

**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, 2010

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/INTERACTIVE CORP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

59-2712887
(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

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

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting
company)

Smaller reporting company

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

As of April 23, 2010, the following shares of the registrant's common stock were outstanding:

Common Stock	98,086,199
Class B Common Stock	12,799,999
Total outstanding Common Stock	<u>110,886,198</u>

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of April 23, 2010 was \$2,197,493,553. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

**PART I
FINANCIAL INFORMATION**

Item 1. Consolidated Financial Statements

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
	<u>(unaudited)</u>	<u>(audited)</u>
	<u>(In thousands, except share data)</u>	
ASSETS		
Cash and cash equivalents	\$ 952,272	\$ 1,245,997
Marketable securities	575,132	487,591
Accounts receivable, net of allowance of \$10,954 and \$11,283, respectively	109,422	101,834
Other current assets	164,172	164,627
Total current assets	1,800,998	2,000,049
Property and equipment, net	291,429	297,412
Goodwill	1,010,086	999,355
Intangible assets, net	257,589	261,172
Long-term investments	244,868	272,930
Other non-current assets	165,544	184,971
TOTAL ASSETS	\$ 3,770,514	\$ 4,015,889
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$ 58,318	\$ 39,173
Deferred revenue	64,594	57,822
Accrued expenses and other current liabilities	185,537	193,282
Total current liabilities	308,449	290,277
Long-term debt	95,844	95,844
Income taxes payable	457,608	450,129
Other long-term liabilities	23,649	23,633
 Redeemable noncontrolling interests	 22,172	 28,180
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock \$.001 par value; authorized 1,600,000,000 shares; issued 223,605,675 and 222,657,925 shares, respectively, and outstanding 98,024,204 and 108,131,736 shares, respectively	224	223
Class B convertible common stock \$.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 12,799,999 shares	16	16
Additional paid-in capital	11,332,007	11,322,993
Accumulated deficit	(770,082)	(751,377)
Accumulated other comprehensive income	14,621	24,503
Treasury stock 125,581,471 and 114,526,189 shares, respectively	(7,713,994)	(7,468,532)
Total shareholders' equity	2,862,792	3,127,826
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,770,514	\$ 4,015,889

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

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2010	2009
	(In thousands, except per share data)	
Revenue	\$ 385,926	\$ 332,010
Costs and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	136,155	112,922
Selling and marketing expense	131,152	132,900
General and administrative expense	77,231	73,634
Product development expense	16,617	18,088
Depreciation	17,895	16,214
Amortization of intangibles	3,349	8,015
Amortization of non-cash marketing	—	2,305
Goodwill impairment	—	1,056
Total costs and expenses	382,399	365,134
Operating income (loss)	3,527	(33,124)
Other income (expense):		
Interest income	1,635	3,728
Interest expense	(1,323)	(1,464)
Equity in losses of unconsolidated affiliates	(22,613)	(1,847)
Gain on sale of investment	3,989	—
Other income	931	146
Total other (expense) income, net	(17,381)	563
Loss from continuing operations before income taxes	(13,854)	(32,561)
Income tax (provision) benefit	(4,009)	2,679
Loss from continuing operations	(17,863)	(29,882)
(Loss) earnings from discontinued operations, net of tax	(1,461)	1,238
Net loss	(19,324)	(28,644)
Net loss attributable to noncontrolling interests	619	258
Net loss attributable to IAC shareholders	\$ (18,705)	\$ (28,386)
Per share information attributable to IAC shareholders:		
Basic loss per share from continuing operations	\$ (0.15)	\$ (0.20)
Diluted loss per share from continuing operations	\$ (0.15)	\$ (0.20)
Basic loss per share	\$ (0.16)	\$ (0.19)
Diluted loss per share	\$ (0.16)	\$ (0.19)
Non-cash compensation expense by function:		
Cost of revenue	\$ 941	\$ 824
Selling and marketing expense	983	954
General and administrative expense	18,928	15,444
Product development expense	1,478	1,358
Total non-cash compensation expense	\$ 22,330	\$ 18,580

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

IAC/INTERACTIVECORP AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net loss	\$ (19,324)	\$ (28,644)
Less: loss (earnings) from discontinued operations, net of tax	1,461	(1,238)
Loss from continuing operations	(17,863)	(29,882)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Depreciation	17,895	16,214
Amortization of intangibles	3,349	8,015
Amortization of non-cash marketing	—	2,305
Goodwill impairment	—	1,056
Non-cash compensation expense	22,330	18,580
Deferred income taxes	6,649	(3,937)
Equity in losses of unconsolidated affiliates	22,613	1,847
Gain on sale of investment	(3,989)	—
Changes in current assets and liabilities:		
Accounts receivable	(9,729)	1,778
Other current assets	(3,034)	1,633
Accounts payable and other current liabilities	2,966	19,122
Income taxes payable	5,028	2,518
Deferred revenue	7,921	6,751
Other, net	2,277	2,699
Net cash provided by operating activities attributable to continuing operations	56,413	48,699
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(9,759)	(11,537)
Capital expenditures	(12,575)	(8,580)
Proceeds from sales and maturities of marketable debt securities	195,665	26,386
Purchases of marketable debt securities	(284,933)	(118,033)
Proceeds from sale of investment	5,325	—
Purchases of long-term investments	(213)	(1,211)
Other, net	(2,371)	(8,402)
Net cash used in investing activities attributable to continuing operations	(108,861)	(121,377)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(246,154)	(29,176)
Issuance of common stock, net of withholding taxes	2,471	148,778
Excess tax benefits from stock-based awards	4,800	86
Other, net	—	1,054
Net cash (used in) provided by financing activities attributable to continuing operations	(238,883)	120,742
Total cash (used in) provided by continuing operations	(291,331)	48,064
Net cash provided by (used in) operating activities attributable to discontinued operations	834	(527)
Effect of exchange rate changes on cash and cash equivalents	(3,228)	264
Net (decrease) increase in cash and cash equivalents	(293,725)	47,801
Cash and cash equivalents at beginning of period	1,245,997	1,744,994
Cash and cash equivalents at end of period	\$ 952,272	\$ 1,792,795

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

IAC is a leading internet company with more than 50 brands serving consumer audiences across more than 30 countries...our mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. IAC includes the businesses comprising its Search segment; its Match and ServiceMagic segments; the businesses comprising its Media & Other segment; as well as investments in unconsolidated affiliates.

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

Basis of Presentation

The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest, whether through voting interests or variable interests. The Company's consolidated financial statements include one variable interest entity, in which the Company has a controlling financial interest through voting rights and is also the primary beneficiary. Intercompany transactions and accounts have been eliminated. Investments in entities in which the Company has the ability to exercise significant influence over the operating and financial matters of the investee, but does not own a controlling voting interest, are accounted for using the equity method and are included in "Long-term investments" in the accompanying consolidated balance sheet.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for a full year. 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, 2009.

Accounting Estimates

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

Significant estimates and assumptions used in the preparation of the accompanying consolidated financial statements include those related to: the determination of the fair value of marketable securities; the assessment of marketable securities and long-term investments for other-than-temporary impairment; the carrying value of accounts receivable, including the determination of the allowances for doubtful accounts and other revenue related allowances; the assessment of long-lived assets, definite-lived intangible assets, indefinite-lived intangible assets and goodwill for impairment; income taxes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

payable and deferred income taxes, including related reserves and valuation allowances; and the determination of stock-based compensation.

Certain Risks and Concentrations

A significant 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 customer buying behavior or advertiser spending behavior, including those changes that may result from the current economic environment, could adversely affect our operating results. A significant component of the Company's revenue is attributable to a paid listing supply agreement with Google Inc. ("Google"), which expires on December 31, 2012. For the three months ended March 31, 2010 and 2009, revenue earned from Google was \$171.5 million and \$129.2 million, respectively. The majority of this revenue is earned by the businesses comprising the Search segment. Accounts receivable related to revenue earned from Google totaled \$62.6 million at March 31, 2010 and \$55.0 million at December 31, 2009.

Reclassifications

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

NOTE 2—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Property and equipment, net

Property and equipment, net is comprised of (in thousands):

	March 31, 2010	December 31, 2009
Buildings and leasehold improvements	\$ 233,379	\$ 233,829
Computer equipment and capitalized software	188,563	188,283
Furniture and other equipment	41,859	41,134
Projects in progress	11,645	8,655
Land	5,117	5,117
	<u>480,563</u>	<u>477,018</u>
Less: accumulated depreciation and amortization	(189,134)	(179,606)
Property and equipment, net	<u>\$ 291,429</u>	<u>\$ 297,412</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—CONSOLIDATED FINANCIAL STATEMENT DETAILS (Continued)

Redeemable noncontrolling interests

The following table presents the changes in redeemable noncontrolling interests (in thousands):

	March 31, 2010	December 31, 2009
Balance at January 1	\$ 28,180	\$ 22,771
Noncontrolling interests related to acquisitions	147	3,561
Contribution from owners of noncontrolling interests	—	1,750
Distribution to owners of noncontrolling interests	—	(216)
Net loss attributable to noncontrolling interests	(619)	(1,090)
Change in fair value of redeemable noncontrolling interests	(5,312)	1,033
Change in effect of foreign currency translation	(224)	371
Balance at end of period	<u>\$ 22,172</u>	<u>\$ 28,180</u>

Accumulated other comprehensive income

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

	March 31, 2010	December 31, 2009
Foreign currency translation, net of tax	\$ 15,591	\$ 20,264
Unrealized (losses) gains on available-for-sale securities, net of tax	(970)	4,239
Accumulated other comprehensive income, net of tax	<u>\$ 14,621</u>	<u>\$ 24,503</u>

Comprehensive income (loss)

Comprehensive income (loss) is comprised of (in thousands):

	Three Months Ended March 31,	
	2010	2009
Net loss attributable to IAC shareholders	\$ (18,705)	\$ (28,386)
Foreign currency translation, net of tax	(4,673)	(4,142)
Changes in net unrealized losses on available-for-sale securities, net of tax	(5,209)	(6,752)
Other comprehensive income (loss)	(9,882)	(10,894)
Comprehensive income (loss)	<u>\$ (28,587)</u>	<u>\$ (39,280)</u>

The specific-identification method is used to determine the cost of a security sold or the amount of unrealized gains and losses reclassified from other comprehensive income into earnings. The amount of unrealized gains, net of tax, reclassified from other comprehensive income and recognized into earnings related to the sales and maturities of available-for-sale securities for the three months ended March 31, 2010 and 2009 was \$2.5 million and \$0.1 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 3—INCOME TAXES

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

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

For the three months ended March 31, 2010, the Company recorded an income tax provision for continuing operations of \$4.0 million on a pre-tax loss of \$13.9 million. The continuing operations tax provision, despite a pre-tax loss, was due principally to a valuation allowance on the deferred tax asset created by the impairment charge for our investment in The HealthCentral Network, Inc. ("HealthCentral"), interest on tax contingencies and state taxes, partially offset by foreign income taxed at lower rates.

For the three months ended March 31, 2009, the Company recorded an income tax benefit for continuing operations of \$2.7 million on a pre-tax loss of \$32.6 million which represents an effective tax rate of 8%. This tax rate is lower than the federal statutory rate of 35% due principally to a valuation allowance on the deferred tax asset created by losses from equity investments, non-deductible transaction costs related to the sale of Match Europe to Meetic, interest on tax contingencies and state taxes, partially offset by foreign income taxed at lower rates.

At March 31, 2010 and December 31, 2009, unrecognized tax benefits, including interest, were \$470.4 million and \$462.9 million, respectively. Total unrecognized tax benefits as of March 31, 2010 include \$11.8 million that have been netted against the related deferred tax assets. Of the remaining balance \$457.6 million and \$1.0 million are reflected in "non-current income taxes payable" and "accrued expenses and other current liabilities", respectively. Included in unrecognized tax benefits at March 31, 2010 is \$112.9 million for tax positions which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. If unrecognized tax benefits as of March 31, 2010 are subsequently recognized, \$96.7 million and \$193.7 million, net of related deferred tax assets and interest, would reduce income tax expense from continuing operations and discontinued operations, respectively. In addition, a continuing operations tax provision of \$3.4 million would be required upon the subsequent recognition of unrecognized tax benefits for an increase in the Company's valuation allowance against certain deferred tax assets.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. Included in income tax expense from continuing operations and discontinued operations for the three months ended March 31, 2010 is a \$2.4 million expense and a \$1.7 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 3—INCOME TAXES (Continued)

expense, respectively, net of related deferred taxes of \$1.6 million and \$1.2 million, respectively, for interest on unrecognized tax benefits. At March 31, 2010 and December 31, 2009, the Company has accrued \$75.5 million and \$68.7 million, respectively, for the payment of interest. At March 31, 2010 and December 31, 2009, the Company has accrued \$5.0 million for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of deductions and the allocation of income among various tax jurisdictions. Income taxes payable include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns; however, the amount paid upon resolution of issues raised may differ materially from the amount provided. Differences between the reserves for tax contingencies and the amounts owed by the Company are recorded in the period they become known.

The Internal Revenue Service is currently examining the Company's tax returns for the years ended December 31, 2001 through 2006. The statute of limitations for these years has been extended to December 31, 2010. Various state, local and foreign jurisdictions are currently under examination, the most significant of which are California, New York and New York City, for various tax years beginning with December 31, 2002. These examinations are expected to be completed in 2011. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by \$18.8 million within twelve months of the current reporting date due to settlements and the reversal of deductible temporary differences which will primarily result in a corresponding increase in net deferred tax liabilities, and statute of limitations expirations. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

NOTE 4—MARKETABLE SECURITIES

At March 31, 2010, available-for-sale marketable securities were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate debt securities	\$ 211,734	\$ 871	\$ (68)	\$ 212,537
States of the U.S. and state political subdivisions	111,422	761	(114)	112,069
U.S. Treasury securities	249,878	2	(17)	249,863
Other fixed term obligations	670	—	(7)	663
Total debt securities	573,704	1,634	(206)	575,132
Total marketable securities	\$ 573,704	\$ 1,634	\$ (206)	\$ 575,132

The net unrealized gain is included in accumulated other comprehensive income at March 31, 2010. During the three months ended March 31, 2010, the proceeds from sales and maturities of available-for-sale marketable securities were \$201.0 million, which resulted in gross realized gains of \$4.2 million. Gross realized gains from the sale of marketable debt securities are included in "Other income" and the gross realized gain from the sale of our remaining shares of OpenTable, Inc. is included in "Gain on sale of investment" in the accompanying consolidated statement of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4—MARKETABLE SECURITIES (Continued)

The contractual maturities of debt securities classified as available-for-sale as of March 31, 2010 are as follows (in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 411,488	\$ 412,088
Due after one year through five years	161,546	162,381
Due after five years through ten years	—	—
Due over ten years	670	663
Total	\$ 573,704	\$ 575,132

The following table summarizes those investments with unrealized losses at March 31, 2010 that have been in a continuous unrealized loss position for less than twelve months and those in a continuous unrealized loss position for twelve months or longer (in thousands):

	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate debt securities	\$ 59,096	\$ (68)	\$ —	\$ —	\$ 59,096	\$ (68)
States of the U.S. and state political subdivisions	23,919	(114)	—	—	23,919	(114)
U.S. Treasury securities	174,878	(17)	—	—	174,878	(17)
Other fixed term obligations	663	(7)	—	—	663	(7)
Total	\$ 258,556	\$ (206)	\$ —	\$ —	\$ 258,556	\$ (206)

Substantially all of the Company's fixed income securities are rated investment grade or better. The gross unrealized losses related to fixed income securities were due primarily to changes in interest rates. Because the Company does not intend to sell any marketable securities and it is not more likely than not that the Company will be required to sell any marketable securities before recovery of their amortized cost bases, which may be maturity, the Company does not consider any of its marketable securities to be other-than-temporarily impaired at March 31, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 5—EQUITY INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At March 31, 2010 and December 31, 2009, the Company's equity investments in unconsolidated affiliates totaled \$175.0 million and \$200.4 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet.

During 2010, the Company recorded an \$18.3 million impairment charge to write-down its investment in HealthCentral to fair value. The decline in value was determined to be other-than-temporary due to HealthCentral's continued losses and negative operating cash flows, which are due, in part, to macroeconomic and industry specific factors. The valuation of our investment in HealthCentral reflects the Company's assessment of these factors. The Company estimated the fair value of its investment in HealthCentral using a multiple of revenue approach in the context of a different valuation environment than that which prevailed when our initial investment was made.

The Company records its share of the results of HealthCentral on a one-quarter lag and, along with the related impairment charge described above, includes it within "Equity in losses of unconsolidated affiliates" in the accompanying consolidated statement of operations.

Summarized financial information for HealthCentral is as follows:

	Three months ended December 31,	
	2009	2008
	(In thousands)	
Net sales	\$ 5,678	\$ 4,508
Gross profit	3,387	3,095
Net loss	(2,601)	(2,671)

NOTE 6—FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities 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 such as quoted prices for identical assets and liabilities in active markets obtained from independent sources.
- Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair value of the Company's level 2 financial assets is 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 a weighted 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 asset or liability. See below for a discussion of assets measured at fair value using level 3 inputs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6—FAIR VALUE MEASUREMENTS (Continued)

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis:

	March 31, 2010			Total Fair Value Measurements
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(In thousands)			
Cash equivalents:				
Treasury and government agency money market funds	\$ 333,084	\$ —	\$ —	\$ 333,084
Commercial paper	—	378,520	—	378,520
U.S. Treasury securities	99,987	—	—	99,987
Time deposits	—	82,396	—	82,396
Corporate debt securities	—	5,413	—	5,413
Marketable securities:				
Corporate debt securities	—	212,537	—	212,537
States of the U.S. and state political subdivisions	—	112,069	—	112,069
U.S. Treasury securities	249,863	—	—	249,863
Other fixed term obligations	—	663	—	663
Long-term investments:				
Marketable equity security	12,121	—	—	12,121
Auction rate securities	—	—	13,420	13,420
Total	\$ 695,055	\$ 791,598	\$ 13,420	\$ 1,500,073

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6—FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2009			Total Fair Value Measurements
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(In thousands)			
Cash equivalents:				
Treasury and government agency money market funds	\$ 807,257	\$ —	\$ —	\$ 807,257
Commercial paper	—	300,226	—	300,226
U.S. Treasury securities	25,000	—	—	25,000
Time deposits	—	41,850	—	41,850
Corporate debt securities	—	1,915	—	1,915
Marketable securities:				
Corporate debt securities	—	195,192	—	195,192
States of the U.S. and state political subdivisions	—	111,863	—	111,863
U.S. Treasury securities	174,943	—	—	174,943
Other fixed term obligations	—	688	—	688
Equity securities	4,905	—	—	4,905
Long-term investments:				
Marketable equity security	15,608	—	—	15,608
Auction rate securities	—	—	12,635	12,635
Total	\$ 1,027,713	\$ 651,734	\$ 12,635	\$ 1,692,082

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

	Three Months Ended March 31,		
	2010	2009	
	Auction Rate Securities	Auction Rate Securities	Derivative Asset Created in the HSE Sale
	(In thousands)		
Balance at January 1	\$ 12,635	\$ 10,725	\$ 57,189
Total net gains (losses) (realized and unrealized):			
Included in other comprehensive income	785	(705)	(3,607)
Balance at March 31	\$ 13,420	\$ 10,020	\$ 53,582

There were no gains or losses included in earnings for the three months ended March 31, 2010 and 2009, relating to the Company's assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6—FAIR VALUE MEASUREMENTS (Continued)**Marketable equity security**

The cost basis of this marketable equity security is \$12.9 million with \$0.8 million of gross unrealized loss at March 31, 2010. The unrealized loss is included in "Accumulated other comprehensive income" in the accompanying consolidated balance sheet.

Auction rate securities

The auction rate securities are valued by discounting the estimated future cash flow streams of the securities over the life of the securities. Credit spreads and other risk factors are also considered in establishing a fair value. At March 31, 2010, the auction rate securities are rated either A+/WR or A/WR. Due to their high credit rating and because the Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the recovery of their amortized cost bases, which may be maturity, the Company does not consider the unrealized loss of \$1.6 million to be an other-than-temporary impairment at March 31, 2010. The auction rate securities mature in 2025 and 2035.

Derivative asset created in the HSE sale

The CVR was accounted for as a derivative asset and maintained at fair value relying on significant unobservable inputs including credit risk. During 2009, the Company wrote the value of the CVR down to zero. This reflected the increased credit risk due to ARO's insolvency filing and the Company's assessment of the value that it expects to recover.

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 measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized. Such impairment charges incorporate fair value measurements based on level 3 inputs. See Note 5 for a description of an impairment charge recorded in the first quarter of 2010 related to an equity method investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7—FINANCIAL INSTRUMENTS

The fair value of financial instruments listed below has been determined by the Company using available market information and appropriate valuation methodologies.

	March 31, 2010	
	Carrying Amount	Fair Value
	(In thousands)	
Cash and cash equivalents	\$ 952,272	\$ 952,272
Marketable securities	575,132	575,132
Long-term marketable equity security	12,121	12,121
Auction rate securities	13,420	13,420
Notes receivable, non-current	3,052	2,328
Long-term debt	(95,844)	(85,785)
Guarantee and letters of credit	N/A	(477)

The carrying amounts of cash equivalents approximate fair value due to their short-term maturity. Notes receivable, non-current are valued based on discounting the expected future cash flow streams using yields of the underlying credit. The fair value of long-term debt was estimated using quoted market prices or indices for similar liabilities and taking into consideration other factors such as credit quality and maturity. The fair value of the guarantee and letters of credit are based on the present value of the costs associated with maintaining these instruments over their expected term. See Note 4 for discussion of the fair value of marketable securities and Note 6 for discussion of the fair value of the long-term marketable equity security and auction rate securities.

Investments accounted for under the cost method are included in "Long-term investments" in the accompanying consolidated balance sheet and have a carrying value of \$44.3 million at March 31, 2010. 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. Such impairment evaluations include, but are not limited to: the current business environment, including competition; going concern considerations such as financial condition and the rate at which the investee company utilizes cash and the investee company's ability to obtain additional financing to achieve its business plan; the need for changes to the investee company's existing business model due to changing business environments and its ability to successfully implement necessary changes; and comparable valuations. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8—(LOSS) EARNINGS PER SHARE

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

	Three Months Ended March 31,			
	2010		2009	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Loss from continuing operations	\$ (17,863)	\$ (17,863)	\$ (29,882)	\$ (29,882)
Net loss attributable to noncontrolling interests	619	619	258	258
Loss from continuing operations attributable to IAC shareholders	(17,244)	(17,244)	(29,624)	(29,624)
(Loss) earnings from discontinued operations, net of tax	(1,461)	(1,461)	1,238	1,238
Net loss attributable to IAC shareholders	<u>\$ (18,705)</u>	<u>\$ (18,705)</u>	<u>\$ (28,386)</u>	<u>\$ (28,386)</u>
Denominator:				
Weighted average basic shares outstanding	116,446	116,446	147,776	147,776
Dilutive securities including stock options, warrants, RSUs and PSUs(a)	—	—	—	—
Denominator for earnings per share—weighted average shares(a)	<u>116,446</u>	<u>116,446</u>	<u>147,776</u>	<u>147,776</u>
(Loss) earnings per share attributable to IAC shareholders:				
Loss per share from continuing operations	\$ (0.15)	\$ (0.15)	\$ (0.20)	\$ (0.20)
Discontinued operations, net of tax	(0.01)	(0.01)	0.01	0.01
Loss per share	<u>\$ (0.16)</u>	<u>\$ (0.16)</u>	<u>\$ (0.19)</u>	<u>\$ (0.19)</u>

- (a) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and warrants and vesting of restricted stock units ("RSUs") and performance stock units ("PSUs"). For the three months ended March 31, 2010 and 2009, the Company had losses from continuing operations and as a result, no potentially dilutive securities were included in the denominator for computing dilutive earnings per share because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute all earnings per share amounts. For the three months ended March 31, 2010 and 2009, approximately 39.0 million and 39.2 million shares, respectively, related to potentially dilutive securities were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

NOTE 9—SEGMENT INFORMATION

The overall concept that IAC employs in determining its operating segments is to present the financial information in a manner consistent with how the chief operating decision maker and executive management view the businesses, how the businesses are organized as to segment management, and the focus of the businesses with regards to the types of products or services offered or the target market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—SEGMENT INFORMATION (Continued)

Entities included in discontinued operations are excluded from the tables below. 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 Media & Other, do not meet the quantitative thresholds that require presentation as separate operating segments.

In the fourth quarter of 2009, IAC renamed and realigned its reportable segments. The Media & Advertising segment was renamed "Search," and the Emerging Businesses segment was renamed "Media & Other." Further, Evite was moved from the Search segment (formerly Media & Advertising) to the Media & Other segment (formerly Emerging Businesses).

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Revenue:		
Search	\$ 198,961	\$ 165,973
Match	89,275	90,060
ServiceMagic	42,212	31,353
Media & Other	55,863	46,382
Inter-segment elimination	(385)	(1,758)
Total	\$ 385,926	\$ 332,010

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Operating Income (Loss):		
Search	\$ 31,057	\$ 1,209
Match	13,702	9,742
ServiceMagic	2,396	2,003
Media & Other	(9,210)	(12,821)
Corporate	(34,418)	(33,257)
Total	\$ 3,527	\$ (33,124)

The Company's primary metric is Operating Income Before Amortization, which is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization of non-cash marketing, (3) amortization and impairment of intangibles, (4) goodwill impairment, (5) pro forma adjustments for significant acquisitions, and (6) one-time items. The Company believes this measure is useful to investors because it represents the operating results from IAC's segments, taking into account depreciation, which it believes is an ongoing cost of doing business, but excluding the effects of any other non-cash expenses. Operating Income Before Amortization has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses, including non-cash compensation, non-cash marketing, and acquisition related accounting. IAC endeavors to compensate for the limitations of the non-U.S. GAAP measure presented by providing the comparable U.S. GAAP measure with equal or greater prominence, financial statements prepared in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—SEGMENT INFORMATION (Continued)

accordance with U.S. GAAP, and descriptions of the reconciling items, including quantifying such items, to derive the non-U.S. GAAP measure.

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Operating Income Before Amortization:		
Search	\$ 31,541	\$ 10,255
Match	14,806	9,941
ServiceMagic	2,859	2,801
Media & Other	(6,834)	(11,177)
Corporate	(13,166)	(14,988)
Total	\$ 29,206	\$ (3,168)

The following tables reconcile Operating Income Before Amortization to operating income (loss) for the Company's reporting segments and to net loss attributable to IAC shareholders in total (in thousands):

	Three Months Ended March 31, 2010			Operating Income (Loss)
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	
Search	\$ 31,541	\$ (147)	\$ (337)	\$ 31,057
Match	14,806	(26)	(1,078)	13,702
ServiceMagic	2,859	—	(463)	2,396
Media & Other	(6,834)	(905)	(1,471)	(9,210)
Corporate	(13,166)	(21,252)	—	(34,418)
Total	<u>\$ 29,206</u>	<u>\$ (22,330)</u>	<u>\$ (3,349)</u>	3,527
Other expense, net				(17,381)
Loss from continuing operations before income taxes				(13,854)
Income tax provision				(4,009)
Loss from continuing operations				(17,863)
Loss from discontinued operations, net of tax				(1,461)
Net loss				(19,324)
Net loss attributable to noncontrolling interests				619
Net loss attributable to IAC shareholders				<u>\$ (18,705)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—SEGMENT INFORMATION (Continued)

	Three Months Ended March 31, 2009					Operating Income (Loss)
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Non-Cash Marketing	Amortization of Intangibles	Goodwill Impairment	
Search	\$ 10,255	\$ (147)	\$ (2,305)	\$ (6,594)	\$ —	\$ 1,209
Match	9,941	(77)	—	(122)	—	9,742
ServiceMagic	2,801	(150)	—	(648)	—	2,003
Media & Other	(11,177)	63	—	(651)	(1,056)	(12,821)
Corporate	(14,988)	(18,269)	—	—	—	(33,257)
Total	<u>\$ (3,168)</u>	<u>\$ (18,580)</u>	<u>\$ (2,305)</u>	<u>\$ (8,015)</u>	<u>\$ (1,056)</u>	<u>(33,124)</u>
Other income, net						563
Loss from continuing operations before income taxes						(32,561)
Income tax benefit						2,679
Loss from continuing operations						(29,882)
Earnings from discontinued operations, net of tax						1,238
Net loss						(28,644)
Net loss attributable to noncontrolling interests						258
Net loss attributable to IAC shareholders						<u>\$ (28,386)</u>

The following table presents depreciation by segment:

	Three Months Ended March 31,	
	2010	2009
(In thousands)		
Depreciation:		
Search	\$ 9,063	\$ 8,309
Match	3,028	2,408
ServiceMagic	918	801
Media & Other	2,642	1,937
Corporate	2,244	2,759
Total	<u>\$ 17,895</u>	<u>\$ 16,214</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—SEGMENT INFORMATION (Continued)

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

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Revenue:		
United States	\$ 335,427	\$ 271,907
All other countries	50,499	60,103
Total	<u>\$ 385,926</u>	<u>\$ 332,010</u>

	March 31,	December 31,
	2010	2009
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	\$ 290,840	\$ 296,543
All other countries	589	869
Total	<u>\$ 291,429</u>	<u>\$ 297,412</u>

NOTE 10—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. It is possible that an unfavorable outcome of one or more of these lawsuits could have a material impact on the liquidity, results of operations, or financial condition of the Company. The Company also evaluates other contingent matters, including tax contingencies, to assess the probability and estimated extent of potential loss. See Note 3 for additional information related to income tax contingencies.

NOTE 11—SUPPLEMENTAL CASH FLOW INFORMATION

On January 31, 2009, IAC completed the sale of ReserveAmerica to The Active Network, Inc. ("Active"). In exchange for ReserveAmerica, IAC received approximately 3.5 million shares of Active convertible preferred stock, valued at \$33.3 million. No gain or loss was recognized on the sale of ReserveAmerica as the fair value of the Active convertible preferred stock received was equivalent to the carrying value of ReserveAmerica.

GENERAL

Management Overview

IAC is a leading internet company with more than 50 brands serving consumer audiences across more than 30 countries... our mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. IAC includes the businesses comprising its Search segment; its Match and ServiceMagic segments; the businesses comprising its Media & Other segment; as well as investments in unconsolidated affiliates.

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

For a more detailed presentation of the Company's operating businesses, see the Company's annual report on Form 10-K for the year ended December 31, 2009.

Results of Operations for the three months ended March 31, 2010 compared to the three months ended March 31, 2009

Set forth below are the contributions made by our various segments and corporate operations to consolidated revenue, operating income (loss) and Operating Income Before Amortization (as defined in IAC's Principles of Financial Reporting) for the three months ended March 31, 2010 and 2009 (dollars in thousands).

	Three Months Ended March 31,		
	2010	Growth	2009*
Revenue:			
Search	\$ 198,961	20%	\$ 165,973
Match	89,275	(1)%	90,060
ServiceMagic	42,212	35%	31,353
Media & Other	55,863	20%	46,382
Inter-segment elimination	(385)	78%	(1,758)
Total	\$ 385,926	16%	\$ 332,010

	Three Months Ended March 31,		
	2010	Growth	2009*
Operating Income (Loss):			
Search	\$ 31,057	2,469%	\$ 1,209
Match	13,702	41%	9,742
ServiceMagic	2,396	20%	2,003
Media & Other	(9,210)	28%	(12,821)
Corporate	(34,418)	(3)%	(33,257)
Total	\$ 3,527	NM	\$ (33,124)

	Three Months Ended March 31,		
	2010	Growth	2009*
Operating Income Before Amortization:			
Search	\$ 31,541	208%	\$ 10,255
Match	14,806	49%	9,941
ServiceMagic	2,859	2%	2,801
Media & Other	(6,834)	39%	(11,177)
Corporate	(13,166)	12%	(14,988)
Total	\$ 29,206	NM	\$ (3,168)

* In the fourth quarter of 2009, the Company renamed and realigned its reportable segments. The Media & Advertising segment was renamed "Search" and the Emerging Businesses segment was renamed "Media & Other". Further, Evite was moved from the Search segment (formerly Media & Advertising) to the Media & Other segment (formerly Emerging Businesses). Certain prior year amounts were reclassified to conform to the current year presentation.

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

Consolidated Results

Revenue

	Three Months Ended March 31,		
	2010	% Change	2009
(Dollars in thousands)			
Revenue	\$ 385,926	16%	\$ 332,010

Revenue in 2010 increased \$53.9 million from 2009 primarily as a result of revenue increases of \$33.0 million from Search, \$10.9 million from ServiceMagic and \$9.5 million from Media & Other. The increase from Search reflects an increase in proprietary queries and continued growth in distributed toolbars. The increase in revenue from ServiceMagic was primarily due to a more active service provider network resulting in a 35% increase in accepted domestic service requests. The increase in revenue from Media & Other was driven by growth at Pronto and the revenue associated with profit participations related to our interests in Reveille.

Cost of revenue

	Three Months Ended March 31,		
	2010	% Change	2009
(Dollars in thousands)			
Cost of revenue	\$ 136,155	21%	\$ 112,922
As a percentage of revenue	35%	127 bp	34%

bp = basis points

Cost of revenue consists primarily of traffic acquisition costs, compensation and other employee-related costs (including stock-based compensation) for personnel engaged in data center functions, the cost of products sold and shipping and handling costs. Traffic acquisition costs consist of revenue share payments to partners that have distributed toolbars and/or integrated paid listings into their websites and similar arrangements with third parties who direct traffic to our websites.

Cost of revenue in 2010 increased \$23.2 million from 2009 primarily due to an increase of \$25.2 million from Search, partially offset by a decrease of \$3.3 million from Match. The increase in cost of revenue from Search was primarily due to an increase of \$23.7 million in traffic acquisition costs. Cost of revenue from Match decreased primarily due to lower traffic acquisition costs following the sale of Match Europe.

Selling and marketing expense

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
Selling and marketing expense	\$ 131,152	(1)%	\$ 132,900
As a percentage of revenue	34%	(605) bp	40%

Selling and marketing expense consists primarily of advertising and promotional expenditures and compensation and other employee-related costs (including stock-based compensation) for personnel engaged in sales functions, marketing and promotion. Advertising and promotional expenditures include online marketing, including fees paid to search engines and third parties that distribute our toolbars, and offline marketing, including television, radio and print advertising.

Selling and marketing expense in 2010 decreased \$1.7 million from 2009 primarily due to a decrease of \$11.8 million from Search, partially offset by an increase of \$9.2 million from ServiceMagic. The decrease in selling and marketing expense from Search is primarily due to lower advertising and promotional expenditures of \$9.9 million, as the prior year period included expenditures associated with the NASCAR partnership. The increase in selling and marketing expense from ServiceMagic is due to an increase of \$7.5 million in online and offline marketing and an increase in compensation and other employee-related costs, due in part, to the continued expansion of its sales force. The growth in service requests during the year from paid channels outpaced the growth in free requests as a result of the increase in marketing.

General and administrative expense

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
General and administrative expense	\$ 77,231	5%	\$ 73,634
As a percentage of revenue	20%	(217) bp	22%

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

General and administrative expense in 2010 increased \$3.6 million from 2009 primarily due to increases of \$4.0 million from Media & Other and \$1.6 million from corporate, partially offset by a decrease of \$2.3 million from Match. General and administrative expense from Media & Other increased primarily due to the continued investment in Electus and Notional, as well as increased operating expenses associated with Evite and Vimeo. The increase from corporate is principally due to an increase of \$2.7 million in non-cash compensation expense related to equity grants issued subsequent to the first quarter of 2009, partially offset by lower taxes and professional fees. The decrease in general and administrative expense from Match is due to a decrease of \$3.0 million in acquisition related expenses.

Product development expense

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
Product development expense	\$ 16,617	(8)%	\$ 18,088
As a percentage of revenue	4%	(114) bp	5%

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

Product development expense in 2010 decreased \$1.5 million from 2009 primarily due to a decrease of \$2.1 million from Search, partially offset by an increase of \$0.6 million from Match. Contributing to the decrease in product development expense at Search is a decrease of 7% in average headcount at IAC Search & Media and an increase in costs being capitalized in the current year period related to the development and enhancement of IAC Search & Media's product offerings and related technology. The increase in product development expense from Match is primarily due to an increase in compensation and other employee-related costs.

Depreciation

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
Depreciation	\$ 17,895	10%	\$ 16,214
As a percentage of revenue	5%	(25) bp	5%

Depreciation in 2010 increased \$1.7 million from 2009 primarily due to the write-off of certain capitalized software costs and the incremental depreciation associated with capital expenditures made during 2010 and 2009, partially offset by certain fixed assets becoming fully depreciated.

Operating Income Before Amortization

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
Operating Income Before Amortization	\$ 29,206	NM	\$ (3,168)
As a percentage of total revenue	8%	NM	(1)%

Operating Income Before Amortization in 2010 increased \$32.4 million from 2009 primarily due to increases of \$21.3 million, \$4.9 million and \$4.3 million from Search, Match and Media & Other, respectively. The increase in Operating Income Before Amortization reflects higher overall revenue and lower advertising and promotional expenditures from Search, lower traffic acquisition costs and a reduction in acquisition related expenses from Match, and the participation in profits related to our interests in Reveille from Media & Other.

Operating income (loss)

	Three Months Ended March 31,		
	2010	% Change	2009
	(Dollars in thousands)		
Operating income (loss)	\$ 3,527	NM	\$ (33,124)
As a percentage of revenue	1%	NM	(10)%

Operating income in 2010 increased \$36.7 million from 2009 primarily due to an increase of \$32.4 million in Operating Income Before Amortization described above and the decreases of \$4.7 million in amortization of intangibles and \$2.3 million in amortization of non-cash marketing as well as the inclusion in the prior year period of a goodwill impairment charge of \$1.1 million, partially offset by an increase of \$3.8 million in non-cash compensation expense. The decrease in amortization of intangibles is primarily due to the write-off of certain definite-lived intangible assets at IAC Search & Media during the fourth quarter of 2009. The amortization of non-cash marketing referred to in this report consists of non-cash advertising credits secured from Universal Television as part of the transaction pursuant to which Vivendi Universal Entertainment, LLLP ("VUE") was created, and the subsequent transaction by which IAC sold its partnership interests in VUE.

The increase in non-cash compensation expense is primarily due to the expense related to equity grants issued subsequent to the first quarter of 2009. As of March 31, 2010, there was \$158.3 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.6 years.

Other income (expense)

	Three Months Ended March 31,		
	2010	% Change	2009
(Dollars in thousands)			
Other income (expense):			
Interest income	\$ 1,635	(56)%	\$ 3,728
Interest expense	(1,323)	(10)%	(1,464)
Equity in losses of unconsolidated affiliates	(22,613)	1,124%	(1,847)
Gain on sale of investment	3,989	NM	—
Other income	931	536%	146

Interest income in 2010 decreased \$2.1 million from 2009 primarily due to the impact of lower average interest rates and lower average investment balances throughout the period.

Equity in losses of unconsolidated affiliates in 2010 increased \$20.8 million from 2009 primarily due to an \$18.3 million impairment charge to write-down the Company's investment in The HealthCentral Network, Inc. ("HealthCentral") to fair value. The decline in value was determined to be other-than-temporary due to HealthCentral's continued losses and negative operating cash flows, which are due, in part, to macroeconomic and industry specific factors. The valuation of our investment in HealthCentral reflects the Company's assessment of these factors. The Company estimated the fair value of its investment in HealthCentral using a multiple of revenue approach in the context of a different valuation environment than that which prevailed when our initial investment was made. Equity in losses of unconsolidated affiliates includes a loss of \$1.5 million from the Company's investment in Meetic S.A. ("Meetic"), which is not in the year ago period. The loss from the investment in Meetic is primarily due to the amortization of intangibles, which is required by purchase accounting rules.

Gain on sale of investment in 2010 of \$4.0 million represents a gain related to the sale of our remaining shares of OpenTable, Inc. ("OpenTable").

Income tax provision

In 2010, the Company recorded an income tax provision for continuing operations of \$4.0 million on a pre-tax loss of \$13.9 million. The continuing operations tax provision, despite a pre-tax loss, was due principally to a valuation allowance on the deferred tax asset created by the impairment charge for our investment in HealthCentral, interest on tax contingencies and state taxes, partially offset by foreign income taxed at lower rates. In 2009, the Company recorded an income tax benefit for continuing operations of \$2.7 million on a pre-tax loss of \$32.6 million, which represents an effective

tax rate of 8%. This rate is lower than the federal statutory rate of 35% due principally to a valuation allowance on the deferred tax asset created by losses from equity investments, non-deductible transaction costs related to the sale of Match Europe to Meetic, interest on tax contingencies and state taxes, partially offset by foreign income taxed at lower rates.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of deductions and the allocation of income among various tax jurisdictions. Income taxes payable include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns; however, the amount paid upon resolution of issues raised may differ materially from the amount provided. Differences between the reserves for tax contingencies and the amounts owed by the Company are recorded in the period they become known.

At March 31, 2010 and December 31, 2009, the Company had unrecognized tax benefits of \$394.9 million and \$394.3 million, respectively. Unrecognized tax benefits for March 31, 2010 increased by \$0.6 million due principally to a net increase in deductible temporary differences. The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax expense. Included in the income tax expense from continuing operations and discontinued operations for the three months ended March 31, 2010 is a \$2.4 million expense and a \$1.7 million expense, net of related deferred taxes of \$1.6 million and \$1.2 million, respectively, for interest on unrecognized tax benefits. At March 31, 2010 and December 31, 2009, the Company has accrued \$75.5 million and \$68.7 million, respectively, for the payment of interest. At March 31, 2010 and December 31, 2009, the Company has accrued \$5.0 million for penalties.

The Internal Revenue Service is currently examining the Company's tax returns for the years ended December 31, 2001 through 2006. The statute of limitations for these years has been extended to December 31, 2010. Various state, local and foreign jurisdictions are currently under examination, the most significant of which are California, New York and New York City, for various tax years beginning with December 31, 2002. These examinations are expected to be completed in 2011. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by \$18.8 million within twelve months of the current reporting date primarily due to the reversal of deductible temporary differences which will primarily result in a corresponding increase in net deferred tax liabilities, and statute of limitations expirations. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

On February 1, 2010, President Obama released his administration's updated proposals to modify certain aspects of the rules governing the U.S. taxation of certain non-U.S. subsidiaries. Many details of the proposal remain unknown and any legislation enacting such modifications would require Congressional approval; however, changes to these rules could impact the Company's effective tax rate. The Company will continue to monitor the progress of the proposals to determine the impact, if any, to the Company's consolidated financial position, results of operations and cash flows.

Discontinued operations

Discontinued operations in the accompanying consolidated statement of operations consist primarily of Quiz TV Limited and iBuy.

Results from these discontinued operations, net of tax, in 2010 and 2009 were losses of \$1.5 million and earnings of \$1.2 million, respectively. The 2010 amount is principally due to interest on tax contingencies. The 2009 amount is principally due to iBuy.

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

Goodwill and indefinite-lived intangible assets, which consist of certain of the Company's trade names and trademarks, are tested annually for impairment as of October 1 or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of each of the Company's reporting units to its carrying value, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit using a discounted cash flow ("DCF") analysis. Determining fair value requires the exercise of significant judgment, including judgment about the amount and timing of expected future cash flows and appropriate discount rates. The expected cash flows used in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based, in part, on forecasted growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows of the respective reporting units. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying value of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying value to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying value of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess.

The Company's indefinite-lived intangible assets consist of acquired trade names and trademarks. The impairment test for indefinite-lived intangible assets involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of indefinite-lived intangible assets are determined using an avoided royalty DCF valuation analysis. Significant judgments inherent in this analysis include the selection of appropriate royalty and discount rates and estimating the amount and timing of expected future cash flows. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the expected future cash flows generated by the respective intangible assets. The royalty rates used in the DCF analyses are based upon an estimate of the royalty rates that a market participant would pay to license the Company's trade names and trademarks.

The Company has seven reporting units with goodwill. Of these, IAC Search & Media, InstantAction and Connected Ventures have fair values that approximate their carrying values. The amount of goodwill of each of the reporting units was \$527.6 million, \$31.6 million and \$8.4 million, respectively, at December 31, 2009. If operating results of these businesses vary significantly from anticipated results, future, potentially material, impairments of goodwill and/or indefinite-lived intangible assets could occur. To illustrate the magnitude of potential impairment charges relative to future changes in estimated fair values, had the estimated fair values of each of these reporting units been hypothetically lower by 10% as of October 1, 2009, the carrying values of IAC Search & Media, InstantAction and Connected Ventures would have exceeded their respective fair values by approximately \$80 million, \$4 million and \$4 million, respectively. Had the estimated fair values of each of these reporting units been hypothetically lower by 20% as of October 1, 2009, the carrying values of IAC Search & Media, InstantAction and Connected Ventures would have exceeded their respective fair values by approximately \$160 million, \$8 million and \$8 million, respectively.

Any impairment charge that might result in the future would be determined based upon the excess of the carrying value of goodwill over its implied fair value using the second step of the impairment analysis that is described above but, in any event, would not be expected to be lower than the excess of the carrying value of the reporting unit over its fair value. The primary driver in the DCF valuation analyses and the determination of the fair values of the Company's reporting units is the estimate of future revenue and profitability. Generally, the Company would expect to record an impairment if forecasted revenue and profitability are no longer expected to be achieved and as a result, the carrying value of a reporting unit(s) exceeds its fair value. This assessment would be based, in part, upon the performance of its businesses relative to budget, the Company's assessment of macroeconomic factors, industry and competitive dynamics and the strategies of its businesses in response to these factors.

Segment Results

In addition to the discussion of consolidated results above, the following is a discussion of the results of each segment.

Search

Our Search segment consists primarily of Ask.com and other destination search websites through which we provide search and related advertising services, toolbars and applications through which we promote and distribute these services, and Citysearch, a leading online local city guide.

Revenue increased 20% to \$199.0 million, reflecting an increase in proprietary queries and continued growth in distributed toolbars. The increase in proprietary queries was driven by increased traffic acquisition efforts and enhancements associated with proprietary toolbars. Growth in distributed toolbars revenue reflects increased revenue from existing partners and the addition of new partners, partially offset by a decline in revenue per query associated with changes in our distributed toolbar's traffic mix. Citysearch's revenue declined primarily due to lower proprietary advertising and traffic, partially offset by an increase in advertising and traffic from network partners.

Operating Income Before Amortization increased 208% to \$31.5 million, primarily due to the higher revenue noted above and decreases of \$11.8 million in selling and marketing expense and \$2.1 million in product development expense, partially offset by an increase of \$23.7 million in traffic acquisition costs. The decrease in selling and marketing expense is primarily due to a decrease of \$9.9 million in advertising and promotional expenditures, as the prior year period included expenditures associated with the NASCAR partnership. The decrease in product development expense is primarily due to a decrease of \$2.1 million in compensation and other employee-related costs due, in part, to an approximate 7% reduction in average headcount at IAC Search & Media and an increase in costs being capitalized in the current year period related to the development and enhancement of IAC Search & Media's product offerings and related technology.

Operating income increased \$29.8 million to \$31.1 million, primarily due to the increase in Operating Income Before Amortization described above and decreases of \$6.3 million in amortization of intangibles and \$2.3 million in amortization of non-cash marketing. The decrease in amortization of intangibles is due to the write-off of certain definite-lived intangible assets at IAC Search & Media during the fourth quarter of 2009.

Match

Revenue declined 1% to \$89.3 million, reflecting the sale of Match Europe to Meetic on June 5, 2009, partially offset by a combined \$12.2 million contribution from People Media, acquired July 13, 2009, and Singlesnet, acquired March 2, 2010, and solid growth in the U.S. business. Excluding the results of Match Europe from the prior period and People Media and Singlesnet from the current period, revenue grew 8% driven by a 2% increase in U.S. subscribers and the impact of a change in estimate related to the reserve for refunds and chargebacks.

Operating Income Before Amortization increased 49% to \$14.8 million despite the slight decrease in revenue noted above, primarily due to decreases of \$3.3 million in cost of revenue and \$2.3 million in general and administrative expense. The decrease in cost of revenue is primarily due to lower traffic acquisition costs following the sale of Match Europe. The decrease in general and administrative expense was principally due to a reduction of \$3.0 million in acquisition related expenses.

Operating income increased 41% to \$13.7 million, primarily due to the increase in Operating Income Before Amortization described above, partially offset by an increase of \$1.0 million in amortization of intangibles, relating primarily to the acquisition of People Media.

ServiceMagic

Revenue grew 35% to \$42.2 million, benefiting from a 35% increase in the number of times domestic service requests are accepted by a domestic service professional. During 2010, ServiceMagic experienced increases of 40% and 26% in both domestic service requests and service providers, respectively. A service request can be transmitted to and accepted by more than one service professional.

Operating Income Before Amortization increased 2% to \$2.9 million reflecting the reversal in 2010 of a \$1.5 million provision for contingent consideration related to the 2009 acquisition of Market Hardware, which will not be earned. Operating Income Before Amortization was adversely impacted by increases of \$9.2 million in selling and marketing expense and \$2.4 million in general and administrative expense. The increase in selling and marketing expense is primarily driven by an increase of \$7.5 million in advertising and promotional expenditures associated with online and offline marketing. The growth in service requests during the year from paid channels outpaced the growth in free requests as a result of the increase in marketing. Also contributing to the increase in selling and marketing expense is an increase in compensation and other employee-related costs, due in part, to the continued expansion of its sales force. The increase in general and administrative expense is primarily due to an increase of \$1.3 million in compensation and other employee-related costs driven by growth in headcount related to acquisitions that took place in 2009.

Operating income increased 20% to \$2.4 million, primarily due to the increase in Operating Income Before Amortization described above and slight decreases in amortization of intangibles and non-cash compensation expense.

Media & Other

Revenue increased 20% to \$55.9 million primarily reflecting the growth at Pronto, driven by continued improvements in customer acquisition and monetization, as well as growth at The Daily Beast, Gifts.com and Vimeo. Also impacting revenue is the inclusion in the current year period of revenue associated with profit participations related to our interests in Reveille, partially offset by revenue in the prior year period associated with ReserveAmerica before its sale on January 31, 2009.

Operating Income Before Amortization loss decreased by \$4.3 million to a loss of \$6.8 million. Losses decreased due primarily to \$3.1 million in profit participations related to our interests in Reveille noted above, \$2.9 million in cost savings related to the shutdown or sale of certain businesses that took place in 2009 and profitability at Gifts.com, partially offset by increased operating expenses associated with The Daily Beast and Electus.

Operating loss decreased by \$3.6 million to \$9.2 million primarily due to the decreased Operating Income Before Amortization loss described above, the impact in 2009 of a \$1.1 million goodwill impairment charge related to our gift card business, partially offset by increases in non-cash compensation expense and amortization of intangibles of \$1.0 million and \$0.8 million, respectively.

Corporate

Operating Income Before Amortization loss decreased by \$1.8 million to a loss of \$13.2 million primarily due to lower depreciation expense, taxes and professional fees.

Operating loss increased \$1.2 million to \$34.4 million despite the decrease in Operating Income Before Amortization loss described above due to an increase of \$3.0 million in non-cash compensation expense. The increase in non-cash compensation is primarily due to the expense related to equity grants issued subsequent to the first quarter of 2009.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2010, the Company had \$952.3 million of cash and cash equivalents, \$575.1 million of marketable securities and \$95.8 million in long-term debt. Long-term debt consists of \$80.0 million in Liberty Bonds due September 1, 2035 and \$15.8 million in 7% Senior Notes due 2013.

During the three months ended March 31, 2010 and 2009, the Company purchased 11.1 million and 2.4 million shares of IAC common stock for aggregate consideration, on a trade date basis, of \$245.5 million and \$36.6 million, respectively. On February 26, 2010, the Company's Board of Directors authorized the repurchase of up to 20 million shares of IAC common stock. At April 23, 2010, IAC had approximately 19.2 million shares remaining in its share repurchase authorization. IAC may purchase shares over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Net cash provided by operating activities attributable to continuing operations was \$56.4 million and \$48.7 million in 2010 and 2009, respectively. The increase of \$7.7 million in net cash provided by operating activities attributable to continuing operations is primarily due to higher cash tax refunds in 2010, partially offset by the payment of the 2009 discretionary cash bonuses in 2010, whereas the 2008 discretionary cash bonus was paid in the fourth quarter of 2008.

Net cash used in investing activities attributable to continuing operations in 2010 of \$108.9 million includes \$89.3 million related to the net purchases, sales and maturities of marketable debt securities, capital expenditures of \$12.6 million and acquisitions, net of cash acquired, of \$9.8 million, partially offset by the proceeds of \$5.3 million from the sale of the Company's remaining shares of OpenTable. Net cash used in investing activities attributable to continuing operations in 2009 of \$121.4 million includes \$91.6 million related to the net purchases, sales and maturities of marketable debt securities, acquisitions, net of cash acquired, of \$11.5 million and capital expenditures of \$8.6 million.

Net cash used in financing activities attributable to continuing operations in 2010 of \$238.9 million includes the purchase of treasury stock of \$246.2 million, partially offset by excess tax benefits from stock-based awards of \$4.8 million. Net cash provided by financing activities attributable to continuing operations in 2009 of \$120.7 million includes the proceeds related to the issuance of common stock, net of withholding taxes, of \$148.8 million, partially offset by the purchase of treasury stock of \$29.2 million. Included in the proceeds related to the issuance of common stock are aggregate proceeds of \$150.9 million from the exercise of warrants to acquire 11.5 million shares of IAC common stock that were due to expire on February 4, 2009. The strike price of the warrants was \$13.09 per share.

IAC anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its overall operations. The Company may make a number of acquisitions which could result in the reduction of its cash balance or the incurrence of debt. IAC expects that 2010 capital expenditures will be slightly higher than 2009. IAC believes that its cash on hand along with its anticipated operating cash flows in 2010 and its access to capital markets are sufficient to fund its operating needs, capital, investing and other commitments and contingencies for the foreseeable future.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

<u>Contractual Obligations(a)</u>	<u>Payments Due by Period</u>				
	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
			(In thousands)		
Long-term obligations(b)	\$ 201,171	\$ 5,109	\$ 10,218	\$ 23,844	\$ 162,000
Purchase obligations(c)	4,020	893	1,787	1,340	—
Operating leases	303,274	21,027	38,906	27,585	215,756
Total contractual cash obligations	<u>\$ 508,465</u>	<u>\$ 27,029</u>	<u>\$ 50,911</u>	<u>\$ 52,769</u>	<u>\$ 377,756</u>

- (a) At March 31, 2010, the Company has recorded \$470.4 million of unrecognized tax benefits which includes accrued interest of \$75.5 million. This amount includes \$290.4 million for unrecognized tax benefits and related interest that could result in future net cash payments to taxing authorities. The Company cannot make a reasonably reliable estimate of the expected period of cash settlement of these items.
- (b) Represents contractual amounts due, including interest.
- (c) The purchase obligations primarily relate to minimum payments due under telecommunication contracts related to data transmission lines.

IAC'S PRINCIPLES OF FINANCIAL REPORTING

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

Definition of IAC's Non-GAAP Measure

Operating Income Before Amortization is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization of non-cash marketing, (3) amortization and impairment of intangibles, (4) goodwill impairment, (5) pro forma adjustments for significant acquisitions, and (6) one-time items. We believe this measure is useful to investors because it represents the consolidated operating results from IAC's segments, taking into account depreciation, which we believe is an ongoing cost of doing business, but excluding the effects of any other non-cash expenses. Operating Income Before Amortization has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses, including non-cash compensation, non-cash marketing, and acquisition-related accounting.

Pro Forma Results

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

One-Time Items

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

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

Non-cash compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of restricted stock, restricted stock units and stock options. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding which, for restricted stock units and stock options, are included on a treasury method basis. Upon vesting of restricted stock and restricted stock units and the exercise of certain stock options, the awards are settled, at the Company's discretion, on a net basis, with the Company remitting the required tax withholding amount from its current funds.

Amortization of non-cash marketing consists of non-cash advertising credits secured from Universal Television as part of the transaction pursuant to which VUE was created, and the subsequent transaction by which IAC sold its partnership interests in VUE (collectively referred to as "NBC Universal Advertising"). The NBC Universal Advertising was available for television advertising on

various NBC Universal network and cable channels without any cash cost. There are no NBC Universal Advertising credits available as all credits were used prior to December 31, 2009.

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

Amortization of intangibles (including impairment of intangibles, if applicable) is a non-cash expense relating primarily to acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as technology and supplier agreements, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, which are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset exceeds its fair value. While it is likely that we will have 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 is not an ongoing cost of doing business.

RECONCILIATION OF OPERATING INCOME BEFORE AMORTIZATION

For a reconciliation of Operating Income Before Amortization to operating income (loss) by business and to net loss attributable to IAC shareholders in total for the three months ended March 31, 2010 and 2009, see Note 9 to the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company's exposure to market rate risk for changes in interest rates relates primarily to the Company's investment portfolio and long-term debt.

Investment Portfolio

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

Based on the Company's total debt investment securities as of March 31, 2010, a 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the debt investment securities by \$4.1 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of debt securities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. Conversely, since almost all of the Company's cash balance of approximately \$952.3 million is invested in variable rate interest earning assets, the Company would also earn more (less) interest income due to such an increase (decrease) in interest rates.

Long-term Debt

At March 31, 2010, the Company's outstanding debt approximated \$95.8 million, all of which pays interest at fixed rates. If market rates decline, the Company runs the risk that the related required payments on the fixed rate debt will exceed those based on market rates. A 100 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the fixed-rate debt by \$11.1 million. Such potential increase or decrease in fair value is based on certain simplifying assumptions, including a constant level and rate of fixed-rate debt for all maturities and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period.

Equity Price Risk

At March 31, 2010, the Company had investments in equity securities of publicly traded companies that are considered available-for-sale marketable equity securities and are included in "Long-term investments" in the accompanying consolidated balance sheet. These available-for-sale marketable equity securities, with the exception of the Company's investment in Meetic, are reported at fair value based on quoted market prices with unrealized gains or losses on these securities, net of tax, included as a component of "Accumulated other comprehensive income" in the accompanying consolidated balance sheet. These investments in equity securities of publicly traded companies may be subject to significant fluctuations in fair value due to the volatility of the stock market, among other factors. During the three months ended March 31, 2010, the Company did not record any other-than-temporary impairment charges related to its available-for-sale marketable equity securities. It is not customary for the Company to make significant investments in equity securities as part of its marketable securities investment strategy.

On June 5, 2009, in exchange for Match Europe, IAC received approximately 6.1 million shares of common stock (a 27% stake) in Meetic, an online dating company based in France. Meetic shares are listed on the Euronext stock exchange (EPA: MEET) and as a result, IAC is exposed to changes in Meetic's stock price. The investment in Meetic is accounted for using the equity method and the Company records its share of the results of Meetic and related amortization of intangibles on a one-quarter lag within "Equity in losses of unconsolidated affiliates" in the accompanying consolidated statement of operations. The carrying value of the Meetic investment is \$151.5 million (€105.3 million) at March 31, 2010. The fair value of the Meetic investment, based on its quoted market price, was \$184.9 million (€138.3 million) at March 31, 2010.

Foreign Currency Exchange Risk

The Company conducts business in certain foreign markets, primarily in the European Union. The Company's primary exposure to foreign currency risk relates to investments in foreign subsidiaries that transact business in a functional currency other than the U.S. Dollar, primarily the Euro and British Pound Sterling. However, the exposure is mitigated since the Company has generally reinvested profits from international operations in order to grow the businesses. The statements of operations of the Company's international operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions results in reduced revenue and operating income. Similarly, the Company's revenue and operating income will increase for our international operations if the U.S. dollar weakens against foreign currencies. The Company is also exposed to foreign currency risk related to its assets and liabilities denominated in a currency other than the functional currency.

The economic impact of currency exchange rate movements on the Company is often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, could cause the Company to adjust its financing and operating strategies. Foreign exchange gains and losses were not material to the Company's earnings in 2010 and 2009. As currency exchange rates change, translation of the income statements of the Company's international businesses into U.S. dollars affects year-over-year comparability of operating results. Historically, the Company has not hedged foreign currency translation risks because cash flows from international operations were generally reinvested locally. However, the Company periodically reviews its strategy for hedging foreign currency translation risks. The Company's objective in managing its foreign currency risk is to minimize its potential exposure to the changes that exchange rates might have on its earnings, cash flows and financial position.

Item 4. Controls and Procedures

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

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

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

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

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

Securities Class Action Litigation against IAC

This litigation matter, *In re IAC/InterActiveCorp Securities Litigation*, is described in detail on pages 20-21 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which description is hereby updated as set forth immediately below.

On March 19, 2010, the district court issued a memorandum opinion and order granting the defendants' motion and dismissing the second amended complaint with prejudice. Judgment was entered on March 20, 2010 and the plaintiffs' time to appeal has expired. On April 1, 2010, as a result of the district court's ruling, the plaintiffs' appeal from the dismissal of the complaint in the two related consolidated shareholder derivative suits was dismissed with prejudice on consent.

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 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 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, operational and financial risks relating to acquisitions, changes in industry standards and technology, 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" in our annual report on Form 10-K for the year ended December 31, 2009. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC management as of the date of this report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2009, which could materially affect our business, financial condition or future results. The risks described in our annual report on Form 10-K are not the only risks 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 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, 2010:

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(2)
January 2010	3,356,392	\$ 20.65	3,356,392	26,944,047
February 2010	2,625,090	\$ 21.50	2,625,090	24,318,957
March 2010	5,073,800	\$ 23.60	5,073,800	19,245,157
Total	<u>11,055,282</u>	<u>\$ 22.20</u>	<u>11,055,282</u>	19,245,157

- (1) Reflects repurchases made pursuant to repurchase authorizations previously announced in July 2009 and February 2010.
- (2) Represents (i) the total number of shares of common stock that remained available for repurchase (as adjusted to give effect to the reverse stock split effected after the close of trading on August 20, 2008) pursuant to the July 2009 repurchase authorization, *plus* (ii) the total number of shares of common stock that remained available for repurchase pursuant to the February 2010 repurchase authorization.

As of March 31, 2010, there were no shares remaining for repurchase under the July 2009 repurchase authorization. At April 23, 2010, IAC had approximately 19.2 million shares remaining under the February 2010 share repurchase authorization. IAC may purchase shares pursuant to this repurchase authorization over an indefinite period of time, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
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 July 2, 2008.
10.1	Amended and Restated Agreement, dated as of February 26, 2010, between IAC/InterActiveCorp and Victor A. Kaufman.(1)	
10.2	Employment Agreement, dated as of February 26, 2010, between IAC/InterActiveCorp and Gregg Winiarski.(1)	
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.(1)	
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.(2)	

(1) Filed herewith.

(2) Furnished herewith.

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AMENDED AND RESTATED AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (this "Agreement"), dated as of February 26, 2010 (the "Effective Date"), is entered into by and between IAC/InterActiveCorp ("IAC") and Victor Kaufman (the "Executive").

WITNESSETH:

WHEREAS, the Executive has invaluable knowledge and expertise regarding the operations of IAC and its subsidiaries and affiliates (the "IAC Group");

WHEREAS, due to the Executive's knowledge and expertise, IAC wishes to have the cooperation of, and access to, the Executive;

WHEREAS, IAC and the Executive have mutually agreed that the Executive shall serve IAC on the terms and subject to the conditions hereinafter specified; and

WHEREAS, IAC and the Executive are parties to that certain Agreement, dated as of February 5, 2004 (as amended by Amendment No. 1 thereto, with an effective date as of August 9, 2005, the "Existing Agreement"), and it is the intention of the parties to further amend and restate the terms of the Existing Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, IAC and the Executive hereby agree as follows:

1. Term. This Agreement shall commence on the Effective Date and shall continue for a period of one (1) year. This Agreement shall automatically be renewed for successive one-year periods in perpetuity unless one party hereto provides written notice to the other, at least ninety (90) days prior to the end of the then current one-year employment period, that it elects not to extend this Agreement (any such notice, a "Non-Renewal Notice"). The period beginning on the date hereof and ending on the first anniversary hereof or, if the Agreement is renewed pursuant to the prior sentence, the last day of the last one-year renewal period, shall be referred to hereinafter as the "Term".

2. Duties. During the Term, the Executive shall render the services described herein to IAC, on the terms and conditions set forth in this Agreement. The Executive's duties shall consist of high-level activities consistent with past practice primarily involving major transactions and oversight of IAC Group Legal, Financial and Mergers & Acquisitions, participation in Office of the Chairman meetings (in person or otherwise) and providing advice to the Chairman and Chief Executive Officer. Executive shall continue to serve as Vice-Chairman of IAC during the Term. During the Term, Executive shall devote such time, attention and efforts as shall be necessary to fulfill his duties and responsibilities hereunder (as reasonably requested or determined by the Chairman of IAC). IAC acknowledges that Executive also serves (and currently intends to continue to serve) as Vice Chairman of Expedia, Inc. ("Expedia") and Ticketmaster Entertainment Inc. (and any successor thereto, "Ticketmaster"). Executive agrees that the Executive's duties to the IAC Group shall be the Executive's first priority among his business activities. Neither any of the activities undertaken by Executive of behalf of Expedia

nor Ticketmaster, as and if applicable, shall be deemed competitive with the IAC Group. In all cases, the remainder of the Executive's business time shall be devoted to other personal activities and interests that are not competitive with the IAC Group. During the Term, the Executive's services shall be performed in person at IAC's offices only as necessary or preferable (it being understood that the Executive shall be permitted to spend at least 50% of his time during the Term in the Los Angeles metropolitan area).

3. [Intentionally Omitted.]

4. Base Salary and Annual Bonus. During the Term, Executive shall be eligible to receive annual base salary, annual bonuses, equity awards and other employee benefits to be reasonably determined by the Compensation and Human Resources Committee of the IAC Board of Directors following consultation with the Chairman.

5. Equity Compensation. In consideration for agreeing to provide the services during the Term, each of the Executive's options to purchase shares of IAC common stock ("IAC Options"), IAC restricted stock unit awards ("IAC RSUs") and any other equity awards based on IAC common stock that are invested as of the Effective Date or that are granted following the Effective Date shall continue to vest during the Term. In the event that the Executive resigns prior to the expiration of the Term due to a material breach of this Agreement by IAC (or any successor to IAC) that is not cured by IAC (or its successor) promptly after notice from the Executive ("good reason") or Executive is terminated by IAC without cause prior to the expiration of the Term, then:

- (i) any IAC Options, IAC RSUs and any other compensation awards of Executive based on, or in the form of, IAC common stock equity that are outstanding and vested at the time of such termination but which would, but for a termination of employment, have vested during the one year period following such termination of employment (the "Severance Period") shall vest as of the date of such termination of employment; provided, however, that any outstanding award with a vesting schedule that would, but for a termination of employment, have resulted in a smaller percentage (or none) of the award being vested through the Severance Period than if it had vested annually pro rata over its vesting period shall, for purposes of this provision, be treated as though it vested annually pro rata over its vesting period (e.g., if 100 RSUs were granted 2.7 years prior to the date of termination and vested pro rata on the first five anniversaries of the grant date and 100 RSUs were granted 1.7 years prior to the date of termination and vested on the fifth anniversary of the grant date, then on the date of termination, 20 RSUs from the first award and 40 RSUs from the second award would vest); and, provided further, that any amounts that would vest under this provision but for the fact that outstanding performance conditions have not been satisfied shall vest only if, and at such point as, such performance conditions are satisfied; and
- (ii) any then-vested IAC Options of Executive (including IAC Options vesting as a result of (i) above) shall remain exercisable through the date that is eighteen (18) months following the date of such termination or, if earlier, through the scheduled

expiration date of such IAC Options.

All agreements evidencing IAC Options, IAC RSUs and any other equity awards based on IAC common stock granted to Executive and covered by this Section 4 are hereby amended to the extent necessary to effectuate the provisions of this Section 4. In all other respects, the IAC Options, IAC RSUs and any other equity awards based on IAC common stock granted to Executive covered in this Section 4 shall continue to be governed in accordance with their terms. For purposes of this Agreement, "cause" shall have the meaning set forth in the applicable IAC stock and incentive plan pursuant to which the IAC Options were granted.

In no event shall Executive's resignation be for "good reason" unless (x) Executive provides the Company with written notice of its material breach of this Agreement thereof within thirty (30) days after Executive has knowledge of the occurrence or existence of the events or circumstances constituting such material breach, which notice shall specifically identify the events or circumstances that Executive believes constitutes Good Reason, (y) the Company fails to correct the events or circumstances so identified within thirty (30) days after the receipt of such notice and (z) Executive resigns within ninety (90) days after the date of delivery of the notice referred to in clause (x) above.

6. Breach of Agreement by Executive and Notice of Non-Renewal. In the event that the Company determines that Executive is in breach of the Agreement, he shall be provided notice and a reasonable opportunity to cure. If the Company delivers a Non-Renewal Notice to Executive then, provided Executive's employment hereunder continues through the expiration date then in effect, effective as of such expiration date the Company and Executive shall have the same rights and obligations hereunder as they would if the Company had terminated Executive's employment hereunder prior to the end of the Term without cause.

7. Miscellaneous.

(a) Successors and Assigns. This Agreement will be binding upon, inure to the benefit of and be enforceable by, as applicable, IAC and the Executive and their respective personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees and legatees. This Agreement is personal in nature and the Executive shall not, without the written consent of IAC, assign, transfer or delegate this Agreement or any rights or obligations hereunder.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to such state's laws and principles regarding the conflict of laws.

(c) Amendment. No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, waiver, modification or discharge is agreed to in writing and such writing is signed by the Executive and IAC.

(d) Notice. All notices and other communications under this Agreement shall be in writing and shall be given by first-class mail, certified or registered with return receipt

requested or hand delivery acknowledged in writing by the recipient personally, and shall be deemed to have been duly given three days after mailing or immediately upon duly acknowledged hand delivery to the respective persons named below:

If to IAC:	IAC/InterActiveCorp 555 West 18 th Street New York, NY 10011 Attention: General Counsel
With a copy to:	Wachtell, Lipton, Rosen & Katz 51 West 52 nd Street New York, New York, 10019 Attention: Pamela Seymon, Esq.
If to Executive:	At the most recent address on record for Executive at the Company.

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

(e) Headings. The headings of this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) Entire Agreement. This Agreement together with the IAC Option agreements dated December 18, 2000, April 25, 2001, December 16, 2001, January 31, 2008 and December 17, 2008 and the IAC RSU agreements dated February 6, 2006, February 17, 2007 and January 31, 2008, each as amended hereby, set forth the entire agreement of the parties hereto in respect to the subject matter contained herein and supersedes any prior agreements, promises, covenants, arrangements, and communications.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

IAC/InterActiveCorp

By: /s/ Gregg Winiarski
Name: Gregg Winiarski
Title: SVP & General Counsel

/s/ Victor Kaufman
Victor Kaufman

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into by and between Gregg Winiarski ("Executive") and IAC/InterActiveCorp, a Delaware corporation (the "Company"), and is effective February 26, 2010 (the "Effective Date").

WHEREAS, the Company desires to establish its right to the services of Executive, in the capacity described below, on the terms and conditions hereinafter set forth, and Executive is willing to accept such employment on such terms and conditions.

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

1A. EMPLOYMENT. During the Term (as defined below), the Company shall employ Executive, and Executive shall be employed, as Senior Vice President, General Counsel and Secretary; provided that Executive's designation as Secretary shall be effective upon his appointment to such office by the Company's Board of Directors. During Executive's employment with the Company, Executive shall do and perform all services and acts necessary or advisable to fulfill the duties and responsibilities as are commensurate and consistent with Executive's position and shall render such services on the terms set forth herein. During Executive's employment with the Company, Executive shall report directly to such officer(s) of the Company with a title of Executive Vice President or higher as from time to time may be designated by the Company; provided that any such Executive Vice President reports to the Chairman and CEO or Vice Chairman of the Company (hereinafter referred to as the "Reporting Officer"). Executive shall have such powers and duties with respect to the Company as may reasonably be assigned to Executive by the Reporting Officer, to the extent consistent with Executive's position. Executive agrees to devote all of Executive's working time, attention and efforts to the Company and to perform the duties of Executive's position in accordance with the Company's policies as in effect from time to time.

2A. TERM. This Agreement shall commence on the Effective Date and shall continue for a period of one (1) year. This Agreement shall automatically be renewed for successive one-year periods in perpetuity unless one party hereto provides written notice to the other, at least ninety (90) days prior to the end of the then current one-year employment period, that it elects not to extend this Agreement, which notice shall be irrevocable (any such notice, a "Non-Renewal Notice"). The period beginning on the date hereof and ending on the first anniversary hereof or, if the Agreement is renewed pursuant to the prior sentence, the last day of the last one-year renewal period, shall be referred to hereinafter as the "Term".

Notwithstanding anything to the contrary in this Section 2A, Executive's employment hereunder may be terminated in accordance with the provisions of Section 1 of the Standard Terms and Conditions attached hereto.

3A. COMPENSATION.

(a) BASE SALARY. During the period that Executive is employed with the Company hereunder, the Company shall pay Executive an annual base salary of \$375,000 (the "Base Salary"), payable in equal biweekly installments (or, if different, in accordance with the Company's payroll practice as in effect from time to time). The Base Salary may be increased from time to time in the discretion of the Company. For all purposes under this Agreement, the term "Base Salary" shall refer to the Base Salary as in effect from time to time.

(b) DISCRETIONARY BONUS AND EQUITY AWARDS. During the period that Executive is employed with the Company hereunder, Executive shall be eligible to receive discretionary annual bonuses and equity awards.

(c) BENEFITS. From the Effective Date through the date of termination of Executive's employment with the Company for any reason, Executive shall be entitled to participate in any welfare, health and life insurance and pension benefit programs as may be adopted from time to time by the Company on the same basis as that provided to similarly situated employees of the Company. Without limiting the generality of the foregoing, Executive shall be entitled to the following benefits:

(i) Reimbursement for Business Expenses. During the period that Executive is employed with the Company hereunder, the Company shall reimburse Executive for all reasonable, necessary and documented expenses incurred by Executive in performing Executive's duties for the Company, on the same basis as similarly situated employees and in accordance with the Company's policies as in effect from time to time.

(ii) Vacation. During the period that Executive is employed with the Company hereunder, Executive shall be entitled to paid vacation each year, in accordance with the plans, policies, programs and practices of the Company applicable to similarly situated employees of the Company generally.

4A. NOTICES. All notices and other communications under this Agreement shall be in writing and shall be given by first-class mail, certified or registered with return receipt requested, or by hand delivery, or by overnight delivery by a nationally recognized carrier, in each case to the applicable address set forth below, and any such notice is deemed effectively given when received by the recipient (or if receipt is refused by the recipient, when so refused):

If to the Company:	IAC/InterActiveCorp 555 West 18 th Street New York, New York 10011 Attention: Chief Executive Officer
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If to Executive:	At the most recent address of file for Executive at IAC
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Either party may change such party's address for notices by notice duly given pursuant hereto.

5A. GOVERNING LAW; JURISDICTION. This Agreement and the legal relations thus created between the parties hereto (including, without limitation, any dispute arising out of or related to this Agreement) shall be governed by and construed under and in accordance with the internal laws of the State of New York without reference to its principles of conflicts of laws. Any such dispute will be heard and determined before an appropriate federal court located in the State of New York in New York County, or, if not maintainable therein, then in an appropriate New York state court located in New York County, and each party hereto submits itself and its property to the non-exclusive jurisdiction of the foregoing courts with respect to such disputes. The parties hereto acknowledge and agree that this Agreement was executed and delivered in the State of New York, that the Company is headquartered in New York City and that, in the course of performing duties hereunder for the Company, Executive shall have multiple contacts with the business and operations of the Company, as well as other businesses and operations in the State of New York, and that for those and other reasons this Agreement and the undertakings of the parties hereunder bear a reasonable relation to the State of New York. Each party hereto (i) agrees that service of process may be made by mailing a copy of any relevant document to the address of the party set forth above, (ii) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the courts referred to above on the grounds of inconvenient forum or otherwise as regards any dispute between the parties hereto arising out of or related to this Agreement, (iii) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue in the courts referred to above as regards any dispute between the parties hereto arising out of or related to this Agreement and (iv) agrees that a judgment or order of any court referred to above in connection with any dispute between the parties hereto arising out of or related to this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

6A. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

7A. STANDARD TERMS AND CONDITIONS. Executive expressly understands and acknowledges that the Standard Terms and Conditions attached hereto are incorporated herein by reference, deemed a part of this Agreement and are binding and enforceable provisions of this Agreement. References to "this Agreement" or the use of the term "hereof" shall refer to this Agreement and the Standard Terms and Conditions attached hereto, taken as a whole.

8A. SECTION 409A OF THE INTERNAL REVENUE CODE.

(a) This Agreement is not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations issued thereunder ("Section 409A"). It is intended that any amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

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(b) To the extent that any reimbursement pursuant to this Agreement is taxable to Executive, Executive shall provide the Company with documentation of the related expenses promptly so as to facilitate the timing of the reimbursement payment contemplated by this Section 8(b), and any reimbursement payment due to Executive pursuant to such provision shall be paid to Executive on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred. Such reimbursement obligations pursuant to this Agreement are not subject to liquidation or exchange for another benefit and the amount of such benefits that Executive receives in one taxable year shall not affect the amount of such benefits that Executive receives in any other taxable year.

[The Signature Page Follows]

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and delivered by its duly authorized officer and Executive has executed and delivered this Agreement on February 26, 2010.

IAC/InterActiveCorp

/s/ Victor Kaufman

By: Victor Kaufman

Title: Vice Chairman

/s/ Gregg Winiarski

Gregg Winiarski

STANDARD TERMS AND CONDITIONS

1. TERMINATION OF EXECUTIVE'S EMPLOYMENT.

(a) DEATH. In the event Executive's employment hereunder is terminated by reason of Executive's death, the Company shall pay Executive's designated beneficiary or beneficiaries, within thirty (30) days of Executive's death in a lump sum in cash, (i) Executive's Base Salary through the end of the month in which death occurs and (ii) any other Accrued Obligations (as defined in Section 1(f) below).

(b) DISABILITY. If, as a result of Executive's incapacity due to physical or mental illness ("Disability"), Executive shall have been absent from the full-time performance of Executive's duties with the Company for a period of four (4) consecutive months and, within thirty (30) days after written notice is provided to Executive by the Company (in accordance with Section 4A hereof), Executive shall not have returned to the full-time performance of Executive's duties, Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which Executive is absent from the full-time performance of Executive's duties with the Company due to Disability, the Company shall continue to pay Executive's Base Salary at the rate in effect at the commencement of such period of Disability, offset by any amounts payable to Executive under any disability insurance plan or policy provided by the Company. Upon termination of Executive's employment due to Disability, the Company shall pay Executive within thirty (30) days of such termination (i) Executive's Base Salary through the end of the month in which termination occurs in a lump sum in cash, offset by any amounts payable to Executive under any disability insurance plan or policy provided by the Company; and (ii) any other Accrued Obligations (as defined in Section 1(f) below).

(c) TERMINATION FOR CAUSE OR RESIGNATION WITHOUT GOOD REASON. Executive may voluntarily terminate his employment hereunder other than for Good Reason (as defined below) at any time prior to the expiration of the Term. Upon the termination of Executive's employment by the Company for Cause (as defined below), or by Executive other than for Good Reason, the Company shall have no further obligation hereunder, except for the payment of any Accrued Obligations (as defined in Section 1(f) below). As used herein, "Cause" shall mean: (i) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by Executive; provided, however, that after indictment, the Company may suspend Executive from the rendition of services, but without limiting or modifying in any other way the Company's obligations under this Agreement; provided, further, that Executive's employment shall be immediately reinstated if the indictment is dismissed or otherwise dropped and there is not otherwise grounds to terminate Executive's employment for Cause; (ii) a material breach by Executive of a fiduciary duty owed to the Company; (iii) a material breach by Executive of any of the covenants made by Executive in Section 2 hereof; (iv) Executive's continued willful or gross neglect of the material duties required by this Agreement; or (v) a material violation by Executive of any Company policy pertaining to ethics, wrongdoing or conflicts of interest, which policy had been disseminated to Executive or otherwise made generally available prior to such violation; provided, that in the case of conduct described in

clauses (iii), (iv) or (v) above which is capable of being cured, Executive shall have a period of ten (10) days after Executive is provided with written notice in which to cure, which notice specifically identifies the breach, the nature of the willful or gross neglect, or the violation that the Company believe constitutes Cause.

(d) TERMINATION BY THE COMPANY OTHER THAN FOR DEATH, DISABILITY OR CAUSE OR RESIGNATION BY EXECUTIVE FOR GOOD REASON. If Executive's employment hereunder is terminated prior to the expiration of the Term by the Company for any reason other than Executive's death or Disability or for Cause, or if Executive terminates his employment hereunder prior to the expiration of the Term for Good Reason, then

(i) the Company shall pay to Executive an amount equal to the Base Salary that would be paid for twelve (12) months from the date of such termination (the "Severance Period");

(ii) the Company shall pay Executive within thirty (30) days of the date of such termination in a lump sum in cash any Accrued Obligations (as defined in Section 1(f) below);

(iii) any compensation awards of Executive based on, or in the form of, Company equity (e.g. restricted stock, restricted stock units, stock options or similar instruments) that are outstanding and unvested at the time of such termination but which would, but for a termination of employment, have vested during the Severance Period shall vest as of the date of such termination of employment; provided that any outstanding award with a vesting schedule that would, but for a termination of employment, have resulted in a smaller percentage (or none) of the award being vested through the end of the Severance Period than if it vested annually pro rata over its vesting period shall, for purposes of this provision, be treated as though it vested annually pro rata over its vesting period (e.g., if 100 RSUs were granted 2.7 years prior to the date of termination and vested pro rata on the first five anniversaries of the grant date and 100 RSUs were granted 1.7 years prior to the date of termination and vested on the fifth anniversary of the grant date, then on the date of termination 20 RSUs from the first award and 40 RSUs from the second award would vest); and provided further that any amounts that would vest under this provision but for the fact that outstanding performance conditions have not been satisfied shall vest only if, and at such point as, such performance conditions are satisfied; and

(iv) any then vested options of Executive (including options vesting as a result of (iii) above) to purchase Company equity, shall remain exercisable through the date that is eighteen months following the date of such termination or, if earlier, through the scheduled expiration date of such options.

The payment to Executive of the severance benefits described in Section 1(d)(i) shall be subject to Executive's execution and non-revocation of a general release of the Company and its affiliates, in a form substantially similar to that used for similarly situated executives of the Company and its affiliates, such general release to be executed and promptly delivered to the Company (and in no event later than 21 days following Executive's termination of employment,

or such longer period as may be required by applicable law) and Executive's compliance with the restrictive covenants set forth in Section 2 hereof. Any severance benefits due to Executive pursuant to Section 1(d)(i) shall be paid in equal biweekly installments (or, if different, in accordance with the Company's payroll practice as in effect from time to time) over the course of a period of twelve (12) months beginning in the second month following the month in which Employee's Separation from Service (as such term is defined below) took place.

For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following without Executive's prior written consent: (A) the material diminution in Executive's Base Salary, (B) a material adverse change in reporting structure such that Executive is no longer reporting to the Reporting Officer, (C) a material adverse change in Executive's title, duties or level of responsibilities as compared to those existing as of the Effective Date, excluding for this purpose any such change that is an isolated and inadvertent action not taken in bad faith but including any circumstance under which the Company is no longer publicly traded and is controlled by another company, or (D) the material relocation of Executive's principal place of employment from the location in effect as of the Effective Date (e.g., outside of the greater New York City metropolitan area); provided, that in no event shall Executive's resignation be for "Good Reason" unless (x) an event or circumstance set forth in clauses (A), (B), (C) or (D) shall have occurred and Executive provides the

Company with written notice thereof within thirty (30) days after Executive has initial knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that Executive believes constitutes Good Reason, (y) the Company fails to correct the circumstance or event so identified within thirty (30) days after the receipt of such notice, and (z) Executive resigns within ninety (90) days after the date of delivery of the notice referred to in clause (x) above.

(e) OFFSET. If Executive obtains other employment during the period of time in which the Company is required to make payments to Executive pursuant to Section 1(d)(i) above, the amount of any such remaining payments to be provided to Executive shall be reduced by the amount of compensation earned by Executive from such other employment through the end of such period (provided that for purposes of calculating which portion of the payments made under Section 1(d)(i) are subject to reduction, any delay in the Company making payments by virtue of Sections 1(d) or 6 shall not be taken into account). For purposes of this Section 1(e), Executive shall have an obligation to inform the Company regarding Executive's employment status following termination and during the period of time in which the Company is making payments to Executive under Section 1(d)(i) above.

(f) ACCRUED OBLIGATIONS. As used in this Agreement, "Accrued Obligations" shall mean the sum of (i) any portion of Executive's accrued but unpaid Base Salary through the date of death or termination of employment for any reason, as the case may be; (ii) any compensation previously earned but deferred by Executive (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a later date pursuant to the executive deferred compensation plan of the Company, if any, and (iii) any reimbursements that Executive is entitled to receive under Section 3A(c)(i) of the Agreement.

(g) NOTICE OF NON-RENEWAL. If the Company delivers a Non-Renewal Notice to Executive then, provided Executive's employment hereunder continues through the expiration date then in effect, effective as of such expiration date the Company and Executive shall have the

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same rights and obligations hereunder as they would if the Company had terminated Executive's employment hereunder prior to the end of the Term for any reason other than Executive's death, Disability or Cause.

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

(a) CONFIDENTIALITY. Executive acknowledges that, while employed by the Company, Executive will occupy a position of trust and confidence. The Company, its subsidiaries and/or affiliates shall provide Executive with "Confidential Information" as referred to below. Executive shall not, except as may be required to perform Executive's duties hereunder or as required by applicable law, without limitation in time, communicate, divulge, disseminate, disclose to others or otherwise use, whether directly or indirectly, any Confidential Information regarding the Company and/or any of its subsidiaries and/or affiliates.

"Confidential Information" shall mean information about the Company or any of its subsidiaries or affiliates, and their respective businesses, employees, consultants, contractors, clients and customers that is not disclosed by the Company or any of its subsidiaries or affiliates for financial reporting purposes or otherwise generally made available to the public (other than by Executive's breach of the terms hereof) and that was learned or developed by Executive in the course of employment by the Company or any of its subsidiaries or affiliates, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information. Executive acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company and its subsidiaries or affiliates, and that such information gives the Company and its subsidiaries or affiliates a competitive advantage. Executive agrees to deliver or return to the Company, at the Company's request at any time or upon termination or expiration of Executive's employment or as soon thereafter as possible, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company and its subsidiaries or affiliates or prepared by Executive in the course of Executive's employment by the Company and its subsidiaries or affiliates. As used in this Agreement, "subsidiaries" and "affiliates" shall mean any company controlled by, controlling or under common control with the Company.

(b) NON-COMPETITION. In consideration of this Agreement, and for other good and valuable consideration provided hereunder, the receipt and sufficiency of which are hereby acknowledged by Executive, Executive hereby agrees and covenants that, during Executive's employment with the Company and for a period of (12) twelve months thereafter, Executive shall not, without the prior written consent of the Company, directly or indirectly, engage in or become associated with a Competitive Activity. For purposes of this Section 2(b), (i) a "Competitive Activity" means any business or other endeavor involving products or services that are the same or similar to products or services (the "Company Products or Services") that any business of the Company is engaged in providing as of the date hereof or at any time during the Term, provided such business or endeavor is in the United States, or in any foreign jurisdiction in which the Company provides, or has provided during the Term, the relevant

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Company Products or Services, and (ii) Executive shall be considered to have become "associated with a Competitive Activity" if Executive becomes directly or indirectly involved as an owner, principal, employee, officer, director, independent contractor, representative, stockholder, financial backer, agent, partner, member, advisor, lender, consultant or in any other individual or representative capacity with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity. Notwithstanding anything else in this Section 2(b), (i) Executive may become employed by a partnership, corporation or other organization that is engaged in a Competitive Activity so long as Executive has no direct or indirect responsibilities or involvement in the Competitive Activity, (ii) Executive may own, for investment purposes only, up to five percent (5%) of the outstanding capital stock of any publicly-traded corporation engaged in a Competitive Activity if the stock of such corporation is either listed on a national stock exchange or on the NASDAQ National Market System and if Executive is not otherwise affiliated with such corporation, (iii) if Executive's employment hereunder is terminated by the Company for any reason other than Executive's death, Disability or Cause, or by Executive for Good Reason, then the restrictions contained in this Section 2(b) shall lapse, and (iv) Executive shall only be subject to the restrictions contained in this Section 2(b) to the extent the activity that would otherwise be prohibited by this section poses a reasonable competitive threat to the Company, which determination shall be made by the Company in good faith.

(c) NON-SOLICITATION OF EMPLOYEES. Executive recognizes that he will possess Confidential Information about other employees, consultants and contractors of the Company and its subsidiaries or affiliates relating to their education, experience, skills, abilities, compensation and benefits,

and inter-personal relationships with suppliers to and customers of the Company and its subsidiaries or affiliates. Executive recognizes that the information he will possess about these other employees, consultants and contractors is not generally known, is of substantial value to the Company and its subsidiaries or affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by Executive because of Executive's business position with the Company. Executive agrees that, during Executive's employment hereunder and for a period of eighteen (18) months thereafter, Executive will not, directly or indirectly, hire or solicit or recruit any employee of (i) the Company and/or (ii) its subsidiaries and/or affiliates with whom Executive has had direct contact during his employment hereunder, in each case, for the purpose of being employed by Executive or by any business, individual, partnership, firm, corporation or other entity on whose behalf Executive is acting as an agent, representative or employee and that Executive will not convey any such Confidential Information or trade secrets about employees of the Company or any of its subsidiaries or affiliates to any other person except within the scope of Executive's duties hereunder. Notwithstanding the foregoing, Executive is not precluded from soliciting any individual who (i) responds to any public advertisement or general solicitation or (ii) has resigned or been terminated by the Company prior to the solicitation.

(d) NON-SOLICITATION OF BUSINESS PARTNERS. During Executive's employment hereunder, and for a period of eighteen (18) months thereafter, Executive shall not, without the prior written consent of the Company, persuade or encourage any business partners or business affiliates of (i) the Company and/or (ii) any of its subsidiaries and/or affiliates with whom Executive has direct contact during his employment hereunder, in each case, to cease

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doing business with the Company and/or any of its subsidiaries and/or affiliates or to engage in any business competitive with the Company and/or its subsidiaries and/or affiliates.

(e) PROPRIETARY RIGHTS; ASSIGNMENT. All Employee Developments (defined below) shall be considered works made for hire by Executive for the Company or, as applicable, its subsidiaries or affiliates, and Executive agrees that all rights of any kind in any Employee Developments belong exclusively to the Company. In order to permit the Company to exploit such Employee Developments, Executive shall promptly and fully report all such Employee Developments to the Company. Except in furtherance of his obligations as an employee of the Company, Executive shall not use or reproduce any portion of any record associated with any Employee Development without prior written consent of the Company or, as applicable, its subsidiaries or affiliates. Executive agrees that in the event actions of Executive are required to ensure that such rights belong to the Company under applicable laws, Executive will cooperate and take whatever such actions are reasonably requested by the Company, whether during or after the Term, and without the need for separate or additional compensation. "Employee Developments" means any idea, know-how, discovery, invention, design, method, technique, improvement, enhancement, development, computer program, machine, algorithm or other work of authorship, whether developed, conceived or reduced to practice during or following the period of employment, that (i) concerns or relates to the actual or anticipated business, research or development activities, or operations of the Company or any of its subsidiaries or affiliates, or (ii) results from or is suggested by any undertaking assigned to Executive or work performed by Executive for or on behalf of the Company or any of its subsidiaries or affiliates, whether created alone or with others, during or after working hours, or (iii) uses, incorporates or is based on Company equipment, supplies, facilities, trade secrets or inventions of any form or type. All Confidential Information and all Employee Developments are and shall remain the sole property of the Company or any of its subsidiaries or affiliates. Executive shall acquire no proprietary interest in any Confidential Information or Employee Developments developed or acquired during the Term. To the extent Executive may, by operation of law or otherwise, acquire any right, title or interest in or to any Confidential Information or Employee Development, Executive hereby assigns and covenants to assign to the Company all such proprietary rights without the need for a separate writing or additional compensation. Executive shall, both during and after the Term, upon the Company's request, promptly execute, acknowledge, and deliver to the Company all such assignments, confirmations of assignment, certificates, and instruments, and shall promptly perform such other acts, as the Company may from time to time in its discretion deem necessary or desirable to evidence, establish, maintain, perfect, enforce or defend the Company's rights in Confidential Information and Employee Developments.

(f) COMPLIANCE WITH POLICIES AND PROCEDURES. During the period that Executive is employed with the Company hereunder, Executive shall adhere to the policies and standards of professionalism set forth in the Company's Policies and Procedures as they may exist from time to time.

(g) SURVIVAL OF PROVISIONS. The obligations contained in this Section 2 shall, to the extent provided in this Section 2, survive the termination or expiration of Executive's employment with the Company and, as applicable, shall be fully enforceable thereafter in

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accordance with the terms of this Agreement. If it is determined by a court of competent jurisdiction that any restriction in this Section 2 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by applicable law.

3. TERMINATION OF PRIOR AGREEMENTS. Except for any agreements between Executive and the Company relating to currently outstanding equity awards as of the date of this Agreement (which remain outstanding), this Agreement constitutes the entire agreement between the parties and, as of the Effective Date, terminates and supersedes any and all prior agreements and understandings (whether written or oral) between the parties with respect to the subject matter of this Agreement. Executive acknowledges and agrees that neither the Company nor anyone acting on its behalf has made, and is not making, and in executing this Agreement, Executive has not relied upon, any representations, promises or inducements except to the extent the same is expressly set forth in this Agreement.

4. ASSIGNMENT; SUCCESSORS. This Agreement is personal in its nature and none of the parties hereto shall, without the consent of the others, assign or transfer this Agreement or any rights or obligations hereunder; provided, that the Company may assign this Agreement to, or allow any of its obligations to be fulfilled by, or take actions through, any affiliate of the Company (which affiliate clearly has sufficient assets to satisfy the Company's obligations under this Agreement) and, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company (a "Transaction") with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder, and in the event of any such assignment or Transaction, all references herein to the "Company" shall refer to the Company's assignee or successor hereunder.

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

6. SECTION 409A.

(a) For purposes of this Agreement, a "Separation from Service" occurs when Executive dies, retires or otherwise has a termination of employment with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

(b) If Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Executive's Separation from Service, Executive shall not be entitled to any payment or benefit pursuant to clause (i) of Section 1(d) until the earlier of (i) the date which is six (6) months after his Separation from Service for any reason other than death, or (ii) the date of Executive's death. The provisions of this Section 6(b) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section

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409A. Any amounts otherwise payable to Executive upon or in the six (6) month period following Executive's Separation from Service that are not so paid by reason of this Section 6(b) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Executive's death).

(c) It is intended that any amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

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

8. REMEDIES FOR BREACH. Executive expressly agrees and understands that Executive will notify the Company in writing of any alleged breach of this Agreement by the Company, and the Company will have thirty (30) days from receipt of Executive's notice to cure any such breach. Executive expressly agrees and understands that in the event of any termination of Executive's employment by the Company during the Term, the Company's contractual obligations to Executive shall be fulfilled through compliance with its obligations under Section 1 of the Standard Terms and Conditions.

Executive expressly agrees and understands that the remedy at law for any breach by Executive of Section 2 of the Standard Terms and Conditions will be inadequate and that damages flowing from such breach are not usually susceptible to being measured in monetary terms. Accordingly, it is acknowledged that, upon Executive's violation of any provision of such Section 2, the Company shall be entitled to obtain from any court of competent jurisdiction immediate injunctive relief and obtain a temporary order restraining any threatened or further breach as well as an equitable accounting of all profits or benefits arising out of such violation. Nothing shall be deemed to limit the Company's remedies at law or in equity for any breach by Executive of any of the provisions of this Agreement, including Section 2, which may be pursued by or available to the Company.

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

10. SEVERABILITY. In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any law or public policy, only the portions of this Agreement that violate such law or public policy shall be stricken. All portions of this Agreement

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that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

11. INDEMNIFICATION. The Company shall indemnify and hold Executive harmless for acts and omissions in Executive's capacity as an officer, director or employee of the Company to the maximum extent permitted under applicable law; provided, however, that neither the Company, nor any of its subsidiaries or affiliates shall indemnify Executive for any losses incurred by Executive as a result of acts described in Section 1(c) of this Agreement.

[The Signature Page Follows]

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ACKNOWLEDGED AND AGREED:

Date: February 26, 2010

IAC/InterActiveCorp

/s/ Victor Kaufman

By: Victor Kaufman
Title: Vice Chairman

/s/ Gregg Winiarski
Gregg Winiarski

Certification

I, Barry Diller, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2010 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: April 30, 2010

/s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

[Certification](#)

Certification

I, Thomas J. McNerney, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2010 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: April 30, 2010

/s/ THOMAS J. MCINERNEY

Thomas J. McNerney
Executive Vice President and Chief Financial Officer

QuickLinks

[Exhibit 31.2](#)

[Certification](#)

**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, 2010 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: April 30, 2010

/s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

QuickLinks

[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](#)

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

I, Thomas J. McNerney, 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, 2010 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: April 30, 2010

/s/ THOMAS J. MCINERNEY

Thomas J. McNerney
Executive Vice President and Chief Financial Officer

QuickLinks

[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](#)