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As filed with the Securities and Exchange Commission on May 1, 2015

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, 2015

Or

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

For the transition period from__________to__________

Commission File No. 0-20570

IAC/INTERACTIVECORP

(Exact name of registrant as specified in its charter)

Delaware	**59-2712887**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 West 18th Street, New York, New York 10011
(Address of registrant's principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

As of April 24, 2015, the following shares of the registrant's common stock were outstanding:

Common Stock	76,278,660
Class B Common Stock	5,789,499
Total outstanding Common Stock	82,068,159

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of April 24, 2015 was $5,469,956,006. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

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PART I
FINANCIAL INFORMATION

Item 1. *Consolidated Financial Statements*

IAC/INTERACTIVECORP

CONSOLIDATED BALANCE SHEET
(Unaudited)

	March 31, 2015	December 31, 2014
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 671,597	$ 990,405
Marketable securities	205,621	160,648
Accounts receivable, net of allowance of $13,128 and $12,437, respectively	232,464	236,086
Other current assets	184,261	166,742
Total current assets	1,293,943	1,553,881
Property and equipment, net of accumulated depreciation and amortization of $291,091 and $279,534, respectively	297,956	302,459
Goodwill	1,720,901	1,754,926
Intangible assets, net of accumulated amortization of $102,995 and $98,937, respectively	469,552	491,936
Long-term investments	123,679	114,983
Other non-current assets	52,074	56,693
TOTAL ASSETS	$ 3,958,105	$ 4,274,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 83,446	$ 81,163
Deferred revenue	214,476	194,988
Accrued expenses and other current liabilities	327,830	397,803
Total current liabilities	625,752	673,954
Long-term debt	1,080,000	1,080,000
Income taxes payable	29,300	32,635
Deferred income taxes	407,784	409,529
Other long-term liabilities	34,260	45,191
Redeemable noncontrolling interests	28,295	40,427
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock $.001 par value; authorized 1,600,000,000 shares; issued 252,899,453 and 252,170,058 shares, respectively and outstanding 76,130,186 and 78,356,057 shares, respectively	253	252
Class B convertible common stock $.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 5,789,499 shares	16	16
Additional paid-in capital	11,434,220	11,415,617
Retained earnings	322,848	325,118
Accumulated other comprehensive loss	(143,273)	(87,700)
Treasury stock 187,137,267 and 184,182,001 shares, respectively	(9,861,350)	(9,661,350)
Total IAC shareholders' equity	1,752,714	1,991,953
Noncontrolling interests	—	1,189
Total shareholders' equity	1,752,714	1,993,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,958,105	$ 4,274,878

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
	(In thousands, except per share data)	
Revenue	$ 772,512	$ 740,247
Operating costs and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	191,553	209,234
Selling and marketing expense	357,666	298,599
General and administrative expense	114,794	95,089
Product development expense	45,257	38,816
Depreciation	15,568	14,818
Amortization of intangibles	12,555	11,979
Total operating costs and expenses	737,393	668,535
Operating income	35,119	71,712
Interest expense	(14,064)	(14,064)
Other income (expense), net	6,988	(1,958)
Earnings from continuing operations before income taxes	28,043	55,690
Income tax provision	(6,180)	(21,385)
Earnings from continuing operations	21,863	34,305
Earnings (loss) from discontinued operations, net of tax	125	(814)
Net earnings	21,988	33,491
Net loss attributable to noncontrolling interests	4,417	2,394
Net earnings attributable to IAC shareholders	$ 26,405	$ 35,885
Per share information attributable to IAC shareholders:		
Basic earnings per share from continuing operations	$ 0.31	$ 0.44
Diluted earnings per share from continuing operations	$ 0.30	$ 0.42
Basic earnings per share	$ 0.32	$ 0.44
Diluted earnings per share	$ 0.30	$ 0.41
Dividends declared per share	$ 0.34	$ 0.24
Stock-based compensation expense by function:		
Cost of revenue	$ 245	$ (8)
Selling and marketing expense	1,723	196
General and administrative expense	14,598	7,952
Product development expense	2,345	1,473
Total stock-based compensation expense	$ 18,911	$ 9,613

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended March 31, 2015	2014
	(In thousands)	
Net earnings	$ 21,988	$ 33,491
Other comprehensive (loss) income, net of tax:		
Change in foreign currency translation adjustment	(56,614)	5,377
Change in unrealized gains and losses of available-for-sale securities (net of tax benefits of $56 of 2015 and $573 in 2014)	634	(111)
Total other comprehensive (loss) income, net of tax	(55,980)	5,266
Comprehensive (loss) income	(33,992)	38,757
Comprehensive loss attributable to noncontrolling interests	4,824	2,477
Comprehensive (loss) income attributable to IAC shareholders	$ (29,168)	$ 41,234

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

IAC/INTERACTIVECORP

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

		IAC Shareholders' Equity										
	Redeemable Noncontrolling Interests	Common Stock $.001 Par Value		Class B Convertible Common Stock $.001 Par Value		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total IAC Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
		$	Shares	$	Shares							
		(In thousands)										
Balance as of December 31, 2014	$ 40,427	$ 252	252,170	$ 16	16,157	$ 11,415,617	$ 325,118	$ (87,700)	$ (9,661,350)	$ 1,991,953	$ 1,189	$ 1,993,142
Net (loss) earnings for the three months ended March 31, 2015	(4,417)	—	—	—	—	—	26,405	—	—	26,405	—	26,405
Other comprehensive loss, net of tax	(407)	—	—	—	—	—	—	(55,573)	—	(55,573)	—	(55,573)
Stock-based compensation expense	1,033	—	—	—	—	17,878	—	—	—	17,878	—	17,878
Issuance of common stock upon exercise of stock options, vesting of restricted stock units and other, net of withholding taxes	—	1	729	—	—	(10,388)	—	—	—	(10,387)	—	(10,387)
Income tax benefit related to the exercise of stock options, vesting of restricted stock units and other	—	—	—	—	—	16,838	—	—	—	16,838	—	16,838
Dividends	—	—	—	—	—	—	(28,675)	—	—	(28,675)	—	(28,675)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(200,000)	(200,000)	—	(200,000)
Purchase of redeemable noncontrolling interests	(15,338)	—	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	5,725	—	—	—	—	(5,725)	—	—	—	(5,725)	—	(5,725)
Transfer from noncontrolling interests to redeemable noncontrolling interests	1,189	—	—	—	—	—	—	—	—	—	(1,189)	(1,189)
Other	83	—	—	—	—	—	—	—	—	—	—	—
Balance as of March 31, 2015	$ 28,295	$ 253	252,899	$ 16	16,157	$ 11,434,220	$ 322,848	$ (143,273)	$ (9,861,350)	$ 1,752,714	$ —	$ 1,752,714

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

IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net earnings	$ 21,988	$ 33,491
Less: earnings (loss) from discontinued operations, net of tax	125	(814)
Earnings from continuing operations	21,863	34,305
Adjustments to reconcile earnings from continuing operations to net cash (used in) provided by operating activities attributable to continuing operations:		
Stock-based compensation expense	18,911	9,613
Depreciation	15,568	14,818
Amortization of intangibles	12,555	11,979
Excess tax benefits from stock-based awards	(16,846)	(24,203)
Deferred income taxes	867	3,799
Equity in losses of unconsolidated affiliates	283	1,935
Acquisition-related contingent consideration fair value adjustments	(6,996)	(27)
Other adjustments, net	(476)	3,985
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(3,847)	(20,387)
Other assets	6,775	(4,100)
Accounts payable and other current liabilities	(33,420)	(11,655)
Income taxes payable	(41,359)	6,697
Deferred revenue	23,001	16,917
Other changes in assets and liabilities, net	(689)	(1,035)
Net cash (used in) provided by operating activities attributable to continuing operations	(3,810)	42,641
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(5,709)	(77,981)
Capital expenditures	(12,876)	(9,721)
Proceeds from maturities and sales of marketable debt securities	6,050	—
Purchases of marketable debt securities	(47,930)	(32,848)
Purchases of long-term investments	(8,345)	(7,861)
Other, net	2,843	(157)
Net cash used in investing activities attributable to continuing operations	(65,967)	(128,568)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(200,000)	—
Dividends	(28,675)	(20,004)
Issuance of common stock, net of withholding taxes	(10,339)	920
Excess tax benefits from stock-based awards	16,846	24,203
Purchase of noncontrolling interests	(15,338)	(30,000)
Funds returned from escrow for Meetic tender offer	—	12,354
Acquisition-related contingent consideration payment	(180)	—
Other, net	110	(295)
Net cash used in financing activities attributable to continuing operations	(237,576)	(12,822)
Total cash used in continuing operations	(307,353)	(98,749)
Effect of exchange rate changes on cash and cash equivalents	(11,455)	1,616
Net decrease in cash and cash equivalents	(318,808)	(97,133)
Cash and cash equivalents at beginning of period	990,405	1,100,444
Cash and cash equivalents at end of period	$ 671,597	$ 1,003,311

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

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

IAC is a leading media and Internet company. The Company is organized into four segments: The Match Group, which consists of dating, education and fitness businesses with brands such as Match, OkCupid, Tinder, The Princeton Review and DailyBurn; Search & Applications, which includes brands such as About.com, Ask.com, Dictionary.com and Investopedia; Media, which includes businesses such as Vimeo, Electus, The Daily Beast and CollegeHumor; and eCommerce, which includes HomeAdvisor and ShoeBuy. IAC's brands and products are among the most recognized in the world, reaching users in over 200 countries.

All references to "IAC," the "Company," "we," "our" or "us" in this report are to IAC/InterActiveCorp.

Basis of Presentation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP").

Basis of Consolidation and Accounting for Investments

The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest. Intercompany transactions and accounts have been eliminated.

Investments in the common stock or in-substance common stock of entities in which the Company has the ability to exercise significant influence over the operating and financial matters of the investee, but does not have a controlling financial interest, are accounted for using the equity method and are included in "Long-term investments" in the accompanying consolidated balance sheet.

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. Interim results are not necessarily indicative of the results that may be expected for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Accounting Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make certain estimates, judgments and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

On an ongoing basis, the Company evaluates its estimates and judgments including those related to: the fair values of marketable securities and other investments; the recoverability of goodwill and indefinite-lived intangible assets; the useful lives and recovery of definite-lived intangible assets and property and equipment; the carrying value of accounts receivable, including the determination of the allowance for doubtful accounts and revenue reserves; the fair value of acquisition-related contingent consideration; the liabilities for uncertain tax positions; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets and other factors that the Company considers relevant.

Certain Risks and Concentrations

A substantial portion of the Company's revenue is derived from online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in advertising spending behavior or in customer buying behavior could adversely affect our operating results. Most of the Company's online advertising revenue is attributable to a services agreement with Google Inc. ("Google"), which expires on March 31, 2016. Our services agreement requires that we comply with certain guidelines promulgated by Google. Subject to certain limitations, Google may unilaterally update its policies and guidelines, which could require modifications to, or prohibit and/or render obsolete certain of our products, services and/or business practices, which could be costly to address or otherwise have an adverse effect on our business, financial condition and results of operations. For the three months ended March 31, 2015 and 2014, revenue earned from Google is $339.6 million and $355.6 million, respectively. This revenue is earned by the businesses comprising the Search & Applications segment. Accounts receivable related to revenue earned from Google totaled $111.7 million and $118.7 million at March 31, 2015 and December 31, 2014, respectively.

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and develops a common standard for all industries. The new guidance is effective for reporting periods beginning after December 15, 2016. Entities have the option of using either a full retrospective or cumulative effect approach to adopt ASU No. 2014-09. In April 2015, the FASB announced a proposal to defer the effective date by one year, with early adoption on the original effective date permitted. The Company is currently evaluating the new guidance and has not yet determined whether the adoption of the new standard will have a material impact on its consolidated financial statements or the method and timing of adoption.

Reclassifications

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

NOTE 2—INCOME TAXES

At the end of each interim period, the Company makes its best estimate of the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which they occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or the liabilities for uncertain tax positions is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realization of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or our tax environment changes. To the extent that the expected annual effective income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision in the quarter in which the change occurs.

For the three months ended March 31, 2015, the Company recorded an income tax provision for continuing operations of $6.2 million, which represents an effective income tax rate of 22%. The effective rate for the three months ended March 31, 2015 is lower than the statutory rate of 35% due principally to the non-taxable gain on contingent consideration fair value adjustments in the current year period and a reduction in tax reserves and related interest due to the expiration of statutes of limitations. For the three months ended March 31, 2014, the Company recorded an income tax provision for continuing operations of $21.4 million, which represents an effective income tax rate of 38%. The effective rate for the three months ended March 31, 2014 is higher than the statutory rate of 35% due primarily to interest on reserves for income tax contingencies and state taxes, partially offset by foreign income taxed at lower rates.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. Included in the income tax provision for continuing operations for the three months ended March 31, 2015 and 2014, is a $0.1 million benefit and a $1.6 million provision, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. At March 31, 2015 and December 31, 2014, the Company has accrued $2.5 million and $2.8 million, respectively, for the payment of interest. At March 31, 2015 and December 31, 2014, the Company has accrued $2.3 million and $2.9 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service is currently auditing the Company's federal income tax returns for the years ended December 31, 2010 through 2012. Various other jurisdictions are open to examination for various tax years beginning with 2009. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of audits and amounts previously provided may be material. Differences between the reserves for uncertain tax positions and the amounts owed by the Company are recorded in the period they become known.

At March 31, 2015 and December 31, 2014, unrecognized tax benefits, including interest, are $30.4 million and $33.2 million, respectively. If unrecognized tax benefits at March 31, 2015 are subsequently recognized, $28.1 million, net of related deferred tax assets and interest, would reduce income tax provision for continuing operations. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $7.8 million within twelve months of March 31, 2015 primarily due to expirations of statutes of limitations; $7.4 million of which would reduce the income tax provision for continuing operations.

NOTE 3—MARKETABLE SECURITIES

At March 31, 2015, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Corporate debt securities	$ 204,450	$ 310	$ (60)	$ 204,700
Equity security	98	823	—	921
Total marketable securities	$ 204,548	$ 1,133	$ (60)	$ 205,621

All of the Company's marketable debt securities are rated investment grade. The gross unrealized losses on the marketable debt securities relate principally to changes in interest rates. Because the Company does not intend to sell any marketable debt securities and it is not more likely than not that the Company will be required to sell any marketable debt securities before recovery of their amortized cost bases, which may be maturity, the Company does not consider any of its marketable debt securities to be other-than-temporarily impaired at March 31, 2015.

At December 31, 2014, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Corporate debt securities	$ 159,418	$ 34	$ (255)	$ 159,197
Equity security	98	1,353	—	1,451
Total marketable securities	$ 159,516	$ 1,387	$ (255)	$ 160,648

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

The contractual maturities of debt securities classified as current available-for-sale at March 31, 2015 are as follows:

	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	$ 69,218	$ 69,220
Due after one year through five years	135,232	135,480
Total	$ 204,450	$ 204,700

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

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Proceeds from maturities and sales of available-for-sale marketable securities	$ 6,050	$ —

There were no gross realized gains or losses from the maturities and sales of available-for-sale marketable securities for the three months ended March 31, 2015 and 2014.

The specific-identification method is used to determine the cost of securities sold and the amount of unrealized gains and losses reclassified out of accumulated other comprehensive income into earnings.

NOTE 4—FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company categorizes its financial instruments measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.
- Level 2: Other inputs, which are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair values of the Company's Level 2 financial assets are primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case an average market price is used.
- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the assets or liabilities. See below for a discussion of fair value measurements made using Level 3 inputs.

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

	March 31, 2015			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 107,661	$ —	$ —	$ 107,661
Commercial paper	—	204,236	—	204,236
Time deposits	—	34,004	—	34,004
Marketable securities:				
Corporate debt securities	—	204,700	—	204,700
Equity security	921	—	—	921
Long-term investments:				
Auction rate security	—	—	6,190	6,190
Marketable equity security	7,924	—	—	7,924
Total	$ 116,506	$ 442,940	$ 6,190	$ 565,636
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ (20,964)	$ (20,964)

	December 31, 2014			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 174,720	$ —	$ —	$ 174,720
Commercial paper	—	388,801	—	388,801
Time deposits	—	42,914	—	42,914
Marketable securities:				
Corporate debt securities	—	159,197	—	159,197
Equity security	1,451	—	—	1,451
Long-term investments:				
Auction rate security	—	—	6,070	6,070
Marketable equity security	7,410	—	—	7,410
Total	$ 183,581	$ 590,912	$ 6,070	$ 780,563
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ (30,140)	$ (30,140)

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

	Three Months Ended March 31,			
	2015		2014	
	Auction Rate Security	Contingent Consideration Arrangements	Auction Rate Security	Contingent Consideration Arrangements
	(In thousands)			
Balance at January 1	$ 6,070	$ (30,140)	$ 8,920	$ (45,828)
Total net gains (losses):				
Included in earnings	—	7,626	—	27
Included in other comprehensive income (loss)	120	1,733	230	(363)
Fair value at date of acquisition	—	(363)	—	(2,835)
Settlements	—	180	—	241
Balance at March 31	$ 6,190	$ (20,964)	$ 9,150	$ (48,758)

Auction rate security

The Company's auction rate security is valued by discounting the estimated future cash flow streams of the security over the life of the security. Credit spreads and other risk factors are also considered in establishing fair value. The cost basis of the auction rate security is $10.0 million, with gross unrealized losses of $3.8 million and $3.9 million at March 31, 2015 and December 31, 2014, respectively. The unrealized losses are included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. At March 31, 2015, the auction rate security is rated BBB- and matures in 2035. The Company does not consider the auction rate security to be other-than-temporarily impaired at March 31, 2015, due to its credit rating and because the Company does not intend to sell this security, and it is not more likely than not that the Company will be required to sell this security, before the recovery of its amortized cost basis, which may be maturity.

Contingent Consideration Arrangements

As of March 31, 2015, there are nine contingent consideration arrangements related to business acquisitions. Eight of the contingent consideration arrangements have limits as to the maximum amount that can be paid; the maximum contingent payments related to these arrangements is $189.0 million and the fair value of these arrangements at March 31, 2015 is $20.5 million. The fair value of the one contingent consideration arrangement without a limit on the maximum amount is $0.5 million at March 31, 2015. The contingent consideration arrangements are generally based upon earnings performance and/or operating metrics such as monthly average users. The Company typically determines the fair value of the contingent consideration arrangements by using a probability-weighted analysis to determine the amount of the gross liability, and, if the arrangement is long-term in nature, applying a discount rate that captures the risks associated with the obligation. The number of scenarios in the probability-weighted analyses can vary; generally, more scenarios are prepared for longer duration and more complex arrangements. The contingent consideration arrangements fair values at March 31, 2015 reflect discount rates ranging from 15-25%.

The fair values of the contingent consideration arrangements are sensitive to changes in the forecasts of earnings and/or the relevant operating metrics and changes in discount rates. The Company remeasures the fair value of the contingent consideration arrangements each reporting period, and changes are recognized in “General and administrative expense” in the accompanying consolidated statement of operations. The contingent consideration arrangement liability at March 31, 2015 includes a current portion of $11.7 million and non-current portion of $9.2 million, which are included in “Accrued expenses and other current liabilities” and “Other long-term liabilities,” respectively, in the accompanying consolidated balance sheet.

Assets measured at fair value on a nonrecurring basis

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment, as well as equity and cost method investments, are adjusted to fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Cost method investments

At March 31, 2015 and December 31, 2014, the carrying values of the Company's investments accounted for under the cost method totaled $99.3 million and $90.9 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet. The Company evaluates each cost method investment for impairment on a quarterly basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. If the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of a cost method investment, then the fair value of such cost method investment is not estimated, as it is impracticable to do so.

Long-term marketable equity securities

The cost basis of the Company's long-term marketable equity security at March 31, 2015 and December 31, 2014 is $8.7 million, with gross unrealized losses of $0.7 million and $1.2 million, respectively. The gross unrealized losses at March 31, 2015 and December 31, 2014 are included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet.

Financial instruments measured at fair value only for disclosure purposes

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

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt	$ (1,080,000)	$ (1,100,002)	$ (1,080,000)	$ (1,099,813)

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

NOTE 5—LONG-TERM DEBT

Long-term debt consists of:

	March 31, 2015	December 31, 2014
	(In thousands)	
4.875% Senior Notes due November 30, 2018 (the "2013 Senior Notes"); interest payable each May 30 and November 30, which commenced May 30, 2014	$ 500,000	$ 500,000
4.75% Senior Notes due December 15, 2022 (the "2012 Senior Notes"); interest payable each June 15 and December 15, which commenced June 15, 2013	500,000	500,000
5% New York City Industrial Development Agency Liberty Bonds due September 1, 2035; interest payable each March 1 and September 1, which commenced March 1, 2006	80,000	80,000
Total long-term debt	$ 1,080,000	$ 1,080,000

The 2013 and 2012 Senior Notes were issued on November 15, 2013 and December 21, 2012, respectively. On December 21, 2012, the Company entered into a $300 million revolving credit facility, which expires on December 21, 2017. The annual fee to maintain the revolving credit facility is 30 basis points. At March 31, 2015 and December 31, 2014, there are no outstanding borrowings under the revolving credit facility.

The 2013 and 2012 Senior Notes are unconditionally guaranteed by certain domestic subsidiaries, which are designated as guarantor subsidiaries. The guarantor subsidiaries are the same for the 2013 and 2012 Senior Notes and IAC's obligation under the revolving credit facility; IAC's obligation under the revolving credit facility is also secured by the stock of certain of our domestic and foreign subsidiaries. See Note 10 for guarantor and non-guarantor financial information.

The indentures governing the 2013 and 2012 Senior Notes restrict our ability to incur additional indebtedness in the event we are not in compliance with the maximum leverage ratio of 3.0 to 1.0. In addition, the terms of the revolving credit facility require that we maintain a leverage ratio of not more than 3.0 to 1.0 and restrict our ability to incur additional indebtedness. As of March 31, 2015, the Company was in compliance with all of these covenants.

NOTE 6—ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the components of accumulated other comprehensive (loss) income. There have been no amounts reclassified out of accumulated other comprehensive loss into earnings for the three months ended March 31, 2015 and 2014.

	Three Months Ended March 31, 2015		
	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains On Available-For-Sale Securities	Accumulated Other Comprehensive Loss
		(In thousands)	
Balance as of December 31	$ (86,848)	$ (852)	$ (87,700)
Other comprehensive (loss) income, net of tax provision of $0.1 million related to unrealized gains on available-for-sale securities	(56,334)	761	(55,573)
Balance as of March 31	$ (143,182)	$ (91)	$ (143,273)

	Three Months Ended March 31, 2014		
	Foreign Currency Translation Adjustment	Unrealized Gains On Available-For-Sale Securities	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance as of December 31	$ (20,352)	$ 7,306	$ (13,046)
Other comprehensive income, net of tax provision of $0.6 million related to unrealized gains on available-for-sale securities	5,220	129	5,349
Balance as of March 31	$ (15,132)	$ 7,435	$ (7,697)

NOTE 7—EARNINGS PER SHARE

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

	Three Months Ended March 31,			
	2015		2014	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Earnings from continuing operations	$ 21,863	$ 21,863	$ 34,305	$ 34,305
Net loss attributable to noncontrolling interests	4,417	4,417	2,394	2,394
Earnings from continuing operations attributable to IAC shareholders	26,280	26,280	36,699	36,699
Earnings (loss) from discontinued operations attributable to IAC shareholders	125	125	(814)	(814)
Net earnings attributable to IAC shareholders	$ 26,405	$ 26,405	$ 35,885	$ 35,885
Denominator:				
Weighted average basic shares outstanding	83,453	83,453	82,484	82,484
Dilutive securities including stock options and RSUs[(a)]	—	5,305	—	4,720
Denominator for earnings per share—weighted average shares[(a)]	83,453	88,758	82,484	87,204
Earnings per share attributable to IAC shareholders:				
Earnings per share from continuing operations	$ 0.31	$ 0.30	$ 0.44	$ 0.42
Discontinued operations	0.01	—	—	(0.01)
Earnings per share	$ 0.32	$ 0.30	$ 0.44	$ 0.41

[(a)] If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and vesting of restricted stock units ("RSUs"). For the three months ended March 31, 2015 approximately 2.0 million shares related to potentially dilutive securities are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three months ended March 31, 2014, there are no securities that are excluded from the calculation of diluted earnings per share.

NOTE 8—SEGMENT INFORMATION

The overall concept that IAC employs in determining its operating segments is to present the financial information in a manner consistent with how the chief operating decision maker views the businesses, how the businesses are organized as to segment management, and the focus of the businesses with regards to the types of services or products offered or the target market. Operating segments are combined for reporting purposes if they meet certain aggregation criteria, which principally relate to the similarity of their economic characteristics or, in the case of the eCommerce reportable segment, do not meet the quantitative thresholds that require presentation as separate operating segments.

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Revenue:		
Search & Applications	$ 382,898	$ 398,035
The Match Group	239,211	211,187
Media	43,612	36,355
eCommerce	107,010	94,842
Inter-segment elimination	(219)	(172)
Total	$ 772,512	$ 740,247

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Operating Income (Loss):		
Search & Applications	$ 64,300	$ 70,337
The Match Group	25,312	39,803
Media	(15,352)	(8,566)
eCommerce	(6,854)	(1,561)
Corporate	(32,287)	(28,301)
Total	$ 35,119	$ 71,712

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Adjusted EBITDA:		
Search & Applications	$ 78,901	$ 82,071
The Match Group	25,856	47,430
Media	(14,583)	(7,864)
eCommerce	(3,137)	2,804
Corporate	(11,880)	(16,346)
Total	$ 75,157	$ 108,095

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

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(In thousands)	
Revenue:		
United States	$ 570,013	$ 504,403
All other countries	202,499	235,844
Total	$ 772,512	$ 740,247

	March 31, 2015	December 31, 2014
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$ 279,606	$ 281,879
All other countries	18,350	20,580
Total	$ 297,956	$ 302,459

The Company's primary financial measure is Adjusted EBITDA, which is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and goodwill and intangible asset impairments and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. The Company believes this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business, from which capital investments are made and debt is serviced. Adjusted EBITDA has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses.

The following tables reconcile Adjusted EBITDA to operating income (loss) for the Company's reportable segments:

	Three Months Ended March 31, 2015					
	Adjusted EBITDA	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Operating Income (Loss)
	(In thousands)					
Search & Applications	$ 78,901	$ —	$ (3,616)	$ (6,965)	$ (4,020)	$ 64,300
The Match Group	25,856	(613)	(7,065)	(3,877)	11,011	25,312
Media	(14,583)	(147)	(204)	(423)	5	(15,352)
eCommerce	(3,137)	(420)	(2,007)	(1,290)	—	(6,854)
Corporate	(11,880)	(17,731)	(2,676)	—	—	(32,287)
Total	$ 75,157	$ (18,911)	$ (15,568)	$ (12,555)	$ 6,996	$ 35,119

	Three Months Ended March 31, 2014					
	Adjusted EBITDA	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Operating Income (Loss)
	(In thousands)					
Search & Applications	$ 82,071	$ —	$ (4,465)	$ (7,269)	$ —	$ 70,337
The Match Group	47,430	(17)	(5,800)	(1,837)	27	39,803
Media	(7,864)	(164)	(282)	(256)	—	(8,566)
eCommerce	2,804	—	(1,748)	(2,617)	—	(1,561)
Corporate	(16,346)	(9,432)	(2,523)	—	—	(28,301)
Total	$ 108,095	$ (9,613)	$ (14,818)	$ (11,979)	$ 27	$ 71,712

NOTE 9—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. The Company also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company. See Note 2 for additional information related to income tax contingencies.

NOTE 10—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

The 2013 and 2012 Senior Notes are unconditionally guaranteed, jointly and severally, by certain domestic subsidiaries which are 100% owned by the Company. The following tables present condensed consolidating financial information at March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and 2014 for: IAC, on a stand-alone basis; the combined guarantor subsidiaries of IAC; the combined non-guarantor subsidiaries of IAC; and IAC on a consolidated basis.

Balance sheet at March 31, 2015:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash and cash equivalents	$ 468,857	$ —	$ 202,740	$ —	$ 671,597
Marketable securities	204,700	—	921	—	205,621
Accounts receivable, net	17	156,409	76,038	—	232,464
Other current assets	41,743	93,861	54,186	(5,529)	184,261
Intercompany receivables	—	1,732,085	982,713	(2,714,798)	—
Property and equipment, net	5,511	229,513	62,932	—	297,956
Goodwill	—	1,250,200	470,701	—	1,720,901
Intangible assets, net	—	319,502	150,050	—	469,552
Investment in subsidiaries	5,056,128	916,116	—	(5,972,244)	—
Other non-current assets	44,460	21,042	112,382	(2,131)	175,753
Total assets	$ 5,821,416	$ 4,718,728	$ 2,112,663	$ (8,694,702)	$ 3,958,105
Accounts payable, trade	$ 3,954	$ 56,934	$ 22,558	$ —	$ 83,446
Other current liabilities	44,152	318,375	180,402	(623)	542,306
Long-term debt	1,000,000	80,000	—	—	1,080,000
Income taxes payable	909	4,777	23,614	—	29,300
Intercompany liabilities	2,714,798	—	—	(2,714,798)	—
Other long-term liabilities	304,889	104,257	39,935	(7,037)	442,044
Redeemable noncontrolling interests	—	—	28,295	—	28,295
IAC shareholders' equity	1,752,714	4,154,385	1,817,859	(5,972,244)	1,752,714
Total liabilities and shareholders' equity	$ 5,821,416	$ 4,718,728	$ 2,112,663	$ (8,694,702)	$ 3,958,105

Balance sheet at December 31, 2014:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Cash and cash equivalents	$ 766,076	$ 1,021	$ 223,308	$ —	$ 990,405
Marketable securities	159,197	—	1,451	—	160,648
Accounts receivable, net	13	155,262	80,811	—	236,086
Other current assets	23,923	91,105	57,487	(5,773)	166,742
Intercompany receivables	—	1,688,403	970,810	(2,659,213)	—
Property and equipment, net	4,950	232,819	64,690	—	302,459
Goodwill	—	1,249,807	505,119	—	1,754,926
Intangible assets, net	—	325,771	166,165	—	491,936
Investment in subsidiaries	5,035,304	930,443	—	(5,965,747)	—
Other non-current assets	44,610	20,682	109,372	(2,988)	171,676
Total assets	$ 6,034,073	$ 4,695,313	$ 2,179,213	$ (8,633,721)	$ 4,274,878
Accounts payable, trade	$ 3,059	$ 55,320	$ 22,784	$ —	$ 81,163
Other current liabilities	73,491	328,920	191,197	(817)	592,791
Long-term debt	1,000,000	80,000	—	—	1,080,000
Income taxes payable	2,240	4,771	25,624	—	32,635
Intercompany liabilities	2,659,213	—	—	(2,659,213)	—
Other long-term liabilities	304,117	104,219	54,328	(7,944)	454,720
Redeemable noncontrolling interests	—	—	40,427	—	40,427
IAC shareholders' equity	1,991,953	4,122,083	1,843,664	(5,965,747)	1,991,953
Noncontrolling interests	—	—	1,189	—	1,189
Total liabilities and shareholders' equity	$ 6,034,073	$ 4,695,313	$ 2,179,213	$ (8,633,721)	$ 4,274,878

Statement of operations for the three months ended March 31, 2015:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 594,801	$ 180,360	$ (2,649)	$ 772,512
Operating costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	245	119,741	71,764	(197)	191,553
Selling and marketing expense	1,055	288,625	70,396	(2,410)	357,666
General and administrative expense	24,064	65,753	25,019	(42)	114,794
Product development expense	2,177	31,134	11,946	—	45,257
Depreciation	401	11,580	3,587	—	15,568
Amortization of intangibles	—	6,270	6,285	—	12,555
Total operating costs and expenses	27,942	523,103	188,997	(2,649)	737,393
Operating (loss) income	(27,942)	71,698	(8,637)	—	35,119
Equity in earnings of unconsolidated affiliates	54,124	3,696	—	(57,820)	—
Interest expense	(12,990)	(1,046)	(28)	—	(14,064)
Other (expense) income, net	(9,353)	11,392	4,949	—	6,988
Earnings (loss) from continuing operations before income taxes	3,839	85,740	(3,716)	(57,820)	28,043
Income tax benefit (provision)	22,441	(31,796)	3,175	—	(6,180)
Earnings (loss) from continuing operations	26,280	53,944	(541)	(57,820)	21,863
Earnings from discontinued operations, net of tax	125	—	—	—	125
Net earnings (loss)	26,405	53,944	(541)	(57,820)	21,988
Net loss attributable to noncontrolling interests	—	—	4,417	—	4,417
Net earnings attributable to IAC shareholders	$ 26,405	$ 53,944	$ 3,876	$ (57,820)	$ 26,405
Comprehensive (loss) income attributable to IAC shareholders	$ (29,168)	$ 48,159	$ (52,868)	$ 4,709	$ (29,168)

Statement of operations for the three months ended March 31, 2014:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Total Eliminations	IAC Consolidated
			(In thousands)		
Revenue	$ —	$ 546,326	$ 196,907	$ (2,986)	$ 740,247
Operating costs and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	(28)	129,301	80,921	(960)	209,234
Selling and marketing expense	192	236,341	63,764	(1,698)	298,599
General and administrative expense	22,446	45,675	26,955	13	95,089
Product development expense	1,471	27,096	10,590	(341)	38,816
Depreciation	329	9,561	4,928	—	14,818
Amortization of intangibles	—	9,001	2,978	—	11,979
Total operating costs and expenses	24,410	456,975	190,136	(2,986)	668,535
Operating (loss) income	(24,410)	89,351	6,771	—	71,712
Equity in earnings of unconsolidated affiliates	54,297	932	—	(55,229)	—
Interest expense	(12,985)	(1,042)	(37)	—	(14,064)
Other income (expense), net	9,685	(10,527)	(1,116)	—	(1,958)
Earnings from continuing operations before income taxes	26,587	78,714	5,618	(55,229)	55,690
Income tax benefit (provision)	10,112	(29,944)	(1,553)	—	(21,385)
Earnings from continuing operations	36,699	48,770	4,065	(55,229)	34,305
Loss from discontinued operations, net of tax	(814)	—	(13)	13	(814)
Net earnings	35,885	48,770	4,052	(55,216)	33,491
Net loss attributable to noncontrolling interests	—	—	2,394	—	2,394
Net earnings attributable to IAC shareholders	$ 35,885	$ 48,770	$ 6,446	$ (55,216)	$ 35,885
Comprehensive income attributable to IAC shareholders	$ 41,234	$ 49,153	$ 10,115	$ (59,268)	$ 41,234

Statement of cash flows for the three months ended March 31, 2015:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	IAC Consolidated
	(In thousands)			
Net cash (used in) provided by operating activities attributable to continuing operations	$ (53,803)	$ 87,776	$ (37,783)	$ (3,810)
Cash flows from investing activities attributable to continuing operations:				
Acquisitions, net of cash acquired	—	(3,002)	(2,707)	(5,709)
Capital expenditures	(935)	(8,530)	(3,411)	(12,876)
Proceeds from maturities and sales of marketable debt securities	6,050	—	—	6,050
Purchases of marketable debt securities	(47,930)	—	—	(47,930)
Purchases of long-term investments	—	—	(8,345)	(8,345)
Other, net	3,615	(356)	(416)	2,843
Net cash used in investing activities attributable to continuing operations	(39,200)	(11,888)	(14,879)	(65,967)
Cash flows from financing activities attributable to continuing operations:				
Purchase of treasury stock	(200,000)	—	—	(200,000)
Dividends	(28,675)	—	—	(28,675)
Issuance of common stock, net of withholding taxes	(10,339)	—	—	(10,339)
Excess tax benefits from stock-based awards	16,715	—	131	16,846
Purchase of noncontrolling interests	—	—	(15,338)	(15,338)
Acquisition-related contingent consideration payment	—	(180)	—	(180)
Intercompany	18,083	(76,739)	58,656	—
Other, net	—	—	110	110
Net cash (used in) provided by financing activities attributable to continuing operations	(204,216)	(76,919)	43,559	(237,576)
Total cash used in continuing operations	(297,219)	(1,031)	(9,103)	(307,353)
Effect of exchange rate changes on cash and cash equivalents	—	10	(11,465)	(11,455)
Net decrease in cash and cash equivalents	(297,219)	(1,021)	(20,568)	(318,808)
Cash and cash equivalents at beginning of period	766,076	1,021	223,308	990,405
Cash and cash equivalents at end of period	$ 468,857	$ —	$ 202,740	$ 671,597

Statement of cash flows for the three months ended March 31, 2014:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	IAC Consolidated
	(In thousands)			
Net cash (used in) provided by operating activities attributable to continuing operations	$ (29,300)	$ 72,253	$ (312)	$ 42,641
Cash flows from investing activities attributable to continuing operations:				
Acquisitions, net of cash acquired	—	(54,483)	(23,498)	(77,981)
Capital expenditures	(985)	(5,931)	(2,805)	(9,721)
Purchases of marketable debt securities	(32,848)	—	—	(32,848)
Purchases of long-term investments	(3,000)	(3,286)	(1,575)	(7,861)
Other, net	2	—	(159)	(157)
Net cash used in investing activities attributable to continuing operations	(36,831)	(63,700)	(28,037)	(128,568)
Cash flows from financing activities attributable to continuing operations:				
Dividends	(20,004)	—	—	(20,004)
Issuance of common stock, net of withholding taxes	920	—	—	920
Excess tax benefits from stock-based awards	15,610	—	8,593	24,203
Purchase of noncontrolling interests	—	(30,000)	—	(30,000)
Funds returned from escrow for Meetic tender offer	—	—	12,354	12,354
Intercompany	(41,436)	21,448	19,988	—
Other, net	(374)	—	79	(295)
Net cash (used in) provided by financing activities attributable to continuing operations	(45,284)	(8,552)	41,014	(12,822)
Total cash (used in) provided by continuing operations	(111,415)	1	12,665	(98,749)
Effect of exchange rate changes on cash and cash equivalents	—	(1)	1,617	1,616
Net (decrease) increase in cash and cash equivalents	(111,415)	—	14,282	(97,133)
Cash and cash equivalents at beginning of period	782,022	—	318,422	1,100,444
Cash and cash equivalents at end of period	$ 670,607	$ —	$ 332,704	$ 1,003,311

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

GENERAL

Management Overview

IAC is a leading media and Internet company. The Company is organized into four segments: The Match Group, which consists of dating, education and fitness businesses with brands such as Match, OkCupid, Tinder, The Princeton Review and DailyBurn; Search & Applications, which includes brands such as About.com, Ask.com, Dictionary.com and Investopedia; Media, which includes businesses such as Vimeo, Electus, The Daily Beast and CollegeHumor; and eCommerce, which includes HomeAdvisor and ShoeBuy. IAC's brands and products are among the most recognized in the world, reaching users in over 200 countries.

For a more detailed description of the Company's operating businesses, see the Company's annual report on Form 10-K for the year ended December 31, 2014.

A substantial portion of the Company's revenue is derived from online advertising. Most of the Company's online advertising revenue is attributable to our services agreement with Google Inc. ("Google"), which expires on March 31, 2016. Our services agreement requires that we comply with certain guidelines promulgated by Google. Subject to certain limitations, Google may unilaterally update its policies and guidelines, which could require modifications to, or prohibit and/or render obsolete certain of our products, services and/or business practices, which could be costly to address or otherwise have an adverse effect on our business, financial condition and results of operations. For the three months ended March 31, 2015 and 2014, revenue earned from Google is $339.6 million and $355.6 million, respectively. This revenue is earned by the businesses comprising the Search & Applications segment.

Factors Affecting Results

For the three months ended March 31, 2015, the Company delivered 4% revenue growth; however, Adjusted EBITDA and operating income declined 30% and 51%, respectively. The revenue increase was driven by solid growth from The Match Group, Media and eCommerce, partially offset by a modest decrease at Search & Applications; while declines in Adjusted EBITDA and operating income were driven by increased investment at The Match Group, Media and eCommerce and lower revenue at Search & Applications, partially offset by lower Corporate expenses.

Revenue from The Match Group segment benefited from the contributions of The Princeton Review, which was acquired on August 1, 2014, and FriendScout24, which was acquired on August 31, 2014, and increased Dating paid subscribers, partially offset by foreign exchange effects. Within Media and eCommerce, additional investments in marketing and headcount at Vimeo and HomeAdvisor, respectively, increased its revenue and losses. The revenue from Search & Applications decreased due primarily to a decline at Websites.

The Match Group Adjusted EBITDA decreased due to increased investment in marketing, losses from The Princeton Review and $3.3 million of costs in the current year related to our ongoing consolidation and streamlining of technology systems and European operations at our Dating businesses. Adjusted EBITDA from Search & Applications decreased due to lower revenue and the impact of the write-off of $2.3 million of deferred revenue in connection with the acquisition of SlimWare, which was acquired on April 1, 2014.

Results of Operations for the three months ended March 31, 2015 compared to the three months ended March 31, 2014

Revenue

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Search & Applications	$ 382,898	$ (15,137)	(4)%	$ 398,035
The Match Group	239,211	28,024	13%	211,187
Media	43,612	7,257	20%	36,355
eCommerce	107,010	12,168	13%	94,842
Inter-segment elimination	(219)	(47)	(27)%	(172)
Total	$ 772,512	$ 32,265	4%	$ 740,247

Search & Applications revenue decreased 4% reflecting declines from Websites (which is principally composed of Ask.com, About.com, CityGrid, Dictionary.com, Investopedia, PriceRunner and Ask.fm) and Applications (which includes our direct-to-consumer downloadable desktop search and mobile applications operations ("B2C") and our partnership operations ("B2B")). Websites revenue decreased 7% to $189.7 million due primarily to a decline in revenue at Ask.com, partially offset by strong growth at About.com. Applications revenue decreased 1% to $193.2 million due to lower queries from our B2B operations, partially offset by strength from our B2C operations, including query growth in our desktop search applications, as well as the contribution from mobile applications (via our acquisition of Apalon on November 3, 2014) and SlimWare.

The Match Group revenue increased 13%, or 19% excluding the effects of foreign exchange, driven by a 2% increase in Dating revenue and 372% increase in non-dating revenue. Dating North America (which includes Match, Chemistry, People Media, OkCupid, Tinder and other dating businesses operating within the United States and Canada) revenue increased 8% to $145.2 million driven by a 13% increase in paid subscribers. This increase in Dating North America revenue was partially offset by an 8% decrease in Dating International (which includes Meetic, Tinder's international operations and all other dating businesses operating outside of the United States and Canada) revenue, despite a 21% increase in paid subscribers, due to foreign exchange effects. Excluding foreign exchange effects, total Dating revenue and Dating International revenue would have increased 8% and 9%, respectively. Non-dating (consisting of The Princeton Review, Tutor.com and DailyBurn) revenue benefited from the acquisition of The Princeton Review.

Media revenue increased 20% due principally to the contribution from IAC Films and solid growth at Vimeo. IAC Films released the movie *While We're Young* in theaters in March 2015.

eCommerce revenue increased 13% due to 24% growth at HomeAdvisor driven by domestic revenue and service requests increasing 34% and 38%, respectively.

Cost of revenue

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	$191,553	$(17,681)	(8)%	$209,234
As a percentage of revenue	25%			28%

Cost of revenue consists primarily of traffic acquisition costs and includes payments made to partners who distribute our B2B customized browser-based applications, integrate our paid listings into their websites or direct traffic to our websites. These payments include amounts based on revenue share and other arrangements. Cost of revenue also includes ShoeBuy's cost of products sold and shipping and handling costs, production costs related to media produced by Electus and other businesses within our Media segment, content acquisition costs, expenses associated with the operation of the Company's data centers, including compensation (including stock-based compensation) and other employee-related costs for personnel engaged in data center functions, rent, energy and hosting fees.

Cost of revenue in 2015 decreased from 2014 due to a decrease of $37.1 million from Search & Applications, partially offset by increases of $13.1 million from The Match Group and $7.1 million from Media.

- The Search & Applications decrease was primarily due to a reduction of $38.2 million in traffic acquisition costs driven by a decline in revenue at Ask.com and our B2B operations.
- The Match Group increase was primarily due to the acquisition of The Princeton Review and increases in revenue share payments made in connection with in-app purchases sold through Dating's mobile products and hosting fees.
- The Media increase was primarily due to production costs at IAC Films related to the release of the movie *While We're Young* in March 2015.

Selling and marketing expense

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Selling and marketing expense	$357,666	$59,067	20%	$298,599
As a percentage of revenue	46%			40%

Selling and marketing expense consists primarily of advertising expenditures and compensation (including stock-based compensation) and other employee-related costs for personnel engaged in sales, sales support and customer service functions. Advertising expenditures include online marketing, including fees paid to search engines and third parties that distribute our B2C downloadable applications, and offline marketing, which is primarily television advertising.

Selling and marketing expense in 2015 increased from 2014 due to increases of $21.9 million from Search & Applications, $15.7 million from eCommerce, $15.3 million from The Match Group and $5.4 million from Media.

- The Search & Applications increase was primarily due to a $22.6 million increase in online marketing, which was primarily related to the growth in About.com and the acquisition of SlimWare, partially offset by a decline at Ask.com.
- The eCommerce increase was primarily due to increases of $9.9 million in offline and online marketing principally related to HomeAdvisor and $5.3 million in compensation due, in part, to increased headcount at HomeAdvisor.
- The Match Group increase was primarily due to an increase of $11.9 million in online and offline marketing at Dating and DailyBurn and the acquisition of The Princeton Review.
- The Media increase was primarily due to an increase of $4.4 million in online marketing at Vimeo.

General and administrative expense

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
General and administrative expense	$114,794	$19,705	21%	$95,089
As a percentage of revenue	15%			13%

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

General and administrative expense in 2015 increased from 2014 due to increases of $7.1 million from The Match Group, $6.9 million from Search & Applications, $2.9 million from eCommerce and $2.0 million from Corporate.

- The Match Group increase was primarily due to the acquisition of The Princeton Review, a $3.9 million benefit in the prior year related to the expiration of the statute of limitations for a non-income tax matter, an increase in compensation and costs in the current year related to our ongoing consolidation and streamlining of technology systems and European operations at our Dating businesses, partially offset by a decrease of $11.0 million in acquisition-related contingent consideration fair value adjustments. The increase in compensation was primarily due to an increase in headcount due, in part, to the acquisition of FriendScout24.

- The Search & Applications increase was primarily due to acquisitions and $4.0 million in acquisition-related contingent consideration fair value adjustments.
- The eCommerce increase was primarily due to increases in compensation and employee-related costs as a result of increased headcount, and an increase in bad debt expense at HomeAdvisor.
- The Corporate increase was primarily due to an increase in compensation expense, as a result of an increase in stock-based compensation, which was driven by a higher number of forfeited awards in the prior year and the impact of a modification of certain awards in the current year.

Product development expense

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Product development expense	$45,257	$6,441	17%	$38,816
As a percentage of revenue	6%			5%

Product development expense consists primarily of compensation (including stock-based compensation) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.

Product development expense in 2015 increased from 2014 due to increases of $3.7 million from The Match Group, $0.9 million from eCommerce and $0.8 million from Media.

- The Match Group increase is primarily related to an increase in compensation.
- The eCommerce increase is primarily related to an increase in compensation at HomeAdvisor due, in part, to increased headcount.
- The Media increase is primarily due to increased headcount at Vimeo.

Depreciation

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Depreciation	$15,568	$750	5%	$14,818
As a percentage of revenue	2%			2%

Depreciation in 2015 increased from 2014 primarily due to acquisitions.

Adjusted EBITDA

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Search & Applications	$ 78,901	$ (3,170)	(4)%	$ 82,071
The Match Group	25,856	(21,574)	(45)%	47,430
Media	(14,583)	(6,719)	(85)%	(7,864)
eCommerce	(3,137)	(5,941)	NM	2,804
Corporate	(11,880)	4,466	27%	(16,346)
Total	$ 75,157	$ (32,938)	(30)%	$ 108,095
As a percentage of revenue	10%			15%

NM = not meaningful

Refer to Note 8 to the consolidated financial statements for reconciliations of Adjusted EBITDA to operating income (loss) by reportable segment.

Search & Applications Adjusted EBITDA decreased 4% due primarily to lower revenue, increases in selling and marketing expense and general and administrative expense and losses related to the acquisition of SlimWare, partially offset by a decrease in cost of revenue. The loss from SlimWare was due to the write-off of $2.3 million of deferred revenue in connection with its acquisition on April 1, 2014. The increase in selling and marketing expense was primarily due to an increase in online marketing related to About.com, partially offset by a decline at Ask.com. The increase in general and administrative expense was primarily due to acquisitions. The decrease in cost of revenue was primarily due to a decrease in traffic acquisition costs driven from lower revenue from Ask.com and our B2B operations.

The Match Group Adjusted EBITDA decreased 45% despite higher revenue, primarily due to losses from The Princeton Review, which was not in the prior year period, $3.3 million of costs in the current year related to our ongoing consolidation and streamlining of technology systems and European operations at our Dating businesses and higher selling and marketing expense, cost of revenue, general and administrative expense and product development expense. The increase in selling and marketing expense was primarily due to an increase in online and offline marketing at Dating and DailyBurn. The increase in cost of revenue was primarily due to increases in revenue share payments made in connection with in-app purchases sold through Dating's mobile products and hosting fees. The increase in general and administrative expense was primarily due to an increase in compensation and a $3.9 million benefit in the prior year related to the expiration of the statute of limitations for a non-income tax matter. The increase in product development is primarily due to an increase in compensation.

Media Adjusted EBITDA loss was larger than the prior year, despite higher revenue, primarily due to increased investment in online marketing and increased headcount at Vimeo.

eCommerce Adjusted EBITDA flipped to a loss in the current year, despite higher revenue, principally due to an increased investment in offline and online marketing at HomeAdvisor.

Corporate Adjusted EBITDA loss decreased due to lower compensation.

Operating income (loss)

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Search & Applications	$ 64,300	$ (6,037)	(9)%	$ 70,337
The Match Group	25,312	(14,491)	(36)%	39,803
Media	(15,352)	(6,786)	(79)%	(8,566)
eCommerce	(6,854)	(5,293)	(339)%	(1,561)
Corporate	(32,287)	(3,986)	(14)%	(28,301)
Total	$ 35,119	$ (36,593)	(51)%	$ 71,712
As a percentage of revenue	5%			10%

Operating income in 2015 decreased from 2014 due to the decrease of $32.9 million in Adjusted EBITDA described above and increases of $9.3 million in stock-based compensation, $0.8 million in depreciation and $0.6 million in amortization of intangibles, partially offset by a decrease of $7.0 million in acquisition-related contingent consideration fair value adjustments. The increase in stock-based compensation was primarily due to a higher number of forfeited awards in the prior year and the impact of a modification of certain awards in the current year. The decrease in acquisition-related contingent consideration fair value adjustments was the result of an update of the future forecast of earnings and operating metrics related to certain acquired businesses.

At March 31, 2015, there was $189.4 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.8 years.

Interest expense

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Interest expense	$(14,064)	$—	—%	$(14,064)

Interest expense relates to our 4.875% Senior Notes due November 30, 2018 ("2013 Senior Notes"), 4.75% Senior Notes due December 21, 2012 ("2012 Senior Notes") and 5% New York City Industrial Development Agency Liberty Bonds due September 1, 2035 ("Liberty Bonds").

Other income (expense), net

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Other income (expense), net	$6,988	$8,946	NM	$(1,958)

Other income, net in 2015 primarily includes net foreign currency exchange gains and reduced losses associated with our equity method investments.

Other expense, net in 2014 primarily includes losses associated with our equity method investments.

Income tax provision

	Three Months Ended March 31,			
	2015	$ Change	% Change	2014
	(Dollars in thousands)			
Income tax provision	$(6,180)	NM	NM	$(21,385)
Effective income tax rate	22%			38%

The 2015 effective income tax rate is lower than the statutory rate of 35% due primarily to the non-taxable gain on contingent consideration fair value adjustments in the current year period and a reduction in tax reserves and related interest due to the expiration of statutes of limitations. The 2014 effective income tax rate is higher than the statutory rate of 35% due primarily to interest on reserves for income tax contingencies and state taxes, partially offset by foreign income taxed at lower rates.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax provision. Included in the income tax provision for continuing operations for the three months ended March 31, 2015 and 2014, is a $0.1 million benefit and a $1.6 million provision, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. At March 31, 2015 and December 31, 2014, the Company has accrued $2.5 million and $2.8 million, respectively, for the payment of interest. At March 31, 2015 and December 31, 2014, the Company has accrued $2.3 million and $2.9 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service is currently auditing the Company's federal income tax returns for the years ended December 31, 2010 through 2012. Various other jurisdictions are open to examination for various tax years beginning with 2009. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of audits and amounts previously provided may be material. Differences between the reserves for uncertain tax positions and the amounts owed by the Company are recorded in the period they become known.

At March 31, 2015 and December 31, 2014, unrecognized tax benefits, including interest, are $30.4 million and $33.2 million, respectively. If unrecognized tax benefits at March 31, 2015 are subsequently recognized, $28.1 million, net of related deferred tax assets and interest, would reduce income tax provision for continuing operations. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $7.8 million within twelve months of March 31, 2015 primarily due to expirations of statutes of limitations; $7.4 million of which would reduce the income tax provision for continuing operations.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	March 31, 2015	December 31, 2014
	(In thousands)	
Cash and cash equivalents:		
United States [1]	$ 470,698	$ 770,050
All other countries [2]	200,899	220,355
Marketable securities (United States) [3]	205,621	160,648
Total cash and cash equivalents and marketable securities	$ 877,218	$ 1,151,053

	March 31, 2015	December 31, 2014
Long-term debt:		
2013 Senior Notes due November 30, 2018	$ 500,000	$ 500,000
2012 Senior Notes due December 15, 2022	500,000	500,000
Liberty Bonds due September 1, 2035	80,000	80,000
Total long-term debt	$ 1,080,000	$ 1,080,000

(1) Domestically, cash equivalents primarily consist of commercial paper rated A2/P2 or better and AAA rated money market funds.

(2) Internationally, cash equivalents primarily consist of AAA rated money market funds and time deposits. If needed for our U.S. operations, most of the cash and cash equivalents held by the Company's foreign subsidiaries could be repatriated; however, under current law, would be subject to U.S. federal and state income taxes. We have not provided for any such tax because the Company currently does not anticipate a need to repatriate these funds to finance our U.S. operations and it is the Company's intent to indefinitely reinvest these funds outside of the U.S.

(3) Marketable securities consist of short-to-medium-term debt securities issued by investment grade corporate issuers and an equity security. The Company invests in marketable debt securities with active secondary or resale markets to ensure portfolio liquidity to fund current operations or satisfy other cash requirements as needed. The Company also invests in equity securities as part of its investment strategy.

Cash Flow Information

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

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Net cash (used in) provided by operating activities	$(3,810)	$42,641
Net cash used in investing activities	(65,967)	(128,568)
Net cash used in financing activities	(237,576)	(12,822)

2015

Net cash provided by operating activities attributable to continuing operations consists of earnings or loss from continuing operations adjusted for non-cash items, including stock-based compensation expense, depreciation, amortization of intangibles, asset impairment charges, excess tax benefits from stock-based awards, deferred income taxes, equity in earnings or losses of unconsolidated affiliates, acquisition-related contingent consideration fair value adjustments and the effect of changes in working capital. Net cash used in operating activities attributable to continuing operations in 2015 consists of a $49.5 million decrease in cash from changes in working capital, partially offset by earnings from continuing operations of $21.9 million and adjustments for non-cash items of $23.9 million . Adjustments for non-cash items primarily consist of $18.9 million of stock-based compensation, $15.6 million of depreciation and $12.6 million of amortization of intangibles, partially offset by $16.8 million of excess tax benefits from stock-based awards and $7.0 million in acquisition-related contingent consideration fair value adjustments. The decrease from changes in working capital consist primarily of a decrease in income taxes payable of $41.4 million, a decrease of $33.4 million in accounts payable and other current liabilities, partially offset by an increase in deferred revenue of $23.0 million. The decrease in income taxes payable is primarily due to the payment of 2014 tax liabilities in 2015. The decrease in accounts payable and other current liabilities is due to a decrease in accrued employee compensation and benefits, a decrease in accrued revenue share and a seasonal decrease in payables to suppliers at Shoebuy, partially offset by an increase in accrued advertising expense at The Match Group. The decrease in accrued employee compensation and benefits is due to the payment of 2014 cash bonuses in 2015. The decrease in accrued revenue share is due to lower B2B revenue in the Search & Applications segment. The increase in deferred revenue is due to growth in subscription revenue at The Match Group and Vimeo, and acquisitions.

Net cash used in investing activities attributable to continuing operations in 2015 includes the purchase of marketable debt securities, net of proceeds from maturities and sales, of $41.9 million, the purchase of investments and acquisitions of $14.1 million and capital expenditures of $12.9 million, primarily related to the internal development of software to support our products and services.

Net cash used in financing activities attributable to continuing operations in 2015 includes $200.0 million for the repurchase of 3.0 million shares of common stock at an average price of $67.68 per share, $28.7 million related to the payment of cash dividends to IAC shareholders, $15.3 million for the purchase of noncontrolling interests and $10.3 million in proceeds related to the issuance of common stock, net of withholding taxes, partially offset by excess tax benefits from stock-based awards of $16.8 million.

2014

Net cash provided by operating activities attributable to continuing operations in 2014 consists of earnings from continuing operations of $34.3 million and adjustments for non-cash items of $21.9 million, partially offset by a decrease in cash from changes in working capital of $13.6 million. Adjustments for non-cash items primarily consist of $14.8 million of depreciation, $12.0 million of amortization of intangibles, $9.6 million of stock-based compensation expense, partially offset by $24.2 million of excess tax benefits from stock-based awards. The decrease from changes in working capital consists primarily of an increase in accounts receivable of $20.4 million and a decrease of $11.7 million in accounts payable and other current liabilities, partially offset by an increase in deferred revenue of $16.9 million and an increase in income taxes payable of $6.7 million. The increase in accounts receivable is primarily due to our services agreement with Google and is due to an increase in revenue in the first quarter of 2014 compared to the fourth quarter of 2013. The related receivable from Google was $128.0 million and $112.3 million at March 31, 2014 and December 31, 2013, respectively. The increase in accounts receivable was also impacted by growth in revenue at our HomeAdvisor business. The decrease in accounts payable and other current liabilities is due to a decrease in accrued employee compensation and benefits, accrued revenue share, and a seasonal decrease in payables to suppliers at Shoebuy, partially offset by an increase in accrued advertising expense at Search & Applications and The Match Group. The decrease in accrued employee compensation and benefits is due to the payment of 2013 cash bonuses in 2014. The increase in deferred revenue is primarily due to growth in subscription revenue at The Match Group and Vimeo. The increase in income taxes payable is due to current year income tax accruals in excess of current year income tax payments.

Net cash used in investing activities attributable to continuing operations in 2014 includes cash consideration used in acquisitions and investments of $85.8 million, which includes the acquisition of the ValueClick O&O website businesses, the purchase of marketable debt securities of $32.8 million and capital expenditures of $9.7 million, primarily related to the internal development of software to support our products and services.

Net cash used in financing activities attributable to continuing operations in 2014 includes $30.0 million for the purchase of noncontrolling interests and $20.0 million related to the payment of cash dividends to IAC shareholders, partially offset by excess tax benefits from stock-based awards of $24.2 million and the return of $12.4 million of funds held in escrow related to the Meetic tender offer.

Liquidity and Capital Resources

The Company's principal sources of liquidity are its cash and cash equivalents and marketable securities as well as cash flows generated from operations. The Company has a $300 million revolving credit facility, which expires on December 21, 2017, and is available as an additional source of financing. At March 31, 2015, there were no outstanding borrowings under the revolving credit facility.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its operations. The Company expects that 2015 capital expenditures will be higher than 2014. At March 31, 2015, IAC had 5.6 million shares remaining in its share repurchase authorization. IAC may purchase shares over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook. On April 28, 2015, IAC declared a quarterly cash dividend of $0.34 per share of common and Class B common stock outstanding payable on June 1, 2015 to stockholders of record on May 15, 2015. Future declarations of dividends are subject to the determination of IAC's Board of Directors.

The Company believes its existing cash, cash equivalents and marketable securities, together with its expected positive cash flows generated from operations and available borrowing capacity under its $300 million revolving credit facility, will be sufficient to fund its normal operating requirements, including capital expenditures, share repurchases, quarterly cash dividends, and investing and other commitments for the foreseeable future. Our liquidity could be negatively affected by a decrease in demand for our products and services. The Company may make acquisitions and investments that could reduce its cash, cash equivalents and marketable securities balances and as a result, the Company may need to raise additional capital through future debt or equity financing to provide for greater financial flexibility. Additional financing may not be available at all or on terms favorable to us. The indentures governing the 2013 and 2012 Senior Notes restrict our ability to incur additional indebtedness in the event we are not in compliance with the maximum leverage ratio of 3.0 to 1.0. In addition, the terms of the revolving credit facility require that we maintain a leverage ratio of not more than 3.0 to 1.0 and restrict our ability to incur additional indebtedness. As of March 31, 2015, the Company was in compliance with all of these covenants.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

At March 31, 2015, there have been no material changes to the Company's contractual obligations, commercial commitments and off-balance sheet arrangements since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2014.

IAC'S PRINCIPLES OF FINANCIAL REPORTING

IAC reports Adjusted EBITDA as a supplemental measure to U.S. generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. IAC endeavors to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure, which we discuss below.

Definition of IAC's Non-GAAP Measure

Adjusted EBITDA is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and goodwill and intangible asset impairments and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business, from which capital investments are made and debt is serviced. Adjusted EBITDA has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses.

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

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of stock options, restricted stock units ("RSUs") and performance-based RSUs. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding using the treasury stock method; however, performance-based RSUs are included only to the extent the performance criteria have been met (assuming the end of the reporting period is the end of the contingency period). Upon the exercise of certain stock options and vesting of RSUs and performance-based RSUs, the awards are settled, at the Company's discretion, on a net basis, with the Company remitting the required tax-withholding amount from its current funds.

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

Amortization of intangible assets and goodwill and intangible asset impairments are non-cash expenses relating primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as content, technology, customer lists, advertiser and supplier relationships, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. While it is likely that we will have significant intangible amortization expense as we continue to acquire companies, we believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

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

RECONCILIATION OF ADJUSTED EBITDA

For a reconciliation of Adjusted EBITDA to operating income (loss) by reportable segment for the three months ended March 31, 2015 and 2014, see Note 8 to the consolidated financial statements.

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

At March 31, 2015, there have been no material changes to the Company's instruments or positions that are sensitive to interest rate risk and equity price risk since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2014.

Foreign Currency Exchange Risk

The Company conducts business in certain foreign markets, primarily in the European Union. For the three months ended March 31, 2015, international revenue accounted for 26% of consolidated revenue. The Company's primary exposure to foreign currency exchange risk relates to investments in foreign subsidiaries that transact business in a functional currency other than the U.S. Dollar, primarily the Euro. As foreign currency exchange rates change, translation of the statements of operations of the Company's international businesses into U.S. dollars affects year-over-year comparability of operating results. The average Euro versus the U.S. Dollar exchange rate was 18% lower in the first quarter of 2015 than 2014. The decrease had a significant impact to the revenue of The Match Group. The Match Group revenue, Dating revenue and Dating International revenue would have increased approximately 19%, 8% and 9%, respectively, as compared to the reported increases of 13% and 2% and a decrease of 8%, respectively, had the foreign currency exchange rates been the same as the first quarter of 2014.

Historically, the Company has not hedged any foreign currency exposures. Our continued international expansion increases our exposure to exchange rate fluctuations and as a result such fluctuations could have a significant impact on our future results of operations.

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

The Company monitors and evaluates on an ongoing basis its disclosure controls and internal control over financial reporting in order to improve its overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

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

As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of IAC management, including the Chairman and Senior Executive and the Chief Financial Officer, also evaluated whether any changes occurred to the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, such control. Based on that evaluation, the Company concluded that there has been no such change during the period covered by this report.

PART II

OTHER INFORMATION

Item 1A. ***Risk Factors***

Cautionary Statement Regarding Forward-Looking Information

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "intends," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: IAC's future financial performance, IAC's business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. These forward-looking statements are based on IAC management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: changes in senior management at IAC and/or its businesses, changes in our relationship with, or policies implemented by, Google, adverse changes in economic conditions, either generally or in any of the markets or industries in which IAC's businesses operate, adverse trends in the online advertising industry or the advertising industry generally, our ability to convert visitors to our various websites into users and customers, our ability to offer new or alternative products and services in a cost-effective manner and consumer acceptance of these products and services, changes in industry standards and technology, actual tax liabilities that differ materially from our estimates, operational and financial risks relating to acquisitions, our ability to expand successfully into international markets and regulatory changes. Certain of these and other risks and uncertainties are discussed in IAC's filings with the SEC, including in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2014. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and operating results may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC management as of the date of this quarterly report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this quarterly report, you should carefully consider the risk factors discussed in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, financial condition or future operating results. The risks described in this report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or future operating results.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its common stock during the quarter ended March 31, 2015:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	(d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs
January 2015	—	$ —	—	8,562,170
February 2015	1,119,483	$ 66.03	1,119,483	7,442,687
March 2015	1,835,783	$ 68.68	1,835,783	5,606,904[2]
Total	2,955,266	$ 67.68	2,955,266	5,606,904[2]

(1) Reflects repurchases made pursuant to the repurchase authorization previously announced in April 2013.

(2) Represents the total number of shares of common stock that remained available for repurchase as of March 31, 2015 pursuant to the April 2013 repurchase authorization. IAC may purchase shares pursuant to this repurchase authorization over an indefinite period of time in the open market and/or privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. ***Exhibits***

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

Exhibit Number	Description	Location
3.1	Restated Certificate of Incorporation of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Registration Statement on Form 8-A/A, filed on August 12, 2005.
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on August 22, 2008.
3.3	Amended and Restated By-Laws of IAC/InterActiveCorp.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on December 6, 2010.
31.1	Certification of the Chairman and Senior Executive pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
31.2	Certification of the Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
32.1	Certification of the Chairman and Senior Executive pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
32.2	Certification of the Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
101.INS	XBRL Instance	
101.SCH	XBRL Taxonomy Extension Schema	
101.CAL	XBRL Taxonomy Extension Calculation	
101.DEF	XBRL Taxonomy Extension Definition	
101.LAB	XBRL Taxonomy Extension Labels	
101.PRE	XBRL Taxonomy Extension Presentation	

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(1) Filed herewith.

(2) Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 1, 2015

IAC/INTERACTIVECORP

By: /s/ JEFFREY W. KIP

Jeffrey W. Kip

Executive Vice President and
Chief Financial Officer

Signature	Title	Date
/s/ JEFFREY W. KIP Jeffrey W. Kip	Executive Vice President and Chief Financial Officer	May 1, 2015

QuickLinks

Exhibit 31.1

Certification

I, Barry Diller, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2015 of IAC/InterActiveCorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 1, 2015

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

Exhibit 31.2

Certification

I, Jeffrey W. Kip, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2015 of IAC/InterActiveCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 1, 2015

/s/ JEFFREY W. KIP

Jeffrey W. Kip
Executive Vice President & Chief Financial Officer

Exhibit 32.1

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

I, Barry Diller, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015 of IAC/InterActiveCorp (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of IAC/InterActiveCorp.

Dated: May 1, 2015

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

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

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015 of IAC/InterActiveCorp (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of IAC/InterActiveCorp.

Dated: May 1, 2015

/s/ JEFFREY W. KIP

Jeffrey W. Kip
Executive Vice President & Chief Financial Officer