

IAC
Q3 2008 Earnings
Supplemental Financial Information and Operating Metrics

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IAC (a)

Financial Results and Reconciliations

(\$ in millions, except per share amounts, rounding differences may exist)

| | 2006 | 2007 | | | | | 2008 | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|----|-----------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| Revenue | | | | | | | | | | | |
| Media & Advertising | \$ 544.2 | \$ 168.1 | \$ 174.0 | \$ 189.8 | \$ 226.6 | \$ 758.5 | \$ 215.5 | \$ 186.3 | \$ 193.3 | | |
| Match | 311.2 | 82.4 | 86.6 | 89.1 | 90.6 | 348.7 | 90.5 | 93.3 | 93.5 | | |
| ServiceMagic | 63.7 | 21.6 | 25.3 | 24.6 | 21.9 | 93.4 | 28.9 | 35.9 | 33.8 | | |
| Emerging Businesses | 85.6 | 28.4 | 34.6 | 36.3 | 46.0 | 145.3 | 43.8 | 48.5 | 49.6 | | |
| Intercompany Elimination | (4.2) | (0.7) | (1.9) | (4.5) | (6.3) | (13.4) | (8.1) | (9.9) | (1.0) | | |
| Total Revenue | \$ 1,000.6 | \$ 299.8 | \$ 318.6 | \$ 335.4 | \$ 378.9 | \$ 1,332.6 | \$ 370.7 | \$ 354.2 | \$ 369.3 | | |
| Operating Income Before Amortization | | | | | | | | | | | |
| Media & Advertising | \$ 58.3 | \$ 17.2 | \$ 11.7 | \$ 27.9 | \$ 31.4 | \$ 88.2 | \$ 37.5 | \$ 35.8 | \$ 38.8 | | |
| Match | 63.4 | 8.4 | 19.6 | 29.5 | 20.9 | 78.4 | 10.1 | 22.9 | 30.3 | | |
| ServiceMagic | 16.2 | 6.2 | 7.1 | 5.4 | 2.0 | 20.8 | 6.1 | 9.4 | 8.7 | | |
| Emerging Businesses | (14.1) | (2.2) | 5.7 | (3.5) | (7.9) | (7.9) | (7.8) | (7.8) | (6.1) | | |
| Corporate and other | (88.4) | (22.4) | (21.6) | (21.7) | (33.2) | (98.9) | (27.4) | (37.4) | (41.2) | | |
| Total Operating Income Before Amortization | \$ 35.4 | \$ 7.2 | \$ 22.5 | \$ 37.7 | \$ 13.1 | \$ 80.5 | \$ 18.6 | \$ 22.9 | \$ 30.5 | | |
| Non-cash compensation expense | | | | | | | | | | | |
| Media & Advertising | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Match | - | - | - | - | - | - | - | - | - | | |
| ServiceMagic | (0.6) | (0.2) | (0.2) | (0.2) | (0.2) | (0.6) | (0.2) | (0.2) | (0.2) | | |
| Emerging Businesses | (4.5) | (0.6) | (0.2) | (0.2) | (0.4) | (1.5) | (0.2) | (0.3) | (0.3) | | |
| Corporate and other | (62.3) | (17.0) | (17.6) | (16.2) | (20.7) | (71.5) | (18.5) | (18.2) | (38.2) | | |
| Total non-cash compensation expense | \$ (67.4) | \$ (17.7) | \$ (18.0) | \$ (16.6) | \$ (21.2) | \$ (73.6) | \$ (18.9) | \$ (18.6) | \$ (38.7) | | |
| Amortization of non-cash marketing | | | | | | | | | | | |
| Media & Advertising | \$ (29.6) | \$ (0.5) | \$ (16.3) | \$ (6.1) | \$ (10.8) | \$ (33.6) | \$ - | \$ - | \$ - | | |
| Match | (3.0) | - | (7.2) | - | (3.9) | (11.1) | (2.8) | (3.1) | (6.1) | | |
| ServiceMagic | - | - | - | - | - | - | - | - | - | | |
| Emerging Businesses | (4.5) | - | - | (3.0) | (1.9) | (4.9) | - | - | - | | |
| Corporate and other | - | - | - | - | - | - | - | - | - | | |
| Total amortization of non-cash marketing | \$ (37.1) | \$ (0.5) | \$ (23.5) | \$ (9.1) | \$ (16.6) | \$ (49.7) | \$ (2.8) | \$ (3.1) | \$ (6.1) | | |
| Amortization of intangibles | | | | | | | | | | | |
| Media & Advertising | \$ (34.6) | \$ (6.2) | \$ (6.2) | \$ (6.2) | \$ (6.2) | \$ (24.7) | \$ (6.2) | \$ (6.1) | \$ (6.7) | | |
| Match | (2.0) | (0.2) | (0.2) | (0.2) | (0.8) | (1.4) | (0.2) | (0.2) | (0.2) | | |
| ServiceMagic | (3.1) | (0.8) | (0.8) | (0.6) | (0.4) | (2.6) | (0.4) | (0.4) | (0.4) | | |
| Emerging Businesses | (2.4) | (0.9) | (0.9) | (3.2) | (2.1) | (7.1) | (1.2) | (1.0) | (1.0) | | |
| Corporate and other | - | - | - | - | - | - | - | - | - | | |
| Total amortization of intangibles | \$ (42.2) | \$ (8.0) | \$ (8.0) | \$ (10.3) | \$ (9.4) | \$ (35.7) | \$ (8.1) | \$ (7.7) | \$ (8.3) | | |

See Footnotes on Page 4

IAC (a)

Financial Results and Reconciliations

(\$ in millions, except per share amounts, rounding differences may exist)

| | 2006 | 2007 | | | | | 2008 | | | | |
|--|-------------------|------------------|------------------|----------------|-------------------|-------------------|------------------|-------------------|------------------|----|-----------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| Operating (Loss) Income | | | | | | | | | | | |
| Media & Advertising | \$ (6.0) | \$ 10.5 | \$ (10.7) | \$ 15.7 | \$ 14.4 | \$ 29.9 | \$ 31.3 | \$ 29.8 | \$ 32.1 | | |
| Match | 58.4 | 8.2 | 12.1 | 29.3 | 16.2 | 65.8 | 7.1 | 19.6 | 24.0 | | |
| ServiceMagic | 12.4 | 5.3 | 6.2 | 4.6 | 1.5 | 17.6 | 5.6 | 8.9 | 8.1 | | |
| Emerging Businesses | (25.5) | (3.6) | 4.6 | (9.9) | (12.4) | (21.3) | (9.3) | (9.1) | (7.4) | | |
| Corporate and other | (150.6) | (39.4) | (39.2) | (38.0) | (53.9) | (170.4) | (45.8) | (55.6) | (79.4) | | |
| Total operating (loss) income | <u>\$ (111.3)</u> | <u>\$ (19.0)</u> | <u>\$ (27.0)</u> | <u>\$ 1.7</u> | <u>\$ (34.2)</u> | <u>\$ (78.5)</u> | <u>\$ (11.1)</u> | <u>\$ (6.4)</u> | <u>\$ (22.6)</u> | | |
| Total other income (expense), net (b) (c) (d) (e) (f) | 35.4 | 10.5 | 15.6 | 12.9 | 35.4 | 74.4 | 11.7 | (100.5) | (64.0) | | |
| (Loss) earnings from continuing operations before income taxes and minority interest | (75.9) | (8.5) | (11.4) | 14.6 | 1.2 | (4.1) | 0.6 | (106.9) | (86.6) | | |
| Income tax (provision) benefit | 48.5 | 2.7 | 5.1 | (11.1) | 1.0 | (2.3) | (4.1) | 22.3 | 85.3 | | |
| Minority interest | 0.8 | (0.1) | 0.2 | 1.5 | 0.5 | 2.0 | 0.3 | 0.5 | 0.4 | | |
| (Loss) earnings from continuing operations | (26.6) | (6.0) | (6.1) | 4.9 | 2.8 | (4.4) | (3.1) | (84.2) | (0.9) | | |
| Gain (loss) on sale of discontinued operations, net of tax | 9.6 | - | 35.1 | (1.6) | - | 33.5 | - | 22.5 | 0.8 | | |
| Discontinued operations, net of tax (g) | 204.1 | 66.7 | 65.7 | 67.1 | (372.7) | (173.2) | 55.9 | (360.0) | (14.7) | | |
| Net earnings (loss) available to common shareholders | <u>\$ 187.1</u> | <u>\$ 60.7</u> | <u>\$ 94.6</u> | <u>\$ 70.5</u> | <u>\$ (369.9)</u> | <u>\$ (144.1)</u> | <u>\$ 52.8</u> | <u>\$ (421.6)</u> | <u>\$ (14.8)</u> | | |
| GAAP Diluted weighted average shares outstanding | 152.6 | 143.6 | 143.7 | 149.0 | 146.4 | 142.8 | 139.4 | 139.4 | 140.1 | | |
| Diluted earnings (loss) per share | <u>\$ 1.23</u> | <u>\$ 0.42</u> | <u>\$ 0.66</u> | <u>\$ 0.47</u> | <u>\$ (2.53)</u> | <u>\$ (1.01)</u> | <u>\$ 0.38</u> | <u>\$ (3.02)</u> | <u>\$ (0.11)</u> | | |
| Reconciliation of GAAP EPS to Adjusted EPS | | | | | | | | | | | |
| Net earnings (loss) available to common shareholders | \$ 187.1 | \$ 60.7 | \$ 94.6 | \$ 70.5 | \$ (369.9) | \$ (144.1) | \$ 52.8 | \$ (421.6) | \$ (14.8) | | |
| Non-cash compensation expense | 67.4 | 17.7 | 18.0 | 16.6 | 21.2 | 73.6 | 18.9 | 18.6 | 38.7 | | |
| Amortization of non-cash marketing | 37.1 | 0.5 | 23.5 | 9.1 | 16.6 | 49.7 | 2.8 | 3.1 | 6.1 | | |
| Amortization of intangibles | 42.2 | 8.0 | 8.0 | 10.3 | 9.4 | 35.7 | 8.1 | 7.7 | 8.3 | | |
| Arcandor Impairment (c) | - | - | - | - | - | - | - | 132.6 | - | | |
| Net other expense (income) related to fair value adjustment on derivatives (d) | 9.3 | 0.3 | (2.0) | (2.7) | (1.4) | (5.8) | (2.3) | 1.8 | - | | |
| Other expense (income) related to fair value adjustment of the derivative created in the sale of HSE24 (e) | - | - | (1.9) | (5.9) | (16.4) | (24.1) | (4.3) | (6.6) | 5.1 | | |
| Gain on sale of VUE and related effects (b) | 14.9 | 2.1 | 2.0 | 2.1 | (14.6) | (8.4) | 1.6 | 1.8 | 1.8 | | |
| (Gain) loss on sale of discontinued operations, net of tax | (9.6) | - | (35.1) | 1.6 | - | (33.5) | - | (22.5) | (0.8) | | |
| Discontinued operations, net of tax (g) | (204.1) | (66.7) | (65.7) | (67.1) | 372.7 | 173.2 | (55.9) | 360.0 | 14.7 | | |
| Impact of income taxes and minority interest | (69.0) | (6.7) | (18.0) | (9.2) | (12.5) | (46.3) | (11.0) | (49.3) | (79.4) | | |
| Adjusted Net Income | <u>\$ 75.3</u> | <u>\$ 16.1</u> | <u>\$ 23.4</u> | <u>\$ 25.2</u> | <u>\$ 5.2</u> | <u>\$ 69.9</u> | <u>\$ 10.6</u> | <u>\$ 25.5</u> | <u>\$ (20.2)</u> | | |
| Adjusted EPS weighted average shares outstanding (h) | 162.9 | 155.1 | 154.4 | 152.3 | 149.7 | 152.9 | 146.5 | 146.2 | 140.1 | | |
| Adjusted EPS | <u>\$ 0.46</u> | <u>\$ 0.10</u> | <u>\$ 0.15</u> | <u>\$ 0.17</u> | <u>\$ 0.03</u> | <u>\$ 0.46</u> | <u>\$ 0.07</u> | <u>\$ 0.17</u> | <u>\$ (0.14)</u> | | |
| GAAP Basic weighted average shares outstanding | 152.6 | 143.6 | 143.7 | 142.5 | 141.6 | 142.8 | 139.4 | 139.4 | 140.1 | | |
| Options, warrants and restricted stock, treasury method | - | - | - | 6.5 | 4.8 | - | - | - | - | | |
| Conversion of convertible preferred and convertible notes (if applicable) | - | - | - | - | - | - | - | - | - | | |
| GAAP Diluted weighted average shares outstanding | 152.6 | 143.6 | 143.7 | 149.0 | 146.4 | 142.8 | 139.4 | 139.4 | 140.1 | | |
| Options, warrants, RS, treasury method not included in diluted shares above | 6.7 | 7.5 | 6.7 | - | - | 6.0 | 3.1 | 2.8 | - | | |
| Impact of restricted shares and convertible preferred and notes (if applicable), net | 3.6 | 4.0 | 4.0 | 3.4 | 3.3 | 4.0 | 4.1 | 4.0 | - | | |
| Adjusted EPS shares outstanding (h) | <u>162.9</u> | <u>155.1</u> | <u>154.4</u> | <u>152.3</u> | <u>149.7</u> | <u>152.9</u> | <u>146.5</u> | <u>146.2</u> | <u>140.1</u> | | |

See Footnotes on Page 4

IAC (a)**Financial Results and Reconciliations**

(\$ in millions, except per share amounts, rounding differences may exist)

Supplemental: Depreciation by segment

Media & Advertising
Match
ServiceMagic
Emerging Businesses
Corporate and other
Total Depreciation

| 2006 FYE 12/31 | 2007 | | | | | 2008 | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----|-----------|
| | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| \$ 27.7 | \$ 7.6 | \$ 7.7 | \$ 7.6 | \$ 7.9 | \$ 30.8 | \$ 9.5 | \$ 9.2 | \$ 9.2 | | |
| 7.5 | 1.8 | 1.8 | 2.0 | 2.1 | 7.6 | 2.1 | 2.2 | 2.2 | | |
| 1.7 | 0.5 | 0.6 | 0.7 | 0.8 | 2.6 | 0.8 | 0.8 | 0.8 | | |
| 5.2 | 1.2 | 1.3 | 1.5 | 1.6 | 5.4 | 1.6 | 1.9 | 2.0 | | |
| 10.7 | 3.1 | 3.3 | 3.4 | 3.6 | 13.5 | 3.3 | 3.4 | 3.2 | | |
| <u>\$ 52.9</u> | <u>\$ 14.2</u> | <u>\$ 14.7</u> | <u>\$ 15.1</u> | <u>\$ 15.9</u> | <u>\$ 59.9</u> | <u>\$ 17.3</u> | <u>\$ 17.5</u> | <u>\$ 17.3</u> | | |

- (a) Excludes the results of the spinos which are treated as discontinued operations.
- (b) In Q4 2007, IAC recorded a pre-tax gain of \$16.7 million related to the Company's 2005 sale of its interest in VUE resulting from the resolution of certain contingencies related to the sale.
- (c) In Q2 2008, IAC recorded a pre-tax loss of \$132.6 million related to a write-down of the Company's investment in Arcandor AG.
- (d) Changes in the fair value of the derivatives that were created in the Expedia spin-off completed in August 2005 which are recorded as gains or losses in other income for the appropriate period. These derivatives arise due to IAC's obligation to deliver both IAC and Expedia shares upon the conversion of the Ask Convertible Notes (through June 1, 2008) and the exercise of certain IAC warrants.
- (e) Changes in the fair value of the derivative asset received by the Company in connection with the sale of HSE24 are recorded as gains or losses in other income for the appropriate period.
- (f) In Q3 2008, IAC recorded a pre-tax loss of \$63.2 million arising from the extinguishment of a portion of the 7% Senior Notes due in 2013 (\$38.3 million after-tax).
- (g) Discontinued operations consists of the results of ECS/Styleclick, TVTS, Quiz TV Limited and iBuy for all periods presented, PRC through November 28, 2006, HSE24 through June 19, 2007, EPI through May 30, 2008 and HSNi, Ticketmaster, Interval Leisure Group and Tree.com through August 20, 2008.
- (h) For Adjusted EPS purposes, the impact of RSUs on shares outstanding is based on the weighted average number of RSUs outstanding, as compared with shares outstanding for GAAP purposes, which includes RSUs on a treasury method basis. In Q3 2008, the calculation of AEPS excludes the impact of all dilutive securities as the effect would be anti-dilutive.

IAC**International Revenue***(\$ in millions, rounding differences may exist)*

| | 2006 | 2007 | | | | | 2008 | | | | |
|---------------------------|------------------|-------------|-----------|-----------|-----------|------------------|-------------|-----------|-----------|-----------|------------------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| International Revenue (a) | \$ 149 | \$ 42 | \$ 42 | \$ 51 | \$ 68 | \$ 204 | \$ 72 | \$ 70 | \$ 71 | | |
| % of Total | 15% | 14% | 13% | 15% | 18% | 15% | 19% | 20% | 19% | | |

(a) Historical international revenue has been restated to reflect the impact of discontinued operations

The financial, statistical and other information contained herein is unaudited.

IAC
MEDIA & ADVERTISING

(rounding differences may exist)

| | 2006 | 2007 | | | | | 2008 | | | | |
|--|-----------|-------|-------|-------|-------|-----------|-------|-------|-------|----|-----------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| Media & Advertising - Revenue by Traffic Source (a) | | | | | | | | | | | |
| Proprietary | 63.8% | 57.7% | 57.9% | 54.1% | 52.1% | 55.2% | 61.6% | 74.5% | 71.5% | | |
| Network | 36.2% | 42.3% | 42.1% | 45.9% | 47.9% | 44.8% | 38.4% | 25.5% | 28.5% | | |

(a) Revenue by Traffic Source represents total Media and Advertising, which 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.

The financial, statistical and other information contained herein is unaudited.

**IAC
MATCH**

(rounding differences may exist)

| | 2006 | 2007 | | | | | 2008 | | | | |
|-------------------------|-----------|---------|---------|---------|---------|-----------|---------|---------|---------|----|-----------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| Match | | | | | | | | | | | |
| Paid Subscribers (000s) | 1,275.9 | 1,338.9 | 1,312.8 | 1,308.8 | 1,286.5 | 1,286.5 | 1,352.2 | 1,326.5 | 1,342.1 | | |

The financial, statistical and other information contained herein is unaudited.

IAC
SERVICEMAGIC

(rounding differences may exist)

| | 2006 | 2007 | | | | | 2008 | | | | |
|-----------------------------|-----------|-------|---------|---------|-------|-----------|---------|---------|---------|----|-----------|
| | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 | Q1 | Q2 | Q3 | Q4 | FYE 12/31 |
| ServiceMagic | | | | | | | | | | | |
| Service Requests (000s) (a) | 2,476.2 | 784.8 | 978.5 | 854.1 | 720.7 | 3,338.1 | 880.8 | 1,315.1 | 1,201.3 | | |
| Accepts (000s) (b) | 2,960.6 | 913.7 | 1,098.0 | 1,051.7 | 959.6 | 4,022.9 | 1,175.6 | 1,505.2 | 1,411.1 | | |

(a) Fully completed and submitted customer requests for service on ServiceMagic.

(b) The number of times "Service Requests" are accepted by Service Professionals. A service request can be accepted by more than one service professional.

The financial, statistical and other information contained herein is unaudited.