	(4)%	(3.4)	(2)%
Interval	47.3	35%	38.9	28%
Total	$ 135.2	100%	$ 140.4	100%

* New IAC amounts above include all corporate and spin-off expenses.

Consolidated Results

Revenue

Revenue in 2008 increased 8% or $112.2 million from 2007 primarily as a result of revenue increases of $71.3 million from New IAC, $45.4 million from Ticketmaster, $29.5 million from Interval and $10.2 million from Retailing, partially offset by a decrease of $43.0 million from LendingTree.

The revenue growth from New IAC resulted from increases of $47.5 million from Media & Advertising, $15.3 million from the Emerging Businesses group and $8.1 million from Match. The contribution from Media & Advertising was driven by improved economics associated with its renewed partnership with Google, which resulted in an increase in revenue per query across all proprietary search sites. The increase at the Emerging Businesses group was driven primarily by strong revenue growth at Pronto.com and Shoebuy. Also contributing to the increased revenue at New IAC is a 9% increase in average revenue per subscriber, primarily in international markets, and a 1% increase in worldwide subscribers at Match.

The revenue growth from Ticketmaster was driven primarily by the acquisitions of Paciolan, Inc. ("Paciolan") and TicketsNow International, Inc. ("TicketsNow"), which were not in the year ago period, higher average revenue per ticket and slightly higher overall ticket volumes. The contribution from Interval was driven primarily by its acquisition of ResortQuest Hawaii on May 31, 2007, as well as a 6% increase in confirmed vacations and a 4% increase in membership. The revenue increase from Retailing reflects 5% growth at HSN, partially offset by a decline at the Catalogs business. Offsetting overall revenue growth in 2008 is a decline at LendingTree, which continues to operate in a difficult home loan market.

Cost of sales

	Three months ended March 31,		
	2008	% Change	2007
	(Dollars in thousands)		
Cost of sales	$862,414	12%	$771,315
As a percentage of total revenue	54%	206 bp	52%
Gross margins	46%	(206) bp	48%

Cost of sales consists primarily of the cost of products sold, as well as ticketing royalties, traffic acquisition costs, compensation and other employee-related costs (including stock-based compensation) for personnel engaged in warehouse and call center functions and credit card processing fees. Ticketing royalties relate to Ticketmaster's clients' share of convenience and order processing charges. Traffic acquisition costs consist of revenue share payments to partners that have distributed toolbars and/or integrated sponsored listings into their websites and similar arrangements with third parties who direct traffic to our websites.

Cost of sales in 2008 increased $91.1 million from 2007 primarily due to increases of $36.2 million from Ticketmaster, $22.7 million from Retailing, $21.3 million from New IAC and $17.0 million from Interval. The increase in cost of sales from Ticketmaster was primarily driven by increases of $12.7 million in ticketing royalties resulting from higher revenue and higher royalty rates, and $11.2 million in compensation and other employee-related costs due, in part, to a 22% increase in headcount. Included in these increases is the impact of acquisitions not in the year ago period. Cost of sales from Retailing increased primarily due to an increase of $18.9 million in the cost of products sold and $3.1 million in shipping and handling costs. The increase in cost of sales from New IAC was primarily due to an increase of $16.3 million in revenue share payments to third party traffic sources which is a direct result from the growth in proprietary and network revenue at Media & Advertising.

Also contributing to the increase in cost of sales were increased expenses from Interval primarily driven by its acquisition of ResortQuest Hawaii.

Selling and marketing expense

	Three months ended March 31,		
	2008	% Change	2007
		(Dollars in thousands)	
Selling and marketing expense	$337,197	2%	$331,378
As a percentage of total revenue	21%	(119) bp	22%

Selling and marketing expense consists primarily of advertising and promotional expenditures, compensation and other employee-related costs (including stock-based compensation) for personnel engaged in customer service and sales functions, and on-air distribution costs. Advertising and promotional expenditures primarily include online marketing and catalog circulation costs, as well as television, print and radio spending.

Selling and marketing expense in 2008 increased $5.8 million from 2007, primarily due to increases of $17.4 million from New IAC and $12.2 million from Ticketmaster, partially offset by a decrease of $23.2 million at LendingTree.

The increase in selling and marketing expense from New IAC resulted from increases of $7.1 million from the Emerging Businesses group, $5.4 million from Match and $2.3 million from ServiceMagic. The increase in selling and marketing expense from the Emerging Businesses group is primarily related to Pronto.com. Selling and marketing expense from Match increased primarily due to an increase of $6.7 million in advertising and promotional expenditures, including customer acquisition costs principally related to Chemistry.com. Also contributing to the increase in selling and marketing expense from New IAC is an increase of $2.0 million in compensation and other employee-related costs at ServiceMagic primarily related to the expansion of its sales force due in part to the opening of a new call center in Kansas City in the second quarter of 2007. Favorably impacting advertising and promotional expenditures at New IAC is the reduction in the current year marketing expense of $4.6 million from Media & Advertising, resulting from the capitalization and amortization of costs associated with the distribution of toolbars, which began on April 1, 2007. These costs had previously been expensed as incurred.

The increase in selling and marketing expense from Ticketmaster is primarily due to increases of $8.2 million in advertising and promotional expenditures and $2.3 million in compensation and other employee-related costs. The increase in advertising and promotional expenditures from Ticketmaster is due in part to an increase in marketing efforts including resale ticket services such as ticket exchange. Included in these increases is the impact of acquisitions not in the year ago period, which contributed $2.2 million and $1.3 million to advertising and promotional expenditures and compensation and other employee-related costs, respectively. Partially offsetting the overall increase in selling and marketing expense is a decrease of $23.3 million in advertising and promotional expenditures at LendingTree, reflecting decreased spending associated with online marketing and print and television advertising.

General and administrative expense

	Three months ended March 31,		
	2008	% Change	2007
		(Dollars in thousands)	
General and administrative expense	$219,878	8%	$202,995
As a percentage of total revenue	14%	10 bp	14%

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

General and administrative expense in 2008 increased $16.9 million from 2007 primarily due to increases of $15.6 from New IAC, $6.8 million from Ticketmaster and $3.2 million from Interval, partially offset by a decrease of $9.2 million from LendingTree.

The increase in general and administrative expense from New IAC was primarily due to increases of $7.0 million from corporate and $5.3 million from the Emerging Businesses group. The increase at corporate is primarily due to $8.6 million in expenses related to the Proposed Spin-Offs. General and administrative expense from the Emerging Businesses group increased primarily due to the inclusion of InstantAction.com and RushmoreDrive.com and other start-up businesses not in the year ago period.

The increase in general and administrative expense from Ticketmaster was primarily due to increases of $3.7 million in compensation and other employee-related costs and $1.5 million in professional fees. The increase in compensation and other employee-related costs is primarily due to an increase of $3.3 million associated with recent acquisitions not in the year ago period. Also contributing to the increase in general and administrative expense is increased expenses from Interval primarily driven by its acquisition of ResortQuest Hawaii on May 31, 2007. Partially offsetting the overall increase in general and administrative expense is a decrease of $8.0 million in compensation and other employee-related costs at LendingTree resulting from a reduction in workforce that occurred in 2007, subsequent to the first quarter.

General and administrative expense includes non-cash compensation expense of $24.5 million in 2008 compared with $20.3 million in 2007. The increase in non-cash compensation expense is primarily due to equity grants issued subsequent to the first quarter of 2007, partially offset by a decrease in expense associated with unvested stock options assumed in the IAC Search & Media and Cornerstone Brands acquisitions as well as the impact of equity modifications recorded in the prior year. As of March 31, 2008, there was approximately $261.9 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity based awards, which is currently expected to be recognized over a weighted average period of approximately 2.8 years.

Other operating expense

	Three months ended March 31,		
	2008	**% Change**	**2007**
		(Dollars in thousands)	
Other operating expense	$ 33,913	12%	$ 30,415
As a percentage of total revenue	2%	8 bp	2%

Other operating expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in production and programming at Retailing and product development at Media & Advertising and LendingTree which include costs related to the design, development, testing and enhancement of technology that are not capitalized.

Other operating expense in 2008 increased $3.5 million from 2007, primarily due to an increase of $4.4 million in compensation and other employee-related costs at Media & Advertising due in part to a 6% increase in headcount, as it continues to upgrade and enhance its search technology and products. This increase was partially offset by a decrease of $2.2 million in compensation and other employee-related costs at LendingTree resulting from a reduction in workforce that occurred in 2007, subsequent to the first quarter.

Depreciation

	Three months ended March 31,		
	2008	% Change	2007
		(Dollars in thousands)	
Depreciation	$ 42,603	13%	$ 37,847
As a percentage of total revenue	3%	12 bp	3%

Depreciation for 2008 increased $4.8 million from 2007 primarily due to the incremental depreciation associated with capital expenditures made during 2007 and 2008, partially offset by certain fixed assets becoming fully depreciated during the period.

Operating Income Before Amortization

	Three months ended March 31,		
	2008	% Change	2007
		(Dollars in thousands)	
Operating Income Before Amortization	$135,247	(4)%	$140,407
As a percentage of total revenue	8%	(98) bp	9%

Operating Income Before Amortization in 2008 decreased $5.2 million from 2007 primarily due to declines of $13.2 million and $10.0 million from Retailing and Ticketmaster, respectively, which more than offset growth of $11.0 million and $8.4 million from New IAC and Interval, respectively.

The decrease in Operating Income Before Amortization from Retailing is primarily related to lower gross margins at Catalogs, which is operating in a highly promotional retail environment. The decline in Operating Income Before Amortization from Ticketmaster is primarily due to discrete items benefiting the prior year period, losses associated with acquisitions and strategic investments, particularly in Germany and China, increased expenses associated with product and technology initiatives, and higher overall royalty rates.

The increase in Operating Income Before Amortization from New IAC is primarily due to an increase of $19.7 million from Media & Advertising, partially offset by decreases of $5.0 million and $4.4 million from the Emerging Businesses group and corporate, respectively. Contributing favorably to Operating Income Before Amortization is the impact of higher revenue from Media & Advertising, as well as the reduction in the current year marketing expense of $4.6 million resulting from the capitalization and amortization of certain costs as described above in the selling and marketing expense discussion. This increase was partially offset by increased losses from the Emerging Businesses group which includes the results of InstantAction.com and RushmoreDrive.com and other start-up businesses not in the year ago period, and $8.6 million in expenses from corporate related to the Proposed Spin-Offs. Additionally, Operating Income Before Amortization was positively impacted by continued growth at Interval, due, in part to the acquisition of ResortQuest Hawaii.

Operating income

	Three months ended March 31,		
	2008	% Change	2007
		(Dollars in thousands)	
Operating income	$ 70,012	(18)%	$ 85,446
As a percentage of total revenue	4%	(136) bp	6%

Operating income in 2008 decreased $15.4 million from 2007 primarily due to a decrease of $5.2 million in Operating Income Before Amortization discussed above, a $6.0 million increase in amortization of non-cash marketing and a $4.7 million increase in non-cash compensation expense,

partially offset by a $0.4 million decrease in amortization of intangibles. The amortization of non-cash marketing referred to in this report consists of non-cash advertising secured from Universal Television as part of the transaction pursuant to which Vivendi Universal Entertainment, LLLP ("VUE") was created, and the subsequent transaction by which IAC sold its partnership interests in VUE.

Other income (expense)

	Three months ended March 31,		
	2008	% Change	2007
	(Dollars in thousands)		
Other income (expense):			
Interest income	$ 10,491	(46)%	$ 19,291
Interest expense	(12,851)	14%	(15,016)
Equity in income of unconsolidated affiliates	6,445	(18)%	7,847
Other income	12,052	1,670%	681

Interest income in 2008 decreased $8.8 million from 2007 primarily due to lower cash and marketable securities balances in 2008, as well as a partial reallocation of investments into tax-exempt cash equivalents and marketable securities. Interest expense in 2008 decreased $2.2 million from 2007 as average interest rates and the average amount of outstanding debt decreased year over year.

Equity in income of unconsolidated affiliates in 2008 decreased $1.4 million from 2007 primarily due to a loss from the Company's investment in Medem, Inc., an interactive online health communication services company, which is not in the year ago period.

Other income in 2008 increased $11.4 million from 2007 primarily due to a gain of $4.2 million in 2008 related to the derivative asset received by the Company in connection with the sale of HSE, a year over year positive change of $2.6 million in the amount recognized related to the derivatives created in the Expedia spin-off and an increase of $2.1 million in foreign exchange gains.

Income tax provision

In 2008, the Company recorded a tax provision for continuing operations of $36.8 million which represents an effective tax rate of 43%. The 2008 tax rate is higher than the federal statutory rate of 35% due principally to state taxes, interest on tax contingencies, non-deductible costs related to the Proposed Spin-Offs and a write-off of a deferred tax asset related to non-cash compensation, partially offset by foreign income taxed at lower rates. In 2007, the Company recorded a tax provision for continuing operations of $37.5 million which represents an effective tax rate of 38%. The 2007 tax rate is higher than the federal statutory rate of 35% due principally to state taxes and interest on tax contingencies, partially offset by foreign tax credits associated with equity income from unconsolidated affiliates.

As of December 31, 2007 and March 31, 2008, the Company had unrecognized tax benefits of approximately $235.6 million and $231.3 million, respectively. Unrecognized tax benefits for the quarter ended March 31, 2008 decreased by $4.3 million of which $3.4 million was recorded as a benefit to discontinued operations and relates to the effective settlement of prior year tax positions with the Internal Revenue Service. The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. Included in income tax expense for the three months ended March 31, 2008 is $2.6 million, net of related deferred taxes, for interest on unrecognized tax benefits. At March 31, 2008 the Company has accrued $43.0 million for the payment of interest. There are no material accruals 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 deductions and the

allocation of income among various tax jurisdictions. Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year returns; however, the amount paid upon resolution of issues raised may differ from the amount provided. Differences between the reserves for 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 approximately $37.9 million within twelve months of the current reporting date due to settlements and the reversal of deductible temporary differences which will result in a corresponding increase in net deferred tax liabilities. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

Discontinued operations

Discontinued operations in the accompanying consolidated statements of operations include the German TV and internet retailer Home Shopping Europe GmbH & Co. KG, and its affiliated station HSE24 ("HSE") through March 31, 2007. Quiz TV Limited, iBuy, TV Travel Shop, Styleclick and ECS are presented as discontinued operations in the accompanying consolidated statements of operations for all periods presented. Income from these discontinued operations, net of tax, in 2008 and 2007 was $2.6 million and $0.1 million, respectively. The 2008 amount is principally due to a tax benefit on reserves released during the quarter related to HSN International, partially offset by losses of iBuy. The 2007 amount is principally due to the income of HSE, partially offset by losses of iBuy.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill and indefinite-lived intangible assets, primarily trade names and trademarks, are tested annually for impairment as of October 1 or earlier upon the occurrence of certain events or substantive changes in circumstances. The Company's 2007 annual impairment assessment identified impairment for goodwill and indefinite-lived intangible assets of its Lending and Entertainment reporting units. Certain reporting units are currently operating in dynamic and challenged industry segments. These include HSN, Catalogs, Lending, Real Estate and Entertainment. To illustrate the magnitude of potential impairment charges relative to future changes in estimated fair value, had the estimated fair value of each of these reporting units and their respective indefinite-lived intangible assets been hypothetically lower by 10% as of October 1, 2007, the aggregate book value of goodwill and indefinite-lived intangible assets would have exceeded fair value by approximately $166.0 million at HSN, $74.0 million at Catalogs, $7.0 million at Lending, $8.0 million at Real Estate and $16.0 million at Entertainment. Had the estimated fair values of each of these reporting units and their respective indefinite-lived intangible assets been hypothetically lower by 20% as of October 1, 2007, the book value of goodwill and indefinite-lived intangible assets would have exceeded fair value by approximately $441.0 million at HSN, $156.0 million at Catalogs, $21.0 million at Lending, $18.0 million at Real Estate and $24.0 million at Entertainment.

In addition to the discussion of the consolidated results above, the following is a discussion of the results of New IAC and each of the businesses to be established by the spin-off transaction.

Refer to Note 5 to the consolidated financial statements for reconciliations by segment of Operating Income Before Amortization to Operating Income.

NEW IAC

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Revenue:			
Media & Advertising	$ 215,549	28%	$ 168,054
Match	90,536	10%	82,401
ServiceMagic	28,948	34%	21,594
Entertainment	20,962	1%	20,701
Emerging Businesses	43,752	54%	28,437
Intercompany Elimination	(7,731)	(1,478)%	(490)
Total	$ 392,016	22%	$ 320,697

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Operating Income (Loss):			
Media & Advertising	$ 30,695	192%	$ 10,511
Match	7,136	(13)%	8,184
ServiceMagic	5,610	6%	5,300
Entertainment	(14,487)	(5)%	(13,732)
Emerging Businesses	(8,704)	(139)%	(3,645)
Corporate	(53,595)	(17)%	(45,859)
Total	$ (33,345)	15%	$ (39,241)

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Operating Income Before Amortization:			
Media & Advertising	$ 36,925	115%	$ 17,197
Match	10,139	21%	8,398
ServiceMagic	6,149	(1)%	6,222
Entertainment	(13,939)	(7)%	(13,047)
Emerging Businesses	(7,222)	(231)%	(2,179)
Corporate	(27,049)	(20)%	(22,628)
Total	$ 5,003	NM	$ (6,037)

Media & Advertising

Media & Advertising consists of proprietary properties such as Ask.com, Fun Web Products, Citysearch and Evite and network properties which include distributed search, sponsored listings and toolbars.

Revenue grew 28% to $215.5 million, due to improved economics associated with the renewed partnership with Google, which resulted in an increase in revenue per query across all proprietary search sites. Revenue further benefited from an increase in both queries and revenue per query at Fun Web Products and from distributed search. Revenue and revenue per query at Ask.com grew strongly, even excluding the benefits of the renewed contract. Queries declined overall due largely to significantly reduced marketing which more than offset growth in the core user base which searches most frequently. Proprietary revenue growth outpaced that of network revenue primarily due to an increase in revenue per query at proprietary sites like Ask.com and Zwinky.com.

Operating Income Before Amortization increased 115% to $36.9 million, primarily due to the revenue growth noted above, as well as a reduction in the current year marketing expense of $4.6 million resulting from the capitalization and amortization of costs associated with the distribution of toolbars, which began on April 1, 2007. These costs had previously been expensed as incurred. The increase in Operating Income Before Amortization was adversely impacted by increases of $18.5 million in cost of sales and $5.1 million in other operating expense. The increase in cost of sales primarily related to revenue share payments to third party traffic sources which is a direct result of the growth in proprietary and network revenue. The increase in other operating expense was primarily due to an increase of $4.4 million in compensation and other employee-related costs due in part to a 6% increase in headcount, as our Media & Advertising business continues to upgrade and enhance its search technology and products.

Operating income increased 192% to $30.7 million, primarily due to the increase in Operating Income Before Amortization described above and a $0.5 million decrease in amortization of non-cash marketing.

As discussed, the Company has entered into a new paid listings agreement with Google effective January 1, 2008. The new contract limits our ability to distribute sponsored listings to certain network partners. This will lead to a greater percentage of revenues for our Media & Advertising segment coming from the higher-margin proprietary side of the business, and a lesser percentage from the lower-margin network business, an effect impacting results for the first quarter. The shift in revenue streams will continue, but at a more rapid pace in the second quarter. As a result, for the remainder of 2008 we expect to see continuing strong margins and benefits to profit growth, while simultaneously seeing a negative impact on revenue growth.

Match

Revenue grew 10% to $90.5 million, reflecting an 8% and 12% increase in international subscribers and revenue per subscriber, respectively, and 6% growth in revenue per subscriber domestically where subscribers declined slightly. The growth in international paid subscribers was driven by expansion in several markets, most notably Scandinavia and the United Kingdom.

Operating Income Before Amortization increased 21% to $10.1 million, growing at a faster rate than revenue primarily due to lower international customer acquisition costs as a percentage of revenue, partially offset by an increase in domestic customer acquisition costs. The increase in domestic customer acquisition costs reflects an increase in spending related to Chemistry.com, which continues to grow subscribers, partially offset by reductions in other domestic marketing spend.

Operating income decreased 13% to $7.1 million despite the increase in Operating Income Before Amortization discussed above, primarily due to a $2.8 million increase in amortization of non-cash marketing.

ServiceMagic

Revenue grew 34% to $28.9 million, benefiting from a 12% increase in customer service requests, improved monetization of service requests and a 7% increase in the number of service providers in the network.

Operating Income Before Amortization was relatively flat in 2008, primarily due to the increase in revenue noted above, offset entirely by increases of $3.3 million in cost of sales, $2.3 million in selling and marketing expense and $1.6 million in general and administrative expense. The increase in costs of sales is primarily driven by increased customer acquisition costs. Selling and marketing expense reflects increased compensation and other employee-related costs associated with the expansion of the sales force due in part to the opening of a new call center in Kansas City in the second quarter of 2007, and offline marketing expenses. Contributing to the increase in general and administrative expense is increased compensation and other employee-related costs, due, in part to a 5% increase in headcount. Operating Income Before Amortization was further impacted by slower growth from higher margin discretionary home repair and improvement requests, which we believe is due, in part, to the general slowdown in housing and consumer spending. Near-term results may continue to be impacted if current adverse economic conditions persist.

Operating income increased 6% to $5.6 million, despite the flat Operating Income Before Amortization discussed above, primarily due to a $0.4 million decrease in amortization of intangibles.

Entertainment

Revenue grew 1% to $21.0 million, primarily due to an increase in revenue from paid advertising and continued strength in custom discount and promotion products marketed to corporate clients, partially offset by lower online sales of the core coupon book.

Operating Income Before Amortization decreased 7% to a loss of $13.9 million, primarily due to increases in professional fees and compensation and other employee-related costs. These increases reflect ongoing investments made in the local paid advertising sales force.

Operating loss increased 5% to a loss of $14.5 million in 2008, primarily due to the decrease in Operating Income Before Amortization described above, partially offset by a decrease in amortization of intangibles.

Entertainment's revenue is significantly seasonal with the majority of the segment's revenue and all of its profits earned in the fourth quarter.

Emerging Businesses

Emerging Businesses include Shoebuy, ReserveAmerica, Pronto.com, Gifts.com, InstantAction.com and programming businesses such as Connected Ventures, 23/6, VeryShortList.com and RushmoreDrive.com, as well as other start-up businesses.

Revenue grew 54% to $43.8 million reflecting strong growth at Pronto.com and Shoebuy.

Operating Income Before Amortization loss and operating loss increased 231% and 139%, respectively, to losses of $7.2 million and $8.7 million, respectively. Losses increased due primarily to the inclusion of InstantAction.com and RushmoreDrive.com and other start-up businesses which were not in the year ago period.

Corporate

Corporate operating expenses in 2008 and 2007 were $53.6 million and $45.9 million, respectively. Corporate operating expenses include non-cash compensation expense for all equity grants

denominated in IAC shares and in 2008 include expenses related to the Proposed Spin-Offs. Refer to the consolidated general and administrative expense discussion on page 33 for additional information.

The Company expects corporate operating expenses to significantly increase in 2008 due to professional fees relating to, and charges associated with equity award modifications to be made in connection with, the Proposed Spin-Offs.

Retailing

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Revenue	$ 676,886	2%	$ 666,705
Operating Income	$ 20,241	(42)%	$ 35,186
Operating Income Before Amortization	$ 26,213	(33)%	$ 39,384

Revenue grew 2% to $676.9 million, primarily due to 9% growth at HSN, excluding America's Store, which ceased operations on April 3, 2007, partially offset by a decline of 7% at Catalogs. Online sales continued to grow at a double digit rate in the first quarter of 2008. HSN's revenue grew 5%, reflecting a 5% increase in average price point on comparable units shipped, partially offset by a 90 basis point increase in return rates. The increase in average price point is primarily due to a shift in sales mix from health & beauty to the home division (including electronics and cookware). During the quarter, HSN continued to improve sales efficiency and increased the number and spend of active customers. Catalogs revenue declined primarily due to a 4% decrease in units shipped and a 2% decrease in average price point. Catalogs, which is principally comprised of home and apparel merchandise, continues to be affected by the difficult retail environment.

Operating Income Before Amortization decreased 33% to $26.2 million, primarily due to a 240 basis point decrease in gross margins and an increase of $2.6 million in bad debt expense. Operating Income Before Amortization at HSN declined 1% to $31.4 million, primarily driven by a decrease in gross margins of 140 basis points. Gross margins were adversely impacted by a shift in mix to lower gross margin products, primarily electronics and cookware, an increase of $4.3 million in shipping and handling costs and the effect of merchandise clearance and promotional pricing, partially offset by lower inventory reserves. The increase in bad debt expense is primarily due to increased Flexpay sales at HSN. Flexpay, which is offered exclusively through HSN, allows customers to pay for merchandise in interest free monthly payments over a 2-6 month period. Flexpay sales were 54% and 48% of total HSN net merchandise sales for the first quarter of 2008 and 2007, respectively. Operating Income Before Amortization at Catalogs declined from $7.7 million in 2007 to a loss of $5.2 million in 2008, primarily driven by a decrease in gross margins of 390 basis points reflecting a shift in mix to lower gross margin products in a highly promotional retail environment, partially offset by a 15% decline in circulation.

Operating income decreased 42% to $20.2 million, primarily due to the decrease in Operating Income Before Amortization described above. Operating income of $27.6 million at HSN for 2008 reflects $3.7 million in amortization of non-cash marketing and amortization of intangibles of $0.1 million, a decrease of $1.5 million. Operating loss of $7.3 million at Catalogs for 2008 reflects amortization of intangibles of $2.1 million, a decrease of $0.4 million. The decrease in amortization of intangible at both HSN and Catalogs resulted from certain intangible assets being fully amortized in 2007.

The disappointing results for the first quarter at the Catalogs business were due, in large part, to the continuing difficult macro environment for retailers, particularly in the home and apparel categories. The Company is taking actions in response to this environment, including reducing inventory purchases and capital and operating expenditures and revisiting merchandising and marketing, including

catalog circulation, strategies. While we expect full year profitability at this business, we expect the remainder of 2008 to be challenging, with near term profit growth unlikely.

Ticketmaster

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Revenue	$ 348,981	15%	$ 303,577
Operating Income	$ 51,025	(21)%	$ 64,783
Operating Income Before Amortization	$ 61,683	(14)%	$ 71,636

Revenue grew 15% to $349.0 million, driven by increases in both domestic and international revenue as worldwide tickets sold increased 3% with a 7% increase in average revenue per ticket. Domestic revenue grew by 15% primarily due to contributions from Paciloan and TicketsNow, acquired in January and February 2008, respectively, as well as a 7% increase in average revenue per ticket and a 1% increase in the number of tickets sold. The increase in average domestic revenue per ticket resulted from higher convenience and processing fees. International revenue grew by 16%, or 6% excluding the impact of foreign exchange, primarily due to increased revenue from Canada and Australia. Acquisitions contributed approximately $18.4 million to Ticketmaster's overall revenue growth in 2008.

Operating Income Before Amortization decreased 14% to $61.7 million, despite the higher revenue noted above primarily due to increases in cost of sales, selling and marketing expense and general and administrative expense. The increase in cost of sales was driven primarily by increases of $12.7 million in ticketing royalties resulting from higher revenue and higher royalty rates, and $11.2 million in compensation and other employee related costs associated, in part, with a 22% increase in headcount. Selling and marketing expense increased by $12.2 million primarily due to increases of $8.2 million in advertising and promotional expenditures and $2.3 million in compensation and other employee related costs as Ticketmaster continues to build out its worldwide infrastructure. The increase in advertising and promotional expenditures is due in part to an increase in marketing efforts including resale ticket services such as ticket exchange. The increase in general and administrative expense is primarily due to an increase in compensation and other employee-related costs and a $1.5 million increase in professional fees. Contributing to the increase in cost of sales, selling and marketing expense and general and administrative expense is the impact of acquisitions not in the year ago period of $12.5 million, $4.7 million and $2.9 million, respectively.

Operating income decreased 21% to $51.0 million, primarily due to the decrease in Operating Income Before Amortization described above and increases of $2.0 million in amortization of intangibles and $1.8 million in non-cash compensation expense.

Ticketmaster has taken steps to replace the revenue it expects to lose upon the expiration of its contract with Live Nation, Inc. at the end of 2008. These include a number of discrete investments including new acquisitions, efforts to gain scale in the market for ticket resale services and adding resources into growth efforts internationally which come with up front costs. These continuing investments, as well as higher royalty rates and general cost increases, are expected to impact results throughout 2008, with a continuation of faster revenue growth than profit growth, though not to the extent seen in the first quarter.

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Revenue:			
Lending	$ 61,811	(38)%	$ 99,998
Real Estate	8,382	(37)%	13,231
Total	$ 70,193	(38)%	$ 113,229

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Operating (Loss) Income:			
Lending	$ (3,658)	NM	$ 127
Real Estate	(5,042)	37%	(7,972)
Total	$ (8,700)	(11)%	$ (7,845)

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Operating Income Before Amortization:			
Lending	$ (1,014)	NM	$ 3,113
Real Estate	(3,934)	40%	(6,557)
Total	$ (4,948)	(44)%	$ (3,444)

Lending

Revenue decreased 38% to $61.8 million, primarily due to fewer loans sold into the secondary market and fewer loans closed at the exchange. Lenders' continued narrow focus on traditional mortgage products contributed to lower close rates and a shift to lower margin products as compared to the prior year. Revenue from all home loan products declined with home equity loans, purchase mortgage revenue and refinance mortgage revenue declining 75%, 38% and 22%, respectively. The dollar value of loans closed by exchange lenders and directly by LendingTree Loans in 2008 decreased 42% to $4.3 billion. This includes refinance mortgages of $2.7 billion, purchase mortgages of $1.0 billion and home equity loans of $0.5 billion. The dollar value of closed loans in 2007 was $7.4 billion, including refinance mortgages of $4.1 billion, purchase mortgages of $1.8 billion and home equity loans of $1.3 billion.

Operating Income Before Amortization decreased to a loss of $1.0 million, declining at a faster rate than revenue due to higher costs per loan sold resulting from lower close rates and stricter underwriting criteria, partially offset by decreases of $19.7 million in selling and marketing expense and $7.1 million in general and administrative expense. The decrease in selling and marketing expense is primarily due to a decrease of $20.7 million in advertising and promotional expenditures. In 2008, Lending experienced decreased spending of $11.0 million, $6.1 million and $4.1 million associated with online marketing and print and television advertising, respectively. General and administrative expense declined primarily due to a decrease of $6.5 million in compensation and other employee-related costs resulting from a reduction in workforce that occurred in 2007, subsequent to the first quarter, partially offset by charges, aggregating $3.1 million, associated with legal and regulatory costs and restructuring initiatives.

Operating income decreased by $3.8 million to a loss of $3.7 million, primarily due to the decrease in Operating Income Before Amortization described above, partially offset by a decrease of $0.3 million in amortization of intangibles.

As previously discussed, LendingTree has significantly reduced its mortgage origination operations in response to adverse mortgage market conditions. These adverse conditions include, among others, constrained liquidity, lender focus on low margin conforming loans, the decline in real estate values and a high rate of delinquency for existing mortgages. While the actions taken by LendingTree have narrowed losses as compared to the fourth quarter of 2007, no assurances can be made that additional changes will not be required. In addition, these actions will reduce or slow its ability to react to possible improvements in the market.

Real Estate

Revenue decreased 37% to $8.4 million, primarily due to the absence of revenue from the agent network business which ceased operations in December 2007 and fewer closings at the builder and broker networks. These decreases in revenue were partially offset by increased closings at the company owned brokerage business. The company owned brokerage business, now operating in 14 markets, grew revenue 38% during the first quarter of 2008.

Operating Income Before Amortization loss and operating loss decreased 40% and 37%, respectively, to losses of $3.9 million and $5.0 million, respectively. Losses decreased primarily due to lower marketing expenses and lower administrative costs resulting in part from the restructuring of the business in 2007. Operating loss further benefited from a decrease in amortization of intangibles.

Interval

	Three months ended March 31,		
	2008	Growth	2007
	(Dollars in thousands)		
Revenue	$ 115,937	34%	$ 86,433
Operating Income	$ 40,791	25%	$ 32,563
Operating Income Before Amortization	$ 47,296	22%	$ 38,868

Revenue grew 34% to $115.9 million, primarily due to the acquisition of ResortQuest Hawaii on May 31, 2007, which contributed $19.1 million to Interval's revenue in the first quarter of 2008. Excluding ResortQuest Hawaii, revenue grew 12%. This was driven by a 13% growth in revenue from confirmed vacations and a 9% increase in membership revenue. Confirmed vacations revenue increased due to a 6% increase in volume as well as a higher average fee compared to the prior year period. Membership revenue grew due to a 4% increase in active members in addition to an increase in average fee. Total active members increased by 0.1 million from 2007 to approximately 2.0 million.

Operating Income Before Amortization and operating income increased 22% and 25%, respectively, to $47.3 million and $40.8 million, respectively, growing at a slower rate than revenue due primarily to the inclusion of the results of ResortQuest Hawaii in 2008.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2008, the Company had $1.2 billion of cash and cash equivalents and restricted cash and cash equivalents and $169.3 million of marketable securities, including $338.9 million in funds representing amounts equal to the face value of tickets sold by Ticketmaster on behalf of its clients.

During the three months ended March 31, 2008 and 2007, IAC purchased 6.0 million and 7.6 million shares of IAC common stock for aggregate consideration, on a trade date basis, of $145.6 million and $288.2 million, respectively. In 2006, the Company announced that its Board of Directors authorized the repurchase of up to 60 million shares of IAC common stock of which 44.8 million shares remain at April 25, 2008. IAC may purchase shares over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Net cash provided by operating activities attributable to continuing operations was $148.7 million and $31.6 million in 2008 and 2007, respectively. The increase of $117.1 million in net cash provided by operating activities reflects lower cash taxes paid of $68.5 million, an increase in accounts payable of $50.1 million and an increase in net proceeds from sales of loans held for sale of $33.3 million, partially offset by a decreased contribution from Ticketmaster client funds of $24.4 million which is primarily due to timing of settlements with clients. The increase in accounts payable is primarily due to efforts to aggressively manage working capital. During 2008, inventory increased by $19.4 million to $351.4 million from $332.0 million at December 31, 2007, primarily due to lower than anticipated sales at the Catalogs business.

Net cash used in investing activities attributable to continuing operations in 2008 of $353.8 million primarily resulted from acquisitions, net of cash acquired, of $414.2 million, an increase in long-term investments of $48.5 million and capital expenditures of $36.5 million, partially offset by the net proceeds of $145.1 million related to the purchases, sales and maturities of marketable securities. Acquisitions, net of cash acquired in 2008 primarily relate to the acquisitions of Paciolan, TicketsNow and GET ME IN! Ltd. The increase in long-term investments is primarily due to the Company's equity investment in The HealthCentral Network. Net cash provided by investing activities attributable to continuing operations in 2007 of $11.0 million primarily resulted from the net proceeds of $117.1 million related to the purchases, sales and maturities of marketable securities, partially offset by acquisitions, net of cash acquired, of $54.6 million and capital expenditures of $51.4 million.

Net cash used in financing activities attributable to continuing operations in 2008 of $159.6 million was primarily due to the purchase of treasury stock of $145.6 million and principal payments on long-term obligations of $20.4 million. Net cash used in financing activities attributable to continuing operations in 2007 of $259.7 million was primarily due to the purchase of treasury stock in the amount of $322.6 million, partially offset by net borrowings under various lines of credit of $62.4 million at LendingTree Loans. The net borrowings under various lines of credit is directly related to the net origination of loans held for sale included within cash flows from operating activities.

Net cash provided by discontinued operations in 2008 of $0.7 million relates primarily to the operations of iBuy. Net cash provided by discontinued operations in 2007 of $6.4 million relates primarily to the operations of HSE. The Company does not expect future cash flows associated with existing discontinued operations to be material.

As of March 31, 2008, the Company had $943.4 million in short and long-term obligations, of which $93.4 million, consisting primarily of various lines of credit and the Ask Zero Coupon Convertible Subordinated Notes due June 1, 2008 (the "Convertible Notes"), are classified as current. Long-term debt consists primarily of the 7% Senior Notes due 2013 (the "2002 Senior Notes") and the

Liberty Bonds due September 1, 2035. Interest on the Liberty Bonds is payable at a rate of 5% per annum.

As of March 31, 2008, LendingTree Loans had committed lines of credit totaling $100 million, of which $50 million expires on October 31, 2008, and another $50 million set to expire on the earlier of sixty days prior to the Proposed Spin-Offs or January 24, 2009 and an uncommitted line of credit of $150 million. The committed line of credit that expires sixty days prior to the Proposed Spin-Offs or January 24, 2009 can be cancelled at the option of the lender without default upon sixty days notice. LendingTree Loans is highly dependent on the availability of credit to finance its operations. Its inability to renew or replace existing facilities upon expiration or termination, which could be impacted by continuing disruptions in the credit market, would adversely impact its results of operations and financial condition. Borrowings under these lines of credit are used to fund, and are secured by, consumer residential loans that are held for sale. Loans under these lines of credit are repaid from proceeds from the sales of loans held for sale by LendingTree Loans. The interest rate under these lines of credit is 30-day LIBOR plus 75 to 140 basis points, but may be higher under certain circumstances. At March 31, 2008 there was $78.7 million outstanding under the committed lines of credit. Under the terms of the committed lines of credit, LendingTree Loans is required to maintain various financial and other covenants. These financial covenants include, but are not limited to, maintaining (i) minimum levels of tangible net worth, cash on hand with a certain lender and liquid assets, (ii) a maximum ratio of total liabilities to net worth and (iii) positive pre-tax net income on a quarterly basis. During the first quarter of 2008, LendingTree Loans was in compliance with all covenants. Borrowings under all of LendingTree Loans' lines of credit are non-recourse to IAC and LendingTree.

In connection with the IAC Search & Media acquisition, IAC guaranteed $115 million principal amount of the Convertible Notes, which are convertible at the option of the holders into shares of both IAC common stock and Expedia common stock at an initial conversion price of $13.34 per share, subject to certain adjustments. Upon conversion, IAC and Expedia have the right, subject to certain conditions, to deliver cash (or a combination of cash and shares) in lieu of shares of its respective common stock. During 2008, there were no conversions. The Convertible Notes are due on June 1, 2008 and the remaining outstanding principal amount at March 31, 2008 is $12.3 million.

IAC anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its overall operations. The Company may make a number of acquisitions which could result in the reduction of its cash balance or the incurrence of debt. The Company expects that 2008 capital expenditures will be approximately the same as in 2007.

The Company has considered its anticipated operating cash flows in 2008, cash and cash equivalents and marketable securities, current borrowing capacity under LendingTree Loans' existing lines of credit and access to capital markets and believes that these are sufficient to fund its operating needs, including debt requirements, commitments and contingencies and capital and investing commitments for the foreseeable future.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

	Payments Due by Period				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
			(In thousands)		
Contractual Obligations(a)					
Short and long term obligations(b)	$ 1,292,003	$ 140,097	$ 102,723	$ 111,414	$ 937,769
Capital lease obligations	4,541	2,304	2,237	—	—
Purchase obligations(c)	237,345	79,858	119,694	33,331	4,462
Operating leases	632,519	87,858	131,379	102,826	310,456
Total contractual cash obligations	$ 2,166,408	$ 310,117	$ 356,033	$ 247,571	$ 1,252,687

(a) At March 31, 2008, the Company has recorded approximately $272.6 million of unrecognized tax benefits which included accrued interest of $43.0 million. This amount includes approximately $80.5 million for unrecognized tax benefits and related interest that could result in future net cash payments to taxing authorities. The Company cannot make a reasonably reliable estimate of the expected period of cash settlement of these items.

(b) Represents contractual amounts due, including interest. Interest on floating rate debt was estimated using rates in effect at March 31, 2008.

(c) Purchase obligations are defined as agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable pricing provisions; and the approximate timing of the transaction.

Seasonality

The Company's consolidated results are weighted to the second half of the year, particularly in the fourth quarter, as a result of the seasonal nature of Retailing and the Entertainment segment.

The seasonality related to certain of the individual segments is as follows:

Seasonality impacts Retailing, with sales highest in the fourth quarter, but not to the same extent it impacts the retail industry in general.

Lending and Real Estate revenue is subject to the seasonal and cyclical trends of the U.S. housing market. Home sales typically rise during the spring and summer months and decline during the fall and winter months. Refinancing and home equity activity is principally driven by mortgage interest rates as well as real estate values.

In IAC's Media & Advertising segment, search queries and revenue tend to be strongest in the fourth quarter when seasonality in the retail industry may affect the prices advertisers are willing to pay for online inventory and keywords.

Revenue at Interval is influenced by the seasonal nature of planned family travel with the first quarter generally experiencing the strongest bookings and the fourth quarter generally experiencing weaker bookings.

Entertainment's revenue is significantly seasonal with the majority of the company's revenue and all of its profits earned in the fourth quarter.

Recent Accounting Pronouncements

Refer to Note 2 to the consolidated financial statements for a description of recent accounting pronouncements.

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. We provide and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure which we discuss below.

Definition of IAC's Non-GAAP Measure

Operating Income Before Amortization is defined as operating income excluding, if applicable: (1) non-cash compensation expense and amortization of non-cash marketing, (2) amortization of intangibles and goodwill impairment, (3) pro forma adjustments for significant acquisitions, and (4) 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, non-cash marketing, and acquisition-related accounting. IAC endeavors to compensate for the limitations of the non-GAAP measure presented by also providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure.

Pro Forma Results

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

One-Time Items

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

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

Non-cash compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of restricted stock, restricted stock units and stock options. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding which, for restricted stock units and stock options, are included on a treasury method basis. Upon vesting of restricted stock and restricted stock units and the exercise of certain stock options, 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 non-cash marketing consists of non-cash advertising secured from Universal Television as part of the transaction pursuant to which VUE was created, and the subsequent transaction by which IAC sold its partnership interests in VUE (collectively referred to as the "NBC Universal Advertising"). The NBC Universal Advertising is available for television advertising on

various NBC Universal network and cable channels without any cash cost. At March 31, 2008, there was approximately $40.5 million of NBC Universal Advertising credits available for use.

The NBC Universal Advertising is excluded from Operating Income Before Amortization because it is non-cash and generally is incremental to the advertising the Company otherwise secures as a result of its ordinary cost/benefit marketing planning process. Accordingly, the Company's aggregate level of advertising, and the increased concentration of that advertising on NBC Universal network and cable channels, does not reflect what our advertising effort would otherwise be without these credits, which will expire on September 30, 2008 if not exhausted before then. As a result, management believes that treating the NBC Universal Advertising as an expense does not appropriately reflect its true cost/benefit relationship, nor does it best reflect the Company's long-term level of advertising expenditures. Nonetheless, while the benefits directly attributable to television advertising are always difficult to determine, and especially so with respect to the NBC Universal Advertising due to its incrementality and heavy concentration, it is likely that the Company does derive benefits from it, though management believes such benefits are generally less than those received through its regular advertising for the reasons stated above. Operating Income Before Amortization therefore has the limitation of including those benefits while excluding the associated expense.

Amortization of intangibles is a non-cash expense relating primarily to acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as supplier contracts and customer relationships, are valued and amortized over their estimated lives. While it is likely that we will have significant intangible amortization expense as we continue to acquire companies, we believe that since intangibles represent costs incurred by the acquired company to build value prior to acquisition, they were part of transaction costs.

RECONCILIATION OF OPERATING INCOME BEFORE AMORTIZATION

For a reconciliation of Operating Income Before Amortization to operating income (loss) by business and to net earnings available to common shareholders in total for the three months ended March 31, 2008 and 2007, see Note 5 to the consolidated financial statements.

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

Interest Rate Risk

The Company's exposure to market rate risk for changes in interest rates relates primarily to the Company's investment portfolio, loans held for sale, long-term debt, including the current portion thereof, and LendingTree Loans' lines of credit.

Investment Portfolio

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

Based on the Company's total debt investment securities as of March 31, 2008, a 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the debt investment securities by approximately $2.0 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of debt securities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. Conversely, since almost all of the Company's cash balance of approximately $1.2 billion is invested in variable rate interest earning assets, the Company would also earn more (less) interest income due to such an increase (decrease) in interest rates.

Loans Held for Sale

LendingTree Loans' mortgage banking operations expose the Company to interest rate risk for loans originated until those loans are sold in the secondary market ("loans held for sale"). The fair value of loans held for sale is subject to change primarily due to changes in market interest rates. LendingTree Loans hedges the changes in fair value of certain loans held for sale primarily by entering into mortgage forward delivery contracts. Although LendingTree Loans continues to enter into derivatives for risk management purposes, effective April 1, 2007 management determined these derivative instruments would no longer qualify for the hedge accounting provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."

When hedge accounting was discontinued, the affected loans held for sale were no longer adjusted for changes in fair value. However, the changes in fair value of the derivative instruments continue to be recognized in current earnings as a component of revenue. In 2008, the Company recognized losses of less than $0.1 million related to the changes in fair value of derivative instruments related to loans held for sale.

In addition, LendingTree Loans provides interest rate lock commitments ("IRLCs") to fund mortgage loans at interest rates previously agreed upon with the borrower for specified periods of time, which also expose it to interest rate risk. IRLCs are considered derivative instruments and, therefore, are recorded at fair value, with changes in fair value reflected in current period earnings. To manage the interest rate risk associated with the IRLCs, the Company uses derivative instruments, including mortgage forward delivery contracts. These instruments do not qualify for hedge accounting.

On January 1, 2008, the Company adopted the provisions of SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). Prior to the adoption of SFAS 157 the recognition of gains and

losses at the inception of a derivative contract were prohibited unless the fair value of the contract was evidenced by a quoted price in an active market. As no active market exists for IRLCs, such day one gains and losses were not recognized until the related loan was sold. Prior to January 1, 2008, guidance also prohibited including the value of servicing the loan in calculating the fair value of an IRLC. Such guidance was rescinded by Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value Through Earnings" ("SAB 109"). Accordingly, with the adoption of SFAS No. 157 and SAB 109 on January 1, 2008, the day one gains and servicing value, adjusted by the loan funding probability, are included in the value of IRLCs. The net change in the fair value of the IRLCs and related forward delivery contracts, including the impact of day one gains and servicing value, in 2008 resulted in gains of $14.8 million which have been recognized as a component of revenue in the accompanying consolidated statements of operations.

The fair values of derivative financial instruments at LendingTree Loans are impacted by movements in market interest rates. Changes in the fair value of the derivative financial instruments would substantially be offset by changes in the fair value of the items for which risk is being mitigated. As of March 31, 2008, if market interest rates had increased by 100 basis points, the aggregate fair value of the derivative financial instruments and the hedged items at LendingTree Loans would have increased by $0.1 million. As of March 31, 2008, if market interest rates had decreased by 100 basis points, the aggregate fair value of the derivative financial instruments and the hedged items at LendingTree Loans would have decreased by $0.8 million.

Long-term Debt, including current maturities

At March 31, 2008, the Company's outstanding debt approximated $943.4 million, with a substantial portion bearing fixed rates. If market rates decline, the Company runs the risk that the related required payments on the fixed rate debt will exceed those based on market rates. As part of its risk management strategy, the Company uses interest rate swaps to hedge a portion of this interest rate exposure. The Company's objective in managing its exposure to interest rate risk on its long-term debt is to maintain its mix of floating rate and fixed rate debt within a certain range. In 2004 and 2003, the Company entered into interest rate swap agreements related to a portion of the 2002 Senior Notes, which allow IAC to receive fixed rate amounts in exchange for making floating rate payments based on the LIBOR. As of December 31, 2007, of the $750 million total principal amount of the 2002 Senior Notes, the interest rate is fixed on $400 million at 7% and the balance of $350 million has been swapped to floating interest rates based on a spread over 6-month LIBOR. The changes in fair value of the interest rate swaps at March 31, 2008 resulted in gains of $17.8 million which have been entirely offset by corresponding losses attributable to the fair value of our fixed rate debt.

The majority of the Company's outstanding fixed-rate debt at March 31, 2008 relates to the $750 million outstanding under the 2002 Senior Notes, the $80 million outstanding under the Liberty Bonds and the $12.3 million outstanding under the Convertible Notes. Excluding the $350 million under the 2002 Senior Notes, which currently pays a variable interest rate as a result of the outstanding swap agreements noted above, a 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the fixed-rate debt by approximately $27.3 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of fixed-rate debt for all maturities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. If the LIBOR rates were to increase (decrease) by 100 basis points, then the annual interest payments on the $350 million of variable-rate debt would have increased (decreased) by $3.5 million. Such potential increase or decrease in interest payments are based on certain simplifying assumptions, including a constant level and rate of variable-rate debt for all maturities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period.

The Company formally designates and documents all hedging relationships as either fair value hedges or cash flow hedges, as applicable, and documents the objective and strategy for undertaking the hedge transaction and the method of assessing ongoing effectiveness.

Equity Price Risk

As part of the consideration for the sale of HSE on June 19, 2007, IAC received from Arcandor AG ("ARO") approximately 5.5 million shares of ARO stock (the "ARO Shares") valued at €141 million, plus additional consideration in the form of a contingent value right ("CVR"). The CVR has value of up to €54 million within three years. ARO shares are listed on the German stock exchange (XETRA: ARO) and as a result, IAC is exposed to changes in ARO's stock price. The ultimate value of the CVR is dependent, in part, upon the average closing value of the ARO Shares for the 90 days preceding June 19, 2010 (the "Average Value"). To the extent that the Average Value is equal to or less than €141 million, IAC will receive a cash payment equal to €54 million. To the extent that the Average Value is equal to or greater than €195 million, IAC will receive no additional consideration. To the extent that the Average Value is between €141 million and €195 million, IAC will receive a pro rata portion of the €54 million. If the closing value of an ARO share equals or exceeds €35.68 per share for at least 30 consecutive trading days during the three year period from June 20, 2007 through June 19, 2010, the CVR expires without any payment being made. The CVR is maintained at fair value each reporting period with any changes in fair value recognized in current earnings as a component of other income. During the three months ended March 31, 2008 the change in the fair value of the CVR resulted in a gain of $4.3 million which was recognized in current earnings. IAC's investment in the ARO Shares is accounted for as an available-for-sale marketable equity security under SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115") and at March 31, 2008 is valued at €69.3 million or $109.5 million. In accordance with SFAS 115, the unrealized loss associated with the ARO Shares of $63.4 million (which is net of deferred taxes) is included in other comprehensive income, a separate component of shareholder's equity, rather than in the statement of operations, in the accompanying consolidated financial statements. The severity of the unrealized loss (fair value is approximately 50% less than cost) and duration of the unrealized loss (less than 10 months) are consistent with the weak and adverse conditions affecting the market in which ARO operates. The Company has evaluated the prospects of ARO in relation to the severity and duration of the unrealized loss and the Company's ability and intent to hold the ARO Shares for a period of time sufficient for an expected recovery of fair value which is influenced, in part, by the June 2010 maturity of the related CVR. Based upon this evaluation, the Company does not consider the unrealized loss related to the ARO Shares to be other-than-temporary.

Following the Expedia spin-off, derivative liabilities were created due to IAC's obligation to deliver shares of both IAC common stock and Expedia common stock to the holders upon conversion of the Convertible Notes and exercise of certain IAC warrants. Derivative assets were also created due to Expedia's contractual obligation to deliver shares of Expedia common stock to IAC upon conversion by the holders of the Convertible Notes and upon exercise of the warrants. Both the derivative liabilities and derivative assets are maintained at fair value each reporting period, and the changes in fair values, which are based upon changes in both IAC common stock and Expedia common stock, are recognized in current earnings as a component of other income. The net fair value adjustments recognized in current earnings during the three months ended March 31, 2008 was a gain of $2.3 million.

Foreign Currency Exchange Risk

The Company conducts business in certain foreign markets, primarily in the European Union and Canada. The Company's primary exposure to foreign currency risk relates to investments in foreign subsidiaries that transact business in a functional currency other than the U.S. Dollar, primarily the Euro, British Pound Sterling and Canadian Dollar. However, the exposure is mitigated since the

Company has generally reinvested profits from international operations in order to grow the businesses. The Company is also exposed to foreign currency risk related to its assets and liabilities denominated in a currency other than the functional currency.

As the Company increases its operations in international markets it becomes increasingly exposed to potentially volatile movements in currency exchange rates. The economic impact of currency exchange rate movements on the Company is often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, could cause the Company to adjust its financing and operating strategies.

As currency exchange rates change, translation of the income statements of the Company's international businesses into U.S. dollars affects year-over-year comparability of operating results. Historically, the Company has not hedged translation risks because cash flows from international operations were generally reinvested locally.

Foreign exchange gains and losses were not material to the Company's earnings in 2008 and 2007. However, the Company periodically reviews its strategy for hedging transaction risks. The Company's objective in managing its foreign exchange risk is to minimize its potential exposure to the changes that exchange rates might have on its earnings, cash flows and financial position.

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

The Company monitors and evaluates on an ongoing basis its disclosure controls and internal control over financial reporting in order to improve their overall effectiveness. In the course of this evaluation, 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"), our management, including our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined by Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective 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 the Company's management, including the Chief Executive Officer and 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, there has been no such change during the period covered by this report.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

In the ordinary course of business, the Company and its subsidiaries are parties to litigation involving property, personal injury, contract, and other claims. The amounts that may be recovered in such matters may be subject to insurance coverage.

Rules of the Securities and Exchange Commission require the description of material pending legal proceedings, other than ordinary, routine litigation incident to the registrant's business, and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of management, none of the pending litigation matters which the Company and its subsidiaries are defending, including those described below, involves or is likely to involve amounts of that magnitude. The litigation matters described below involve issues or claims that may be of particular interest to the Company's shareholders, regardless of whether any of these matters may be material to the financial position or operations of the Company based upon the standard set forth in the SEC's rules.

Recent Litigation between IAC and Liberty Media Corporation

As previously disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2007, as amended, on January 23, 2008, IAC and Barry Diller commenced an action in Delaware Chancery Court against Liberty Media Corporation ("Liberty"), seeking declaratory relief that, among other things, (i) the Company's announced plan to spin off certain of its operating businesses into separate, publicly traded companies, as well as the implementation of a single-class voting structure of those companies, are proper under IAC's certificate of incorporation and bylaws, as well as under the existing Governance Agreement among IAC, Liberty, and Mr. Diller and the existing Stockholders Agreement between Liberty and Mr. Diller; (ii) Mr. Diller may exercise his proxy under the Stockholders Agreement to vote Liberty's IAC shares in connection with the Proposed Spin-Offs; and (iii) the Proposed Spin-Offs, including the contemplated single-class voting structure, do not violate any fiduciary duties owed by Mr. Diller or any other IAC director. *See IAC/InterActiveCorp et ano. v. Liberty Media Corp.*, C.A. No. 3486 (Del. Ch. Ct).

On January 24, 2008, Liberty commenced an essentially mirror-image action in the same court against IAC, Mr. Diller, and the other IAC directors who are not Liberty designees, seeking to enjoin the Proposed Spin-Offs and seeking declaratory relief that, among other things, (i) the Proposed Spin-Offs (including a single-class voting structure of the spun-off companies) violate IAC's charter; (ii) the IAC directors who are not Liberty designees have breached their fiduciary duties to IAC and its stockholders; (iii) IAC has materially breached the Governance Agreement; (iv) Mr. Diller has materially breached the Stockholders Agreement and his duties to Liberty in connection with the proxy thereunder; and (v) Mr. Diller's proxy to vote Liberty's IAC shares has automatically terminated. *See Liberty Media Corp. v. Barry Diller et al.*, C.A. No. 3491 (Del. Ch. Ct.).

On January 28, 2008, various Liberty-affiliated entities (i) purporting to exercise rights as IAC stockholders, purportedly amended the Company's bylaws, removed Mr. Diller and six other IAC directors, and replaced them with three additional Liberty designees, and (ii) commenced a separate action under Section 225(a) of the Delaware General Corporation Law seeking declaratory relief that their actions were valid and effective. *See LMC Silver King, Inc. et al. v. IAC/InterActiveCorp et al.*, C.A. No. 3501 (Del. Ch. Ct.) (the "Section 225 Action"). The Section 225 Action and the other two lawsuits described above have been consolidated as *In re IAC/InterActiveCorp*, Consol. C.A. No. 3486 (Del. Ch. Ct.).

Also on January 28, 2008, the plaintiffs in the Section 225 Action moved for an order enjoining IAC and its affiliates from taking any action outside their routine day-to-day operations without prior notice to the plaintiffs. On January 30, the defendants in the Section 225 Action opposed the plaintiffs' motion and moved to dismiss the case. On February 1, the court heard argument on the motions and directed the parties to prepare a proposed order that would adequately maintain the status quo without unduly hampering IAC's ability to operate pending resolution of the lawsuits.

On February 14, 2008, the court, on consent of the parties, issued an "Order to Maintain the Status Quo" (the "Order"), which, among other things, declared that until such time as there is a final, non-appealable judgment in the case, IAC's Board of Directors shall remain comprised as it was prior to the commencement of this litigation, with Mr. Diller continuing to serve as the Company's Chairman and Chief Executive Officer, without giving effect to the Liberty-affiliated entities' purported exercises of stockholder rights on January 28, including their purported amendment of the Company's bylaws. The Order also provides that the Company may not take certain specified actions outside its routine day-to-day operations without giving five business days' prior written notice to Liberty; such actions include implementation of the Proposed Spin-Offs.

Following expedited discovery, a trial in the consolidated action was held on March 10-14, 2008. On March 28, 2008, the court issued a memorandum opinion and order ruling in favor of IAC, Mr. Diller and the six other purportedly removed directors in the Section 225 Action and dismissing that action with prejudice. The court also determined that Liberty does not have a right to consent to the Proposed Spin-Offs under the Stockholders Agreement, the Governance Agreement, Article IV(C) of IAC's certificate of incorporation, or the certificates of incorporation of the BDTV entities. The court also determined, and the parties agreed, that Liberty's claims that any actions by IAC's Board of Directors to authorize, proceed with and/or implement any spin-off transaction would violate the IAC directors' fiduciary duties (the "Fiduciary Claims") were not ripe for decision. On April 7, 2008, the court entered an order and judgment implementing its decision and reserving jurisdiction to adjudicate any Fiduciary Claims. The time to file an appeal to the Delaware Supreme Court expires on May 7, 2008. To the Company's knowledge, no appeal has been filed by Liberty to date.

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, including the pending spin-off transactions, anticipated trends and prospects in the various industries in which IAC's businesses operate and other similar matters. These forward looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in the forward looking statements included in this quarterly report for a variety of reasons, including, among others: changes in economic conditions generally or in any of the markets or industries in which IAC's businesses operate, changes in senior management at IAC and/or its businesses, risks related to the contemplated spin-off transactions and related matters, including, among other, increased demands on senior management at IAC and its businesses, the rate of online migration in the various markets and industries in which IAC's businesses operate, technological changes, regulatory changes, changes in the interest rate environment or overall credit markets, a continuing or accelerating slowdown in the domestic housing market, increased credit losses relating to certain underperforming loans sold into the secondary

market, effectiveness of hedging activities, changes affecting distribution channels, failure to comply with existing laws, the ability to offer new or alternative products and services in a cost-effective manner and consumer acceptance of these products and services, changes in product delivery costs, changes in the advertising market and the ability of IAC to expand successfully in international markets. 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" in our annual report on Form 10-K for the year ended December 31, 2007. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward looking statements, which only reflect the views of IAC management as of the date of this report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our annual report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. ***Unregistered Sales and 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 March 31, 2008:

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)
January 2008	6,000,000	$ 24.25	6,000,000	44,838,493
February 2008	—	—	—	44,838,493
March 2008	—	—	—	44,838,493
Total	6,000,000	$ 24.25	6,000,000	44,838,493

(1) Reflects the price paid per share of IAC common stock (exclusive of brokers' fees).

(2) Reflects repurchases made pursuant to a repurchase authorization previously announced in October 2006 (footnote 3 below).

(3) In October 2006, the Company announced that its Board of Directors authorized the repurchase of up to 60 million shares. IAC may purchase shares pursuant to this repurchase authorization over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. ***Exhibits***

Exhibit Number	Description	Location
3.1	Restated Certificate of Incorporation of IAC/InterActiveCorp.	Exhibit 3.1 to IAC's Registration Statement on Form 8-A/A, filed on August 12, 2005.
3.2	Certificate of Designations of Series B Cumulative Convertible Preferred Stock of IAC/InterActiveCorp.	Exhibit 3.2 to IAC's Registration Statement on Form 8-A/A, filed on August 12, 2005.
3.3	Amended and Restated ByLaws of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on September 20, 2002.
10.1*†	Form of Terms and Conditions for 2008 Stock Options under the IAC/InterActiveCorp 2005 Stock and Annual Incentive Plan.	
10.2*†	Employment Agreement, between Douglas R. Lebda and IAC/InterActiveCorp, dated as of January 7, 2008.	
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.	
31.2†	Certification of the 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.	
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.	
32.2††	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act	

* Reflects management contracts and management and director compensatory plans.

† Filed herewith.

†† 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.

Date: May 7, 2008

IAC/INTERACTIVECORP

By: /s/ THOMAS J. MCINERNEY

Thomas J. McInerney
Executive Vice President and
Chief Financial Officer

Signature	Title	Date
/s/ THOMAS J. MCINERNEY Thomas J. McInerney	Executive Vice President and Chief Financial Officer	May 7, 2008

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Exhibit 10.1

Terms and Conditions for 2008 Stock Option Awards

Overview

These Terms and Conditions apply to the option granted to you by IAC/InterActiveCorp ("IAC" or the "Company") pursuant to Section 5 of the IAC/InterActiveCorp 2005 Stock and Annual Incentive Plan (the "Plan") of the right and option (the "Stock Options") to purchase the number of shares of common stock of the Company, par value $0.001 per share (the "Common Stock"), set forth in your award notice (the "Award Notice") at the exercise price per share set forth in the Award Notice. The Stock Option shall be a Nonqualified Stock Option. Unless earlier terminated pursuant to the terms of your Award Notice, these Terms and Conditions or the Plan, the Stock Options shall expire within ten years of your Award Date.

ALL CAPITALIZED TERMS USED HEREIN, TO THE EXTENT NOT DEFINED, SHALL HAVE THE MEANINGS SET FORTH IN THE PLAN.

Continuous Service

In order for your Stock Options to vest, you must be continuously employed by IAC or any of its Subsidiaries or Affiliates (excluding Expedia, Inc. and its subsidiaries) during the Restriction Period (as defined below). Nothing in your Award Notice, these Terms and Conditions or the Plan shall confer upon you any right to continue in the employ or service of IAC or any of its Subsidiaries or Affiliates or interfere in any way with their rights to terminate your employment or service at any time.

Vesting

Subject to the Award Notice, these Terms and Conditions and the Plan, your Stock Options shall vest and become exercisable (such period prior to vesting is the "Restriction Period") as follows:

Vesting Date	Percentage of the Stock Option Award Vesting
On the first year anniversary of your Award Date	25%
On the second year anniversary of your Award Date	25%
On the third year anniversary of your Award Date	25%
On the fourth year anniversary of your Award Date	25%

Method of Exercise of the Stock Options and Payment of the Exercise Price

The portion of your Stock Options that are vested shall be exercisable by delivery to the Company or the agent selected by IAC to administer the Plan (the "Agent") of a written (including by way of electronic means) notice stating the number of whole shares to be purchased pursuant to these Terms and Conditions and accompanied by payment of the full purchase price of the shares of Common Stock to be purchased. Your Stock Options may not be exercised at any one time as to fewer than 100 shares (or such number of shares as to which the Stock Options are then exercisable if less than 100). Fractional share interests shall be disregarded except they may be accumulated.

The exercise price of the Stock Options shall be paid: (i) in cash or by certified check or bank draft payable to the order of the Company; (ii) by exchange of shares of unrestricted Common Stock of the Company already owned by you and having an aggregate Fair Market Value equal to the aggregate purchase price (which amount shall be equal to the product of the exercise price multiplied by the number of shares of Common Stock in respect of which the Stock Options are being exercised); provided, that you represent and warrant to the Company that you hold the shares of Common Stock free and clear of liens and encumbrances; (iii) by delivering, along with a properly executed exercise notice to the Company, a copy of irrevocable instructions to a broker to deliver promptly to the Company the aggregate exercise price and the amount of any applicable federal, state, local or foreign

withholding taxes required to be withheld by the Company; provided, however, that such exercise must be implemented solely under a program or arrangement established and approved by the Company with a brokerage firm selected by the Company; or (iv) by any other procedure approved by the Committee, or by a combination of the foregoing.

Termination of Employment

The treatment of your Stock Options upon the termination of your employment is set forth in your Award Notice, the remainder of this "Termination of Employment" section and the Plan. For the avoidance of doubt, transfers of employment among the Company and its Subsidiaries and Affiliates, without any break in service, is not a Termination of Employment. Except as set forth below, upon a Termination of Employment, all vested Stock Options may be exercised prior to the first to occur of (a) the 90th day after such Termination of Employment or (b) expiration of the option grant.

If your employment is terminated by IAC or any of its Subsidiaries or Affiliates for Cause, or if following any Termination of Employment between you and IAC or any of its Subsidiaries or Affiliates for any reason IAC determines that during the two (2) years prior to such Termination of Employment there was an event or circumstance that would have been grounds for termination for Cause, all of your Stock Options (whether or not vested) shall be forfeited and canceled in their entirety upon such termination. In the event you exercised your Stock Options upon your Termination of Employment for Cause or after an event that would be grounds for a Termination of Employment for Cause, the Company shall be entitled to recover from you at any time within two (2) years after such exercise, and you shall pay over to the Company, any gain realized as a result of the exercise. This remedy shall be without prejudice to, or waiver of, any other remedies IAC or its Subsidiaries or Affiliates may have in such event.

In the event of a Termination of Employment due to your death (or, in the event of your death following a Termination of Employment while the Stock Options remain exercisable) that portion of the Stock Options, if any, which is exercisable at the time of death may be exercised by your estate or by a person who acquired the right to exercise such Stock Options by bequest or inheritance or otherwise by reason of your death at any time prior to the first to occur of (a) one (1) year after the date of death or (b) expiration of the option grant. In the event of a Termination of Employment due to your Disability or Retirement, that portion of the Stock Option, if any, which is exercisable at the time of such Termination of Employment for Disability or Retirement may be exercised by you or your guardian or legal representative at any time prior to the first to occur of (a) one (1) year after such Termination of Employment or (b) expiration of the option grant.

Taxes and Withholding

No later than the date of exercise of the Stock Options granted hereunder (or such earlier date as of which an amount in respect of the Stock Options first becomes includible in your gross income for federal, state, local or foreign income or employment or other tax purposes), you shall pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state, local or foreign taxes of any kind required by law to be withheld upon the exercise of your Stock Options and the Company shall, to the extent permitted or required by law, have the right to deduct from any payment of any kind otherwise due to you (either directly or indirectly through its agent), federal, state, local and foreign taxes of any kind required by law to be withheld upon the exercise of your Stock Options. Notwithstanding the foregoing, the Company shall be entitled to hold the shares issuable to you upon exercise of your Stock Options until the Company or the Agent has received from you (i) a duly executed Form W-9 or W-8, as applicable and (ii) payment for any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such Stock Options.

Adjustment in the Event of Change in Stock; Change in Control

Adjustment in the Event of Change in Stock. In the event of (i) a stock dividend, stock split, reverse stock split, share combination, or recapitalization or similar event affecting the capital structure of IAC (each, a "Share Change"), or (ii) a merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, significant non-recurring cash dividend, stock rights offering, liquidation, Disaffiliation, or similar event affecting IAC or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board shall make such substitutions or adjustments as it, in its good faith and sole discretion, deems appropriate and equitable to the number and kind of shares of Common Stock subject to your Stock Options and/or the exercise price per share. The determination of the Committee regarding any such adjustment will be final and conclusive and need not be the same for all Stock Option award recipients.

Change in Control. In the event you cease to be employed by either IAC or any of its Subsidiaries or Affiliates within the two (2) year period following a Change in Control of IAC (and not any of its Subsidiaries or Affiliates) as a result of (i) a termination by IAC or any of its Subsidiaries or Affiliates without Cause, (ii) your death or Disability or (iii) a resignation by you for Good Reason (as defined in Section 10 of the Plan), then upon the occurrence of such Termination of Employment, 100% of your unvested Stock Options shall automatically vest. In addition, following a Termination of Employment under these circumstances, your Stock Options will expire upon the later of (i) the last date on which your Stock Options would be exercisable in the absence of a Change in Control and (ii) the earlier of (A) the first anniversary of the Change in Control and (B) expiration of the option grant. The Disaffiliation of the Subsidiary or Affiliate of IAC by which you are employed or for which you are performing services at the time of such sale or other disposition by IAC shall be considered a Termination of Employment (*not* a Change in Control) and shall be governed by the applicable provisions of the Plan and the provision set forth under the caption "Termination of Employment" above; provided that the Committee or the Board may deem it appropriate to make an equitable adjustment to your Stock Options.

Non-Transferability of Stock Options

Your Stock Options are non-transferable (including by way of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise) by you other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, and your Stock Options may be exercised, during your lifetime, only by you or by your guardian or legal representative or any transferee described above.

No Rights as a Stockholder

Neither you nor any transferee of your Stock Options shall have rights as a stockholder (including the right to vote the shares underlying your Stock Options and the right to receive dividends, except as provided above or in the Plan) with respect to any shares covered by such Stock Options until you or your transferee (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 14(a) of the Plan and (iii) has paid in full for the shares issuable upon exercise.

Payment of Transfer Taxes, Fees and Other Expenses

The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of shares acquired pursuant to exercise of your Stock Options, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith. Notwithstanding the foregoing, you shall be solely responsible for any other taxes (including, without limitation, federal, state, local or foreign income, social security, estate or excise taxes) that may be payable as a result of your participation in the Plan or as a result of the exercise of your Stock Options

and/or the sale, disposition or transfer of any shares of Common Stock acquired upon the exercise of your Stock Options.

Other Restrictions

The exercise of your Stock Options shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of shares pursuant thereto, then in any such event, the exercise shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

Conflicts and Interpretation

In the event of any conflict between these Terms and Conditions and the Plan, the Plan shall control; provided, that an action or provision that is permissive under the terms of the Plan, and required under these Terms and Conditions, shall not be deemed a conflict and these Terms and Conditions shall control. In the event of any ambiguity in these Terms and Conditions, or any matters as to which these Terms and Conditions are silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan. In the event of any conflict between your Award Notice (or any other information posted on IAC's extranet or given to you directly or indirectly through the Agent (including information posted on *www.benefitaccess.com*)) and IAC's books and records, or (ii) ambiguity in the Award Notice (or any other information posted on IAC's extranet or given to you directly or indirectly through the Agent (including information posted on *www.benefitaccess.com*)), IAC's books and records shall control.

Amendment

IAC may modify, amend or waive the terms of your Stock Options, prospectively or retroactively, but no such modification, amendment or waiver shall materially impair your rights without your consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. The waiver by either party of compliance with any provision of these Terms and Conditions shall not operate or be construed as a waiver of any other provision hereof.

Data Protection

The acceptance of your Stock Options constitutes your authorization of the release from time to time to IAC or any of its Subsidiaries or Affiliates and to the Agent (together, the "Relevant Companies") of any and all personal or professional data that is necessary or desirable for the administration of your Stock Options and/or the Plan (the "Relevant Information"). Without limiting the above, this authorization permits your employing company to collect, process, register and transfer to the Relevant Companies all Relevant Information (including any professional and personal data that may be useful or necessary for the purposes of the administration of your Stock Options and/or the Plan and/or to implement or structure any further grants of equity awards (if any)). The acceptance of your Stock Options also constitutes your authorization of the transfer of the Relevant Information to any jurisdiction in which IAC, your employing company or the Agent considers appropriate. You shall have access to, and the right to change, the Relevant Information, which will only be used in accordance with applicable law.

Notification of Changes

Any changes to these Terms and Conditions shall either be posted on IAC's extranet and *www.benefitaccess.com* or communicated (either directly by IAC or indirectly through any of its Subsidiaries, Affiliates or the Agent) to you electronically via e-mail (or otherwise in writing) promptly after such change becomes effective.

QuickLinks

Exhibit 10.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), dated as of January 7, 2008 (the "Effective Date"), is entered into by and between Douglas R. Lebda ("Employee") and IAC/InterActiveCorp ("IAC" or the "Company"). All capitalized terms used herein without definition shall have the meaning assigned to them in the Prior Agreement (as defined below).

WHEREAS, Employee is currently serving as President and Chief Operating Officer of the Company;

WHEREAS, the Company has announced a plan to separate into five publicly traded companies (the "Spin-Offs"), one of which is intended to comprise the businesses operated within the Company's LendingTree and Real Estate financial reporting segments, which currently include LendingTree, RealEstate.com, Domania, GetSmart, Home Loan Center and iNest (collectively, "LendingTree");

WHEREAS, the Company wishes, in anticipation of the Spin-Off of LendingTree (the "LT Spin-Off"), to appoint Employee to the position of Chairman and Chief Executive Officer of LendingTree, in addition to his continuing in his current position as President and Chief Operating Officer of the Company for a transitional period, and Employee is willing to commit himself to continue to serve the Company and its subsidiaries and affiliates, on the terms and conditions herein provided;

WHEREAS, Employee, the Company and LendingTree are parties to an Employment Agreement (the "Prior Agreement"), dated as of December 14, 2005, which generally became effective as of the effective date (as that term is defined in the Prior Agreement), which the parties intend will be superseded hereby;

WHEREAS, in order to effect the foregoing, the Company and Employee wish to enter into an employment agreement on the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, Employee and the Company have agreed and do hereby agree as follows:

1A. *EMPLOYMENT*. The Company agrees to employ Employee as Chairman and Chief Executive Officer of LendingTree as of the Effective Date and Employee accepts and agrees to such employment; provided that it is intended that this position be held at the parent entity operating the LendingTree businesses upon closing of the LT Spin-Off (the "LT Parent"). During Employee's employment with the Company, Employee shall perform all services and acts necessary or advisable to fulfill the duties and responsibilities as are commensurate and consistent with Employee's position and shall render such services on the terms set forth herein. During Employee's employment with the Company prior to the LT Spin-Off, Employee shall report to the Chief Executive Officer of the Company and subsequent to the LT Spin-Off, Employee shall report to the Board of Directors of LT Parent (in each case, hereinafter referred to as the "Reporting Officer"). Employee shall have such powers and duties with respect to the Company as may reasonably be assigned to Employee by the Reporting Officer, to the extent consistent with Employee's position and status. Employee agrees to devote all of Employee's working time, attention and efforts to the Company and to perform the duties of Employee's position in accordance with the Company's policies as in effect from time to time. Notwithstanding the foregoing, Employee shall remain as President and Chief Operating Officer of the Company until the earlier of the LT Spin-Off or such date as is determined by the Chief Executive Officer of IAC.

Notwithstanding anything to the contrary above, Employee may serve as a corporate board member for Eastman Kodak and another entity previously identified to IAC (collectively, the "Current Boards") and such other organizations (not to exceed four (4) in the aggregate) as are approved in advance by the Reporting Officer, provided said service does not (a) interfere with Employee's ability to perform his duties for the Company as contemplated hereunder, and (b) compete with, or present an actual or apparent conflict of interest for, the Company or LendingTree, which shall be determined

by the General Counsel of IAC in the case of IAC and the Board of Directors of LendingTree in the case of LendingTree, in each case, in his (or its) sole, good faith judgment. IAC acknowledges that as of the Effective Date, Employee is serving, or has agreed to serve, as a corporate board member on the Current Boards, and that IAC will only claim that clause (a) or (b) of the preceding sentence is implicated if there are changed circumstances after the Effective Date and prior to the LT Spin-Off; provided that the requirement for changed circumstances after the Effective Date shall not be a prerequisite for the Board of Directors of LT Parent to claim that circumstances meeting clause (a) or (b) of the preceding sentence have been met.

2A. *TERM OF AGREEMENT*. The term ("Term") of this Agreement shall commence on the Effective Date and shall continue through the fifth anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 1 of the Standard Terms and Conditions attached hereto; *provided*, that certain terms and conditions herein may specify a greater period of effectiveness. Employee and the Company will enter into good faith negotiations to extend the Term no later than six months prior to the end of the Term, *provided*, that Employee has provided written notice to the Company between eight and six months prior to the end of the Term which sets forth his interest in entering into such negotiations.

3A. *COMPENSATION*.

(a) *BASE SALARY*. During the Term, the Company shall pay Employee an annual base salary of $750,000 (the "Base Salary"), payable in equal biweekly installments or in such other installments as may be in accordance with the Company's payroll practice as in effect from time to time. The Base Salary shall be reviewed by the Company, if requested by Employee in writing, no less frequently than annually in a manner consistent with similarly situated executives of the Company and may be increased but not decreased. For all purposes under this Agreement, the term "Base Salary" shall refer to Base Salary as in effect from time to time.

(b) *DISCRETIONARY BONUS*. During the Term, Employee shall be eligible to receive discretionary annual bonuses in a manner consistent with similarly situated executives of the Company.

(c) EQUITY COMPENSATION.

(i) *Grant of LendingTree Equity Incentives*. At the time of the LT Spin-Off (which shall be the grant, or transfer, date), Employee shall be granted the following equity awards, with the vesting of each of the awards dependent on the continued service of Employee through the vesting term:

(A) Restricted stock of the LT Parent ("LT Restricted Stock") in an amount equal to 2% of the fully diluted common equity of LT Parent immediately after the consummation of the LT Spin-Off (after giving effect to the grant of LT Restricted Stock and the LT Options (as defined below), but not taking into account any common units of LendingTree, LLC outstanding under the Shares Agreement immediately after the consummation of the LT Spin-Off (whether held by Employee or others)) (the "Diluted LT Common Shares"). The LT Restricted Stock will vest in equal annual installments on the first five anniversaries of the Effective Date; *provided* that no vesting date may occur prior to the closing of the LT Spin-Off. The LT Restricted Stock will be governed by a new LendingTree stock plan to be established by the LT Parent Board of Directors (or a committee thereof) (the "LT Stock Plan") and a related agreement. In the event of any conflict or ambiguity between this Agreement and the LT Stock Plan or agreement, this Agreement shall control. For purposes of clarity, Diluted LT Common Shares will include, without limitation, any shares in LT Parent that Employee receives in the LT Spin-Off in respect of his IAC shares (i) held as of the Effective Date which were received in

exchange for 25% of his LendingTree management equity shares (ii) to be received in exchange for another 25% of his LendingTree management equity shares held as of the Effective Date.

(B) Four separate awards of stock options (the "LT Options"), each award giving Employee the right to acquire 2 1/2% of the Diluted LT Common Shares, with per share exercise prices for each award calculated as follows:

(1) First Award—$250,000,000 divided by number of Diluted LT Common Shares;

(2) Second Award—$300,000,000 divided by number of Diluted LT Common Shares;

(3) Third Award—$400,000,000 divided by number of Diluted LT Common Shares; and

(4) Fourth Award—$450,000,000 divided by number of Diluted LT Common Shares.

Notwithstanding the foregoing, if any calculation above results in a per share exercise price that is lower than the initial trading price of Parent Common Stock immediately following the LT Spin-Off (the "Initial LT Price"), such exercise price(s) shall be equal to the Initial LT Price and the per share exercise price of the Fourth Award shall be adjusted by reducing the $450,000,000 in the calculation under (B)(4) above by $1.00 for each dollar that the Initial LT Price multiplied by the Diluted LT Common Shares exceeds $250,000,000. The LT Options will be governed by the LT Stock Plan and a related agreement and shall each vest in full on the fifth anniversary of the Effective Date. In the event of any conflict or ambiguity between this Agreement and the LT Stock Plan or agreement, this Agreement shall control.

(ii) *The Shares*. Section 3(c)(i) of the Prior Agreement shall remain in full force and effect, except that the shares of Exchange Stock shall vest in full and the Target Shares shall be exchanged for 300,000 shares of IAC Common Stock, and all other provisions in the Prior Agreement relating to the Exchange Stock and the Target Shares shall no longer be in effect (A) immediately prior to the LT Spin-Off, provided Employee remains employed by the Company at such time, (B) if earlier than (A), immediately prior to the Company's disposition (either through spin-off or other means) of the last of its Ticketing, HSN and Interval businesses, provided that all three of such businesses have been so disposed of (such third disposition, the "Threshold Disposition"), provided Employee remains employed by the Company at such time, (C) upon Employee's termination of employment in accordance with either Section 3A(e) of the Agreement or Section 1(g) of the Standard Terms and Conditions attached hereto, or (D) upon any Qualifying Termination (as defined in Section 1(d) of the Standard Terms and Conditions).

(iii) *Treatment of IAC Equity Awards*. All IAC restricted stock units held by Employee on the Effective Date shall vest, to the extent not previously vested, with Growth Shares granted in February 2007 vesting at the target level, (A) immediately prior to the closing of the LT Spin-Off, provided Employee remains employed by the Company at such time, (B) if earlier than (A), immediately prior to the closing of the Threshold Disposition, provided Employee remains employed by the Company at such time, (C) upon Employee's termination of employment in accordance with either Section 3A(e) of the Agreement or Section 1(g) of the Standard Terms and Conditions attached hereto, or (D) upon any Qualifying Termination.

(d) *BENEFITS*. During the Term, Employee shall be eligible to participate in any welfare, health, life insurance, pension benefit and incentive plans, programs, policies and practices as may be adopted from time to time by the Company on the same basis as that provided to similarly

situated employees of the Company generally. Without limiting the generality of the foregoing, Employee shall be eligible for the following benefits:

(i) *Reimbursement for Business Expenses*. During the Term, the Company shall reimburse Employee for all reasonable and necessary expenses incurred by Employee in performing Employee's duties for the Company, on the same basis as similarly situated employees of the Company generally and in accordance with the Company's policies as in effect from time to time.

(ii) *Vacation*. During the Term, Employee shall be eligible for paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to similarly situated employees of the Company generally. Any accrued vacation under the Company's plans, policies, programs and practices shall be rolled over and continue to be available to Employee upon his becoming subject to LendingTree's plans, policies, programs and practices regarding vacation.

(iii) *Payment of and/or Reimbursement for Certain Relocation Expenses*. The Company shall pay on Executive's behalf (or reimburse Executive for) actual, reasonable and documented expenses relating to his relocation to Charlotte, North Carolina, if such occurs, up to an aggregate dollar amount of $400,000 (including tax gross-ups), on the same basis as similarly situated employees and in accordance with Company policy (the "Relocation Expenses"). As required by Company policy and as a condition to the payment of and/or reimbursement the Relocation Expenses, Executive agrees to repay the Company for 100%, 75%, 50% and 25% of such expenses upon a termination of Executive's employment for Cause (as defined in Section 1(c) of the Standard Terms and Conditions) or if Executive voluntarily terminates his employment with the Company (except for Good Reason as defined in accordance with the provisions of Section 1(d) of the Standard Terms and Conditions or termination pursuant to Section 1(g) of the Standard Terms and Conditions) during months 0 through 4, 5 through 9, 10 through 14 and 15 through 18, respectively, of the Term.

(e) *SALE OF LENDINGTREE*. In the event that during the Term and prior to the LT Spin-Off, the Company sells a controlling interest in LendingTree (i.e., a majority of the outstanding voting power over or substantially all of the assets of the LendingTree businesses), Employee shall have the right to terminate his employment with the Company within thirty days of notice of such sale, and upon the later of such termination and the closing of such sale, the Company shall pay Employee an amount equal to 1% of the consideration received by the Company. The payment shall be in the same form as the consideration received by the Company; *provided* that the Company may, at its option, elect to pay Employee entirely in cash in respect of the 1% interest. If Employee exercises his termination right under this Section 3A(e), subject to Employee's execution and non-revocation of a general release of the Company and its affiliates substantially in the form attached hereto as *Exhibit A* and Employee's compliance with Sections 2(a) through 2(e), upon payment by the Company of the Accrued Obligations, payment to Employee of the 1% of the consideration described above in this section and the vesting of equity as provided in Sections 3A(c)(ii) and (iii), the Company shall have no further obligations to Employee hereunder.

(f) *INVESTOR IN LENDINGTREE*. In the event that during the Term and prior to the LT Spin-Off a third party makes a minority investment in Lending Tree, the Company shall provide notice to Employee of the intended investment along with the terms and conditions of such investment. Within ten (10) days of such notice, Employee may, by written notice to the Company, elect to co-invest in LendingTree for up to 5% of the Lending Tree equity (plus up to an additional 5% with the consent of the third-party investor) on the same economic terms as the other investor, and with other terms reasonable and customary for a minority investment of this

nature. Notwithstanding the foregoing, if all or a portion of the consideration to be delivered by the third party for its investment in LendingTree is not in cash or marketable securities, whether it be unmarketable securities, other property, or contractual commitments, the Company shall value such consideration in good faith and adjust the purchase price for purposes of determining the amount the Employee will pay for his co-investment.

4A. *NOTICES*. All notices and other communications under this Agreement shall be in writing and shall be given by first-class mail, certified or registered with return receipt requested or hand delivery acknowledged in writing by the recipient personally, and shall be deemed to have been duly given three days after mailing or immediately upon duly acknowledged hand delivery, as applicable, to the respective persons named below:

If to the Company: IAC/InterActiveCorp
555 West 18th Street
New York, NY 10011

Attention: General Counsel

Or, if after the LT Spin-Off, then to the General Counsel of LT Parent.

If to Employee: At the most recent address on file at the Company.

Either party may change such party's address for notices by notice duly given pursuant hereto.

5A. *GOVERNING LAW; JURISDICTION*. This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of Delaware without reference to the principles of conflicts of laws. Any and all disputes between the parties which may arise pursuant to this Agreement will be heard and determined solely before an appropriate federal court in the State of New York, or, if not maintainable therein, then in an appropriate New York state court. The parties acknowledge that such courts have jurisdiction to interpret and enforce the provisions of this Agreement, and the parties consent to, and waive any and all objections that they may have as to, personal jurisdiction and/or venue in such courts.

6A. *COUNTERPARTS*. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. Employee expressly understands and acknowledges that the Standard Terms and Conditions attached hereto are incorporated herein by reference, deemed a part of this Agreement and are binding and enforceable provisions of this Agreement. References to "this Agreement" or the use of the term "hereof" shall refer to this Agreement and the Standard Terms and Conditions attached hereto, taken as a whole.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and delivered by its duly authorized officer and Employee has executed and delivered this Agreement as of the date set forth above.

IAC/INTERACTIVECORP

____

By:
Title:

____

DOUGLAS R. LEBDA

STANDARD TERMS AND CONDITIONS

1. *TERMINATION OF EMPLOYEE'S EMPLOYMENT.*

(a) *DEATH*. Upon termination of Employee's employment prior to the expiration of the Term by reason of Employee's death, the Company shall pay Employee's designated beneficiary or beneficiaries, within 30 days of Employee's death in a lump sum in cash, (i) Employee's Base Salary from the date of Employee's death through the end of the month in which Employee's death occurs and (ii) any Accrued Obligations (as defined in paragraph 1(f) below).

(b) *DISABILITY*. Upon termination of Employee's employment prior to expiration of the Term by reason of Employee's Disability, the Company shall pay Employee, within 30 days of such termination in a lump sum in cash, (i) Employee's Base Salary from the date of Employee's termination of employment due to Disability through the end of the month in which such termination occurs, offset by any amounts payable to Employee under any disability insurance plan or policy provided by the Company and (ii) any Accrued Obligations (as defined in paragraph 1(f) below). "Disability" shall mean a condition, resulting from bodily injury or disease, that renders, and for a six consecutive month period has rendered, Employee unable to perform substantially the duties pertaining to his employment with the Company. A return to work of less than 14 consecutive days will not be considered an interruption in Employee's six consecutive months of disability. Disability will be determined by the Company on the basis of medical evidence satisfactory to the Company.

(c) *TERMINATION FOR CAUSE; RESIGNATION BY EMPLOYEE WITHOUT GOOD REASON*. The Company may terminate Employee's employment under this Agreement with or without Cause at any time. Upon termination of Employee's employment prior to expiration of the Term by the Company for Cause or upon Employee's resignation without Good Reason, this Agreement shall terminate without further obligation by the Company, except for the payment of any Accrued Obligations (as defined in paragraph 1(f) below). As used herein, "Cause" shall mean: (i) the plea of guilty or *nolo contendere* to, or conviction for, a felony offense; *provided*, *however*, that after indictment, the Company may suspend Employee from the rendition of services, but without limiting or modifying in any other way the Company's obligations to Employee under this Agreement; *provided*, *further*, that Employee's employment shall be immediately reinstated if the indictment is dismissed or otherwise dropped and there is not otherwise grounds to terminate Employee's employment for Cause; (ii) a material breach by Employee of a fiduciary duty owed to the Company; (iii) a material breach by Employee of any of the covenants made by Employee in Section 2 hereof; or (iv) the willful or gross neglect by Employee of the material duties required by this Agreement. Before a cessation of Employee's employment shall be deemed to be a termination of Employee's employment for Cause, (A) the Company shall provide written notice to Employee that identifies the conduct described in clauses (ii), (iii) or (iv) above, as applicable, and (B) in the event that the event or condition is curable, Employee shall have failed to remedy such event or condition within 30 days after Employee shall have received the written notice from the Company described above. As used herein, "Good Reason" shall mean the occurrence of any of the following without Employee's written consent, (i) a material adverse change in Employee's title, duties, operational authorities or reporting responsibilities as they relate to Employee's position as Chairman and Chief Executive Officer of LendingTree from those in effect immediately following the Effective Date, excluding for this purpose any such change that is an isolated and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Employee, (ii) a material reduction in Employee's annual base salary, (iii) a relocation of Employee's principal place of business more than 25 miles from whichever of either the Charlotte, North Carolina or New York, New York metropolitan areas the Employee is then resident, or (iv) a material breach by the Company of this Agreement, excluding for this purpose any such action that is an isolated and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Employee. Notwithstanding the foregoing, there shall be no Good Reason as it relates to the

transitional position of President and Chief Operating Officer of the Company prior to the LT Spin-Off.

(d) *TERMINATION BY THE COMPANY OTHER THAN FOR DEATH, DISABILITY OR CAUSE; RESIGNATION BY EMPLOYEE FOR GOOD REASON*. Upon termination of Employee's employment with LendingTree prior to expiration of the Term (i) by the Company without Cause (other than for death or Disability) or (ii) upon Employee's resignation for Good Reason (either such termination, a "Qualifying Termination"), subject to Employee's execution and non-revocation of a general release of the Company and its affiliates substantially in the form attached hereto as *Exhibit A* and Employee's compliance with Sections 2(a) through 2(e), (A) the Company shall pay Employee the Base Salary through the earlier of remainder of the Term or three (3) years from the date of termination; (B) the Company shall pay Employee within 30 days of the date of such termination in a lump sum in cash any Accrued Obligations (as defined in paragraph 1(f) below); (C) the vesting of all IAC restricted stock units held by Employee on the Effective Date shall be accelerated in full; and (D) to the extent previously granted, the Company shall vest in full the LT Restricted Stock and the LT Options on the termination date and such options shall remain exercisable for a period of twelve months from the date of such termination; provided that in no event shall Employee's resignation be for "Good Reason" unless (x) an event or circumstance set forth in any of clauses (i) through (iv) of the definition thereof shall have occurred and Employee provides the Company with written notice thereof within forty-five (45) days after Employee has knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that Employee believes constitutes Good Reason, (y) the Company fails to correct the circumstance or event so identified within thirty (30) days after the receipt of such notice, and (z) Employee resigns within ninety (90) days after the date of delivery of the notice referred to in clause (x) above.

(e) *MITIGATION; OFFSET*. In the event of a termination of Employee's employment prior to the end of the Term, in no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of severance benefits or other compensation or benefits. If Employee obtains other employment during the Term, the amount of any severance payments to be made to Employee under Sections 1(d) or 1(g) hereof after the date such employment is secured shall be offset by the amount of compensation earned by Executive from such employment through the end of the Term. For purposes of this Section 1(e), Employee shall have an obligation to inform the Company promptly regarding Employee's employment status following termination and during the period encompassing the Term.

(f) *ACCRUED OBLIGATIONS*. As used in this Agreement, "Accrued Obligations" shall mean the sum of (i) any portion of Employee's accrued but unpaid Base Salary through the date of death or termination of employment for any reason, as the case may be; (ii) any compensation previously earned but deferred by Employee (together with any interest or earnings thereon) that has not yet been paid, (iii) any reasonable and necessary business expenses incurred by Employee prior to the date of termination of employment but not yet reimbursed and (iv) any benefits earned by Employee but unpaid or unused at the date of termination of employment provided that the payout of these benefits is consistent with the plans, policies, programs and practices of the Company at the date of termination of employment.

(g) *DELAY OR TERMINATION OF LT SPIN-OFF*. In the event that the Company has not filed a registration statement for LendingTree relating to the LT Spin-Off with the Securities and Exchange Commission, or the Company determines not to proceed with the LT Spin-Off, in either case on or before March 31, 2009, the Company shall notify Employee and Employee shall have the right to terminate his employment within sixty (60) days of such notice. The Company and Employee agree that Employee's right to terminate under this Section 1(g) will be triggered if the LT Spin-Off will not include, over Employee's reasonable objection, both of the Real Estate

business and the Lending business that comprise LendingTree, whether due to the shut down or sale of either business, or otherwise; provided that if both such businesses as they exist at the time of the LT Spin-Off are spun-off together by the deadline stated above, no termination right is triggered regardless of whether the particular components of the Real Estate business or the Lending business differ from what exists on the Effective Date. If Employee exercises his termination right under this Section 1(g), subject to Employee's execution and non-revocation of a general release of the Company and its affiliates substantially in the form attached hereto as *Exhibit A* and Employee's compliance with Sections 2(a) through 2(e), upon payment by the Company of the Accrued Obligations, payment to Employee of the Base Salary for a period of six (6) months from the date of termination and the vesting of equity as provided in Sections 3A(c)(ii) and (iii), the Company shall have no further obligations to Employee hereunder.

2. *CONFIDENTIAL INFORMATION; NON-COMPETE; NON-SOLICITATION; AND PROPRIETARY RIGHTS.*

(a) *CONFIDENTIALITY.* Employee acknowledges that while employed by the Company Employee will occupy a position of trust and confidence. Employee shall not, except as may be required to perform Employee's duties hereunder or as required by applicable law, disclose to others or use, whether directly or indirectly, any Confidential Information. "Confidential Information" shall mean information about the Company or any of its subsidiaries or affiliates, and their clients and customers that is not disclosed by the Company or any of its subsidiaries or affiliates for financial reporting purposes and that was learned by Employee in the course of employment with the Company or any of its subsidiaries or affiliates, including without limitation any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information. Employee acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company and its subsidiaries or affiliates, and that such information gives the Company and its subsidiaries or affiliates a competitive advantage. Employee agrees to deliver or return to the Company, at the Company's request at any time or upon termination or expiration of Employee's employment or as soon thereafter as possible, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company and its subsidiaries or affiliates or prepared by Employee in the course of Employee's employment by the Company and its subsidiaries or affiliates. As used in this Agreement, "affiliates" shall mean any company controlled by, controlling or under common control with the Company.

(b) *NON-COMPETITION.* During the Term and for a period of 24 months beyond Employee's date of termination of employment for any reason following the date hereof (the "Restricted Period"), Employee shall not, without the prior written consent of the Company, directly or indirectly, engage in or become associated with a Competitive Activity. For purposes of this Section 2(b): (i) a "Competitive Activity" means any business or other endeavor, in any state of the United States or a comparable jurisdiction in Canada or any other country, involving products or services that are the same or similar to the type of products or services that LendingTree is engaged in providing both (x) as of the date hereof or at any time during the Term and (y) at any time during the twelve (12) month period preceding Employee's termination of employment, and (ii) Employee shall be considered to have become "associated with a Competitive Activity" if Employee becomes directly or indirectly involved as an owner, principal, employee, officer, director, independent contractor, representative, stockholder, financial backer, agent, partner, member, advisor, lender, or in any other individual or representative capacity with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity. Notwithstanding the foregoing, (i) Employee may make and retain investments during the Restricted Period, for investment purposes only, in less than one percent (1%) of the outstanding

capital stock of any publicly-traded corporation engaged in a Competitive Activity if the stock of such corporation is either listed on a national stock exchange or on the NASDAQ National Market System if Employee is not otherwise affiliated with such corporation and (ii) Employee may become employed by a partnership, corporation or other organization that is engaged in a Competitive Activity so long as Employee has no direct or indirect responsibilities or involvement in the Competitive Activity.

(c) *NON-SOLICITATION OF EMPLOYEES*. During the Restricted Period, Employee shall not, without the prior written consent of the Company, directly or indirectly, hire or recruit or solicit the employment or services of (whether as an employee, officer, director, agent, consultant or independent contractor), any employee, officer, director, agent, consultant or independent contractor of the Company or any of its subsidiaries or affiliates (except for such employment or hiring by the Company or any of its subsidiaries or affiliates); *provided*, *however*, that this Section 2(c) shall not apply to any hiring which results solely from a general solicitation of employment that was not directed to employees of the Company or any of its subsidiaries or affiliates.

(d) *NON-SOLICITATION OF BUSINESS PARTNERS*. During the Restricted Period, Employee shall not, without the prior written consent of the Company, directly or indirectly, solicit, attempt to do business with, or do business with any business partners or business affiliates of the Company or any of its subsidiaries or those affiliates of the Company that are engaged in a Competitive Activity, or encourage (regardless of who initiates the contact) any such business partners or business affiliates to use the services of any competitor of the Company, its subsidiaries or affiliates.

(e) *PROPRIETARY RIGHTS; ASSIGNMENT*. All Employee Developments shall be made for hire by Employee for the Company or any of its subsidiaries or affiliates. "Employee Developments" means any idea, discovery, invention, design, method, technique, improvement, enhancement, development, computer program, machine, algorithm or other work or authorship that (i) relates to the business or operations of the Company or any of its subsidiaries or affiliates, or (ii) results from or is suggested by any undertaking assigned to the Employee or work performed by the Employee for or on behalf of the Company or any of its subsidiaries or affiliates, whether created alone or with others, during or after working hours. All Confidential Information and all Employee Developments shall remain the sole property of the Company or any of its subsidiaries or affiliates. The Employee shall acquire no proprietary interest in any Confidential Information or Employee Developments developed or acquired during the Term. To the extent the Employee may, by operation of law or otherwise, acquire any right, title or interest in or to any Confidential Information or Employee Development, the Employee hereby assigns to the Company all such proprietary rights. The Employee shall, both during and after the Term, upon the Company's request, promptly execute and deliver to the Company all such assignments, certificates and instruments, and shall promptly perform such other acts, as the Company may from time to time in its discretion deem necessary or desirable to evidence, establish, maintain, perfect, enforce or defend the Company's rights in Confidential Information and Employee Developments.

(f) *COMPLIANCE WITH POLICIES AND PROCEDURES*. During the Term, Employee shall adhere to the policies and standards of professionalism set forth in the Company's policies and procedures as they may exist from time to time.

(g) *REMEDIES FOR BREACH*. Employee expressly agrees and understands that Employee will notify the Company in writing of any alleged breach of this Agreement by the Company, and the Company will have 30 days from receipt of Employee's notice to cure any such breach.

Employee expressly agrees and understands that the remedy at law for any breach by Employee of this Section 2 will be inadequate and that damages flowing from such breach are not usually susceptible

to being measured in monetary terms. Accordingly, it is acknowledged that upon Employee's violation of any provision of this Section 2, in addition to any remedy that the Company may have at law, the Company shall be entitled to obtain from any court of competent jurisdiction immediate injunctive relief and obtain a temporary order restraining any threatened or further breach as well as an equitable accounting of all profits or benefits arising out of such violation. Nothing in this Section 2 shall be deemed to limit the Company's remedies at law or in equity for any breach by Employee of any of the provisions of this Section 2, which may be pursued by or available to the Company.

(h) *SURVIVAL OF PROVISIONS*. The obligations contained in this Section 2 shall, to the extent provided in this Section 2, survive the termination or expiration of Employee's employment with the Company and, as applicable, shall be fully enforceable thereafter in accordance with the terms of this Agreement. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 2 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. If any of the covenants of this Section 2 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the rights of the Company or its affiliates, as applicable, to enforce any such covenant in any other jurisdiction.

3. *WAIVER OF PRIOR AGREEMENTS*. This Agreement constitutes the entire agreement between the parties, and Employee acknowledges that he has waived, effective as of the Effective Date, any and all rights under prior agreements and understandings (whether written or oral) between Employee and LendingTree or the Company with respect to the subject matter of this Agreement, other than the Shares Agreement, as modified by the Prior Agreement, and the provisions of the Prior Agreement referred to in Section 3A(c)(i). In addition, Employee acknowledges that notwithstanding the foregoing, Employee shall continue to be subject to those terms of the Prior Agreement which survive the termination of such agreement, and those restrictive covenants in the Prior Agreement that begin to run from Employee's date of termination, shall run from the Effective Date concurrently with any similar covenants contained herein. Employee acknowledges and agrees that neither the Company nor anyone acting on its behalf has made, and is not making, and in executing this Agreement, the Employee has not relied upon, any representations, promises or inducements except to the extent the same is expressly set forth in this Agreement.

4. *ASSIGNMENT; SUCCESSORS*. This Agreement is personal in its nature and none of the parties hereto shall, without the consent of the others, assign or transfer this Agreement or any rights or obligations hereunder; *provided*, that the Company shall assign the Agreement to LT Parent no later than the date of the LT Spin-Off and *provided*, further, that in the event of a merger, consolidation, transfer, reorganization, or sale of all, substantially all or a substantial portion of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor (including LT Parent upon assignment of this Agreement) shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder, and all references herein to the "Company" shall refer to such successor.

5. *WITHHOLDING*. The Company shall make such deductions and withhold such amounts from each payment and benefit made or provided to Employee hereunder, as may be required from time to time by applicable law, governmental regulation or order.

6. *HEADING REFERENCES*. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. References to "this Agreement" or the use of the term "hereof" shall refer to these Standard Terms and Conditions and the Employment Agreement attached hereto, taken as a whole.

7. *WAIVER; MODIFICATION*. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

8. *SEVERABILITY*. In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any law or public policy, only the portions of this Agreement that violate such law or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

9. *INDEMNIFICATION*. The Company shall indemnify and hold Employee harmless for acts and omissions in Employee's capacity as an officer, director or employee of the Company to the maximum extent permitted under applicable law; *provided*, *however*, that neither the Company, nor any of its subsidiaries or affiliates shall indemnify Employee for any losses incurred by Employee as a result of acts that would constitute Cause under Section 1(c) of this Agreement. This Section 9 shall survive the termination or expiration of Employee's employment with the Company and, as applicable, shall be fully enforceable thereafter in accordance with the terms of this Agreement.

10. *SECTION 409A OF THE CODE*. The benefits provided under this Agreement shall comply with Section 409A of the Code and the regulations thereunder. To the extent so required in order to comply with Section 409A of the Code, (i) amounts and benefits to be paid or provided under this Agreement shall be paid or provided to Employee in a single lump sum on the first business day after the date that is six months following the date of termination of Employee's employment or shall begin six months and one day following the date of termination, and (ii) the Company and Employee agree to amend or modify this Agreement and any agreements relating hereto (including any award agreement with respect to equity compensation described in Section 3A(c)) as may be necessary to comply with Section 409A of the Code.

ACKNOWLEDGED AND AGREED:

Date:

IAC/INTERACTIVECORP

By:
Title:

DOUGLAS R. LEBDA

EXHIBIT A

FORM OF RELEASE AGREEMENT

This Release Agreement ("Release") is entered into as of this day of , hereinafter "Execution Date", by and between [Employee Full Name] (hereinafter "Employee"), and [IAC/InterActiveCorp][LendingTree] (hereinafter, the "Company"). The Employee and the Company are sometimes collectively referred to as the "Parties".

1. The Employee's employment with the Company is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Parties have agreed to avoid and resolve any alleged existing or potential disagreements between them arising out of or connected with the Employee's employment with the Company including the termination thereof. The Company expressly disclaims any wrongdoing or any liability to the Employee.

2. The Company agrees to provide the Employee the severance benefits provided for in Section [3A(e)][1(d)][1(g)] of his/her Employment Agreement (the "Severance Benefits") with the Company, dated as of [ ], after he/she executes this Release [FOR 40+ and does not revoke it as permitted in Section 8 below, the expiration of such revocation period being the "Effective Date")].

3. Employee represents that he/she has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to her employment with, or resignation from, the Company, excluding any action to enforce the Employment Agreement as it relates to the provision of the Severance Benefits or to Sections 3A(d) or 9[; *provided*, *however*, that nothing contained in this Section 3 shall prohibit you from bringing a claim to challenge the validity of the ADEA Release in Section 8 herein]. Employee agrees to release the Company, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands of whatever kind or nature that Employee now has or has ever had against the Released Parties, whether known or unknown, arising from or relating to Employee's employment with or discharge from the Company, including but not limited to: wrongful or tortious termination; constructive discharge; implied or express employment contracts and/or estoppel; discrimination and/or retaliation under any federal, state or local statute or regulation, specifically including any claims Employee may have under the Fair Labor Standards Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964 as amended, and the Family and Medical Leave Act; the discrimination or other employment

laws of the State of [ ]*; any claims brought under any federal or state statute or regulation for non-payment of wages or other compensation, including grants of stock options or any other equity compensation; and libel, slander, or breach of contract other than the breach of this Release. This Release specifically excludes claims, charges, complaints, causes of action or demand that post-date the Termination Date [or the Effective Date, whichever is later].

4. Employee agrees to keep the fact that this Release exists and the terms of this Release in strict confidence except to his/her immediate family and his/her financial and legal advisors on a need-to-know basis.

5. Employee warrants that no promise or inducement has been offered for this Release other than as set forth herein and that this Release is executed without reliance upon any other promises or representations, oral or written. Any modification of this Release must be made in writing and be signed by Employee and the Company.

6. Employee will direct all employment verification inquiries to [HR Rep]. In response to inquiries regarding Employee's employment with the Company, the Company by and through its speaking agent(s) agrees to provide only the following information: Employee's date of hire, the date her employment ended and rates of pay.

7. If any provision of this Release or compliance by Employee or the Company with any provision of the Release constitutes a violation of any law, or is or becomes unenforceable or void, then such provision, to the extent only that it is in violation of law, unenforceable or void, will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, such provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this Release, which provisions will remain binding on both Employee and the Company. This Release is governed by, and construed and interpreted in accordance with the laws of the State of [ ], without regard to principles of conflicts of law. Employee consents to venue and personal jurisdiction in the State of [ ] for disputes arising under this Release. This Release represents the entire understanding with the Parties with respect to subject matter herein, no oral representations have been made or relied upon by the Parties.

8. [FOR EMPLOYEES OVER 40 ONLY—In further recognition of the above, Employee hereby releases and discharges the Released Parties from any and all claims, actions and causes of action that he/she may have against the Released Parties, as of the date of the execution of this Release, arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), and the applicable rules and regulations promulgated thereunder. The Employee acknowledges and understands that ADEA is a federal statute that prohibits discrimination on the basis of age in employment, benefits and benefit plans. Employee specifically agrees and acknowledges that: (A) the release in this Section 8 was granted in exchange for the receipt of consideration that exceeds the amount to which he/she would

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* Insert state of employment.

otherwise be entitled to receive upon termination of his/her employment; (B) his/her waiver of rights under this Release is knowing and voluntary as required under the Older Workers Benefit Protection Act; (B) that he/she has read and understands the terms of this Release; (C) he/she has hereby been advised in writing by the Company to consult with an attorney prior to executing this Release; (D) the Company has given him/her a period of up to twenty-one (21) days within which to consider this Release, which period shall be waived by the Employee's voluntary execution prior to the expiration of the twenty-one day period; and (E) following his/her execution of this Release he/she has seven (7) days in which to revoke his/her release as set forth in this Section 8 only and that, if he/she chooses not to so revoke, the Release in this Section 8 shall then become effective and enforceable and the payment listed above shall then be made to his/her in accordance with the terms of this Release. To cancel this Release, Employee understands that he/she must give a written revocation to the General Counsel of the Company at [ ]†, either by hand delivery or certified mail within the seven-day period. If he/she rescinds the Release, it will not become effective or enforceable and he/she will not be entitled to any benefits from the Company.]

9. **EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE/SHE HAS CAREFULLY READ AND VOLUNTARILY SIGNED THIS RELEASE, THAT HE/SHE HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF HIS/HER CHOICE, AND THAT HE/SHE SIGNS THIS RELEASE WITH THE INTENT OF RELEASING THE COMPANY, ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS FROM ANY AND ALL CLAIMS.**

ACCEPTED AND AGREED TO:

____________________	____________________
[Company Name]	[Employee Full Name]
Dated: ________________	Dated: ________________

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† Insert address.

QuickLinks

[Exhibit 10.2]

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.1

Certification

I, Barry Diller, Chairman and Chief Executive Officer of IAC/InterActiveCorp ("IAC"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of IAC;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by this quarterly 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 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.

Date: May 7, 2008

By: /s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

QuickLinks

Exhibit 31.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

Certification

I, Thomas J. McInerney, Executive Vice President and Chief Financial Officer of IAC/InterActiveCorp ("IAC"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of IAC;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by this quarterly 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 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.

Date: May 7, 2008

By: /s/ THOMAS J. MCINERNEY

Thomas J. McInerney
Executive Vice President and
Chief Financial Officer

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Exhibit 31.2

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Exhibit 32.1

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

I, Barry Diller, Chairman and Chief Executive Officer of IAC/InterActiveCorp (the "Company"), 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 of the Company for the quarterly period ended March 31, 2008 (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 the Company.

Dated: May 7, 2008

By: /s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

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Exhibit 32.1

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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, Thomas J. McInerney, Executive Vice President and Chief Financial Officer of IAC/InterActiveCorp (the "Company"), 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 of the Company for the quarterly period ended March 31, 2008 (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 the Company.

Dated: May 7, 2008

By: /s/ THOMAS J. MCINERNEY

Thomas J. McInerney
Executive Vice President and
Chief Financial Officer

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Exhibit 32.2