April 6, 2020

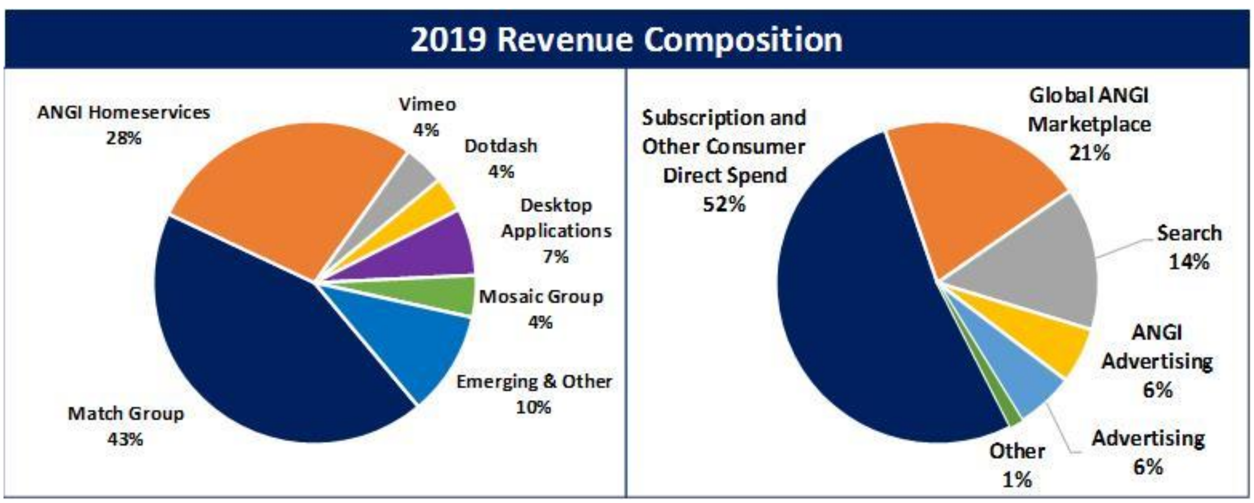
Dear Shareholders,

Our last letter on February 7th was only a few weeks ago, but feels like several years. We were buoyed by the optimism of a new year, with plans crisply laid, driving hope for new growth on the horizon. Though we sit today in a different world, IAC is built to handle moments like these.

As I wrote in a recent shareholder letter, we've been preparing for quite some time, "stockpiling cash for a rainy day." At the moment, it's raining. But when the sun comes back out again – and it will – our businesses, well-rooted, will be ready to grow anew. Today IAC has $1.7 billion of cash and about the same amount of exchangeable debt, in addition to some cash and debt at each of MTCH and ANGI. At the conclusion of the MTCH separation which we announced in December, we expect that "new" IAC will have in excess of $2.3 billion of cash and no debt, ANGI will have cash greater than its debt (not due until the end of 2023) and we expect "new" Match Group to be financially strong, generating significant cash with low capital expenditures.

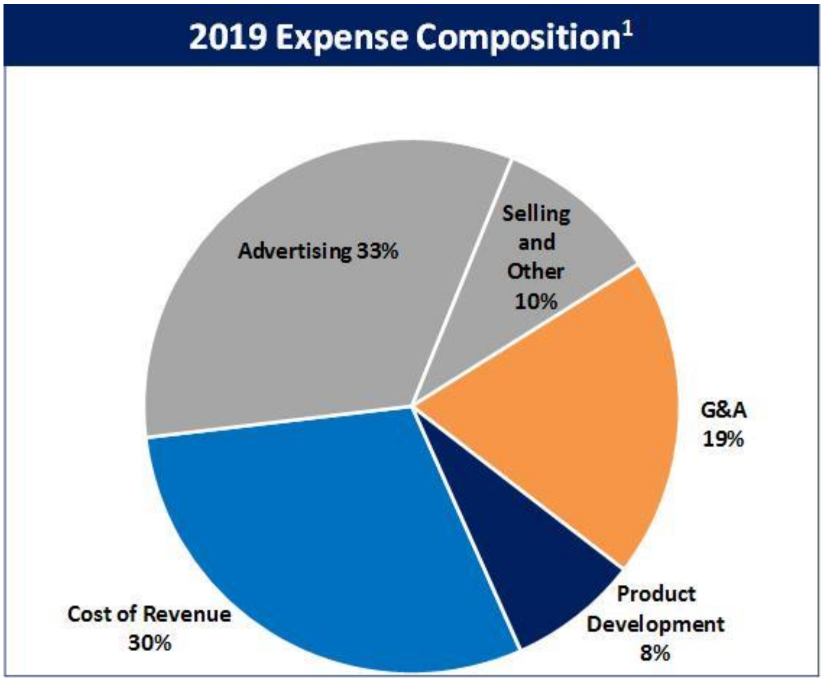
Of course, no one planned for a pandemic. The idea, a few months ago, that a substantial portion of US businesses would need to endure a sustained period of zero revenue was almost unthinkable. Some of IAC's businesses will struggle through this time while some will thrive, but luckily none of our businesses have seen a catastrophic shutdown in revenue. That's pure and simple good luck. But a balance sheet capable of withstanding some extreme volatility is by design, and a portfolio of businesses diversified by geography, product category, business model, market, and company lifecycle stage always provides a real benefit in reducing volatility – especially right now. Instead of scouring to find scarce capital, we're grateful to be looking for opportunities to put our capital to work.

There are two charts below, slicing our revenue in two different ways. The chart on the left shows revenue breakdown by company. We expect that revenue at about half of our companies will still grow this year, and revenue at half will decline. Some of those declines (e.g., Desktop Applications) were expected for secular reasons, and some have been caused by the economic shutdown. Our largest business, MTCH, has seen a relatively limited impact to date as the desire for love endures. Vimeo subscribers have surged beyond our expectations as churches, schools, fitness and other businesses move to deliver their products and communicate with their customers more digitally. We don′t yet know whether that surge will last, or for how long those subscribers will stay when the real world returns, but we certainly have more customers trying our product for the first time, and we've always believed that every business should augment its physical presence with a digital one. On the other hand, ANGI Homeservices has felt the demand for home repair, maintenance, and new projects drop as the world shelters in place.



If you look at the chart above on the right, which breaks down revenue by type, you see a significant portion of revenue coming from subscriptions. In this environment, subscription revenue is a positive attribute because, while transactions and advertisers can drop precipitously fast, subscription revenue tends to hold on much longer. ANGI Advertising revenue is actually also subscription-based and typically paid monthly, and therefore carries more subscription than transactional revenue traits. Across our various other ad-supported businesses, we′re seeing ad rates drop about 30% year-over-year. The increased volume of people visiting our sites helps offset, but not nearly enough.

To address negative revenue shocks like the one some of our businesses are experiencing today, we generally remain naturally hedged with a flexible cost structure that can expand and contract with revenue:



Our fixed expenses represent around 30% of our overall expenses and just over 20% of revenue. About 70% of our expenses are variable including marketing (e.g., television and search engine marketing ads) and cost of revenue (e.g., certain customer acquisition costs, payment processing, app store fees, and customer service). Nearly all of our marketing spend can be adjusted on a moment's notice, and the vast majority of cost of revenue in our businesses adjusts almost instantly with revenues – we're fortunate not to need to purchase or store any materials to assemble what we sell. So as revenue comes down, approximately 70% of our

[1] Represents cash expenses excluding stock-based compensation expense, acquisition-related contingent consideration fair value adjustments, amortization of intangibles, depreciation, and goodwill impairment. See the appendix for more details.

expenses naturally adjust with it. We don′t believe any of our businesses are yet in a position requiring material adjustments to our fixed expenses as a result of coronavirus because we believe that, though the economy may return slowly, it will return. Independent of the current crisis, we consistently reevaluate our fixed expenses and adjust as necessary to keep our businesses lean and nimble, and that′s more important now than ever. We've also always tried to be thoughtful about working capital, which means that we don′t put ourselves in a position where the timing of demands on our cash from vendors may fall out of sync with the timing of our ability to collect cash from customers.

Our most important expense, of course, is our people. We′re doing everything in our power to protect our people and save jobs, for the benefit of our company and our communities. Realistically, some businesses that have been hardest hit on revenue may have to reconsider hiring and certain roles, but we always look to pull other levers before eliminating jobs.

Here′s a quick rundown of what we′re currently seeing across our businesses:

- *Match Group:* While quarantines put a damper on "IRL" (in real life) dating, people still want to meet, chat, and flirt, even if never physically. The isolation of lockdowns hasn't stopped people from seeking companionship. We see engagement up across some of our biggest brands, though propensity to pay is down. In the regions hardest hit by the virus, we've seen first-time subscribers drop as the severity of the news peaks, but revenue in aggregate is still up year-over-year so far. We think MTCH is a durable business in moments of economic hardship, but no one can predict the long-term impact of this pandemic.

- *ANGI Homeservices*: While many homeowners have likely put their renovation plans on hold, a majority of the jobs which transact on our platforms are essential (and have been deemed so by federal and state authorities). Nonetheless, as people are required to shelter in place, demand has dropped off considerably. That's been somewhat, though far from entirely, offset by activity among service professionals. Our service professional community depends on us now more than ever to help bring them new customers, and our sales force had one of its most productive weeks ever, even while working from home – a potentially powerful trend. We expect ANGI to be among the hardest hit of our businesses in terms of revenues, but with a flexible cost base, this hit, we believe, will be temporary. The ANGI team is not slowing down pursuit of the strategic goals we laid out at the beginning of the year and if we can come out of this economic environment with a greater (and perhaps grateful) base of service professionals, as we did through the last financial crisis, we will be in good shape. We expect some competitors won't survive.

Our big focus at the moment is helping the 250,000 small businesses on our platform navigate the $2 trillion CARES Act enacted by the U.S. government last week. The vast majority of the businesses on our platform have less than 20 employees, and we witnessed the Great Recession in 2008 wipe out too many small businesses, especially in certain trades for which the talent pool in America is already scarce. The CARES Act set aside nearly $350 billion for businesses with 500 employees or less, and we're working to ensure that our regulators set aside some of those funds for even smaller businesses. These businesses don't have lawyers or accountants or important relationships at their local banks to help them get in line for forgivable loans like the Paycheck Protection Program (PPP) Loans that were created as part of the CARES Act, but they're essential to a recovering economy and a functioning housing market. We're doing everything we can to advocate on their behalf, and provide them the tools to access government loans and other assistance. As we all look for ways to help, one thing each of us can do is make sure your favorite local businesses are accessing the PPP Loans to stay afloat – there are plenty of online resources to help, and one of our favorites is here.

- *Vimeo:* Demand for Vimeo's video tools – from our livestreaming solutions for enterprises and organizations to our creation products for individuals and small businesses – has spiked considerably. In March we hit gross bookings figures we didn't otherwise expect to hit until sometime in 2021. More people are working, learning, training, communicating and worshipping remotely, and video is the tool to get it done.

- *Dotdash:* Although advertisers are generally pulling back spend, Dotdash content is helping people manage issues like health, investing, personal finance, education, and cooking at home. Traffic is up, driven by both consumer need for the content and the reality of increased usage as people stay home and spend more time on devices, though not enough to offset declining ad rates. It will take time for advertising budgets to normalize, but that also looks likely to winnow the competitive field. We're already making overtures to and receiving inquiries from other publications to consider transactions that previously seemed impossible.

- *Mosaic (Mobile Applications):* The portfolio of utility, productivity and lifestyle apps looks resilient so far. Daily Burn (streaming video home workouts) trial subscriber volume was up nearly 500% from February to March as people confined to their homes look for ways to stay fit, and products like Scanner for Me (PDF editing & signing), and SnapCalc (homework help) are thriving in work-from-home and learn-from-home environments. Our translation and flight tracking apps, with compelling travel use cases, have gone in the other direction. Fortunately, revenue in this business is almost entirely subscriptions and so far we're seeing bookings (a leading indicator of future revenues) overall relatively stable. With the continued profitability of the business, we remain cautiously optimistic for the remainder of the year.

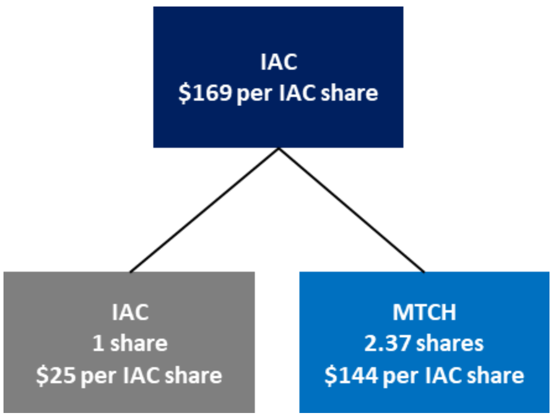
- *Care.com*: The number of caregivers looking for work has grown, while the number of care seekers looking for help has waned. In aggregate, that dynamic probably slows our growth plans at Care, but we will reorganize the business as we planned, and build the tools we always intended to match supply and demand. We still don't plan to deliver any profit at Care this year, but we will work to get the building blocks in place. Much more importantly, Care is doing some amazing work right now getting childcare help to frontline workers in the crisis.

- *Emerging & Other:* Across our other operating businesses, we are seeing a mix of trends— (i) our ad-based, cash-generating businesses at Ask Media Group and Desktop Applications are continuing (for the moment) to execute profitably as they adjust to a new normal in terms of lifetime values and acquisition costs (generally down) and traffic (generally up), but we'd expect both businesses to continue to shrink as they have for a while; (ii) in our "Future of Work" efforts, Bluecrew is seeing increases in supply (more people looking for work) with big shifts in demand for workers as companies in the industrial and supply chain categories ramp up, largely offsetting significant declines in demand from the hospitality industry; (iii) NurseFly is operating right at the center of this healthcare crisis with dramatic spikes in both demand and supply as the extreme need for nurses and affiliated health care workers plays through – we certainly aren't interested in celebrating any element of this crisis, and are focused on doing all we can to support the healthcare workers on the platform and help care get where it needs to be, but our business model is matched to the moment and doing well; and (iv) Daily Beast is seeing a significant boost in traffic and subscribers while breaking some big stories, but not enough to offset advertising declines.

The Match Group Separation

The strength and durability of MTCH′s business model has been reinforced through this period of tumult and we are continuing to work towards the separation of MTCH with a goal of closing the transaction in Q2 (of course pandemic caveats apply). We believe that the underlying logic which has driven our decision-making remains sound: to deliver to our shareholders securities in two separate companies, each properly capitalized, positioned for growth and benefitting from standing on its own. Despite the continued market volatility, the implied exchange ratio for the transaction today is nearly the same as it was when we announced the separation in December.

Meanwhile, at IAC′s current stock price, our market capitalization is $14.5 billion – that′s about $30 million higher than the value of our 80% interest in MTCH leaving aside the rest of our businesses and cash. In the separation, we currently expect that an IAC shareholder would receive 2.37 shares of MTCH (worth $144 per IAC share at today's prices)[2]; subtracting that amount from the current IAC stock price would imply that the "stub" is worth $25 per share. At this price, backing out our anticipated cash balance and the value of our ANGI stake at current prices, the remaining assets of New IAC would be trading at an implied negative $2 billion value. We expect that will work itself out over time.



IAC Post-Separation ($B)[2]	
IAC Share Price Post-Separation	$25
Shares Outstanding	87M
Equity Value	$2.2
Less: ANGI Stake	-$1.9
Less: Q2'20 ex-ANGI Cash	-$2.3
Implied New IAC ex-ANGI Enterprise Value	**-$2.0**

As this crisis unfolds, the priorities for us are to keep our employees safe and to remain focused on building our businesses. While it may not be as easy to do that remotely, we're getting better and smarter every day. IAC always has been -- and always will be – a company organized for the long-term, managed by patient owners, and that's how we'll make decisions through this period. We're not going to predict our quarterly earnings with the economy switched off and the government-sponsored help for the economy changing hourly. But we believe that most of the businesses that survive to see the other side of this crisis will have the same or better relative competitive strengths as they had going in, and our businesses are making it to the other side.

Like all commodities, pessimism and optimism are both most useful when in short supply. When I look around at our businesses, our employees and our opportunity, I'm one for optimism.

Joey Levin, CEO

[2] Illustrative based on current market values as of April 3, 2020; assumes no equity sale of Match Group by IAC and Match Group public shareholders all elect to receive $3 per share consideration in cash.

Appendix

Non-GAAP Financial Measures

This letter contains references to certain non-GAAP measures. These non-GAAP measures should be considered in conjunction with, but not as a substitute for, financial information presented in accordance with GAAP.

IAC Revenue by Category Reconciliation:

($ in millions, rounding differences may occur) **Revenue by category:**		**Year ending December 31, 2019**
Match Group Direct Revenue	$	2,007
ANGI North America Marketplace Service Professional Membership Subscription Revenue		65
ANGI Europe Service Professional Membership Subscription Revenue		14
Vimeo Platform Revenue		194
Desktop Applications Subscription and Other Revenue		16
Mosaic Group Subscription and Other Revenue		190
Total Subscription and Other Consumer Direct Spend	**$**	**2,486**
Match Group Indirect Revenue	$	44
Dotdash Revenue		168
Mosaic Group Advertising Revenue		9
Desktop Applications Non-Google Advertising Revenue		13
Emerging & Other Non-Google advertising revenue		46
Total Advertising	**$**	**280**
ANGI North America Consumer Connection Revenue	$	914
ANGI North America Marketplace Other Revenue		7
ANGI Europe Consumer Connection Revenue		60
Total Global ANGI Marketplace	**$**	**980**
ANGI North America Advertising and Other Revenue	$	265
ANGI Europe Advertising and Other Revenue		2
Total ANGI Advertising	**$**	**267**
Desktop Applications Google Advertising Revenue	$	291
Emerging & Other Google Advertising Revenue		392
Total Search	**$**	**683**
Vimeo Hardware Revenue	$	2
Emerging & Other Other Revenue		59
Total Other	**$**	**62**
Total IAC Revenue	**$**	**4,757**

IAC Cash Expense to GAAP Expense Reconciliation:

($ in millions, rounding differences may occur)	**Year ending December 31, 2019** Cost of Revenue		Selling and Marketing		General and Administrative		Product Development
As Reported	**$**	**1,127**	**$ 1,630**	**$**	**889**	**$**	**345**
Less: Stock-based compensation expense		4	10		178		48
Less: Acquisition-related contingent consideration fair value adjustments		-	-		(20)		-
Adjusted	**$**	**1,124**	**$ 1,619**	**$**	**730**	**$**	**297**

Cautionary Statement Regarding Forward-Looking Information

This letter may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: IAC's future financial performance, business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: the risks inherent in separating Match Group from IAC (including uncertainties related to, among other things, the costs and expected benefits of the proposed transaction, the expected timing of the transaction or whether it will be completed, the factors that may impact the calculation of the exchange ratio which will determine the number of new shares of the post-transaction Match Group to be received by IAC shareholders, the expected tax treatment of the transaction, any litigation arising out of or relating to the transaction, and the impact of the transaction on the businesses of IAC and Match Group), any change in our intention with respect to our investment in ANGI Homeservices, our continued ability to successfully market, distribute and monetize our products and services through search engines, social media platforms and digital app stores, the failure or delay of the markets and industries in which our businesses operate to migrate online, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize versions of our products and services for mobile and other digital devices, adverse economic events or trends, either generally and/or in any of the markets in which our businesses operate, the impact of the outbreak of the COVID-19 coronavirus, our continued ability to communicate with users and consumers via e-mail (or other sufficient means), our ability to successfully offset increasing digital app store fees, our ability to establish and maintain relationships with quality service professionals, changes in our relationship with (or policies implemented by) Google, foreign exchange currency rate fluctuations, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, the integrity, quality, scalability and redundancy of our systems, technology and infrastructure (and those of third parties with whom we do business), changes in key personnel, our ability to service our outstanding indebtedness and interest rate risk, dilution with respect to our investments in Match Group and ANGI Homeservices, operational and financial risks relating to acquisitions and our continued ability to identify suitable acquisition candidates, our ability to expand successfully into international markets, regulatory changes and our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties. Certain of these and other risks and uncertainties are discussed in IAC's filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forwardlooking statements may not prove to be accurate. Accordingly, you should not place undue reliance on these forwardlooking statements, which only reflect the views of IAC's management as of the date of this press release. IAC does not undertake to update these forward-looking statements.