IAC/INTERACTIVECORP
Form PRER14A
July 07, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

IAC/InterActiveCorp

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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, 2008

Dear Stockholder:

You are invited to attend the 2008 Annual Meeting of Stockholders of IAC/InterActiveCorp, which will be held on , , 2008, at 9:00 a.m., local time, at IAC's corporate headquarters, which are located at 555 West 18th Street, New York, New York 10011. At the 2008 Annual Meeting, stockholders will be asked to elect 12 directors, as well as approve proposals to adopt a merger agreement to facilitate the conversion of each share of IAC Series B preferred stock into the right to receive a cash payment, amend IAC's Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split of IAC common stock and Class B common stock and adopt IAC's 2008 Stock and Annual Incentive Plan, and ratify the appointment of Ernst & Young, IAC's independent registered public accounting firm, all of which are described in detail in the notice of meeting on the following page and the accompanying proxy statement.

IAC's Board of Directors believes that the proposals being submitted for stockholder approval are in the best interests of IAC and its stockholders and recommends a vote FOR each of these proposals.

It is important that your shares be represented and voted at the 2008 Annual Meeting regardless of the size of your holdings. Whether or not you plan to attend the 2008 Annual Meeting, please complete, sign, date and return the accompanying proxy card in the enclosed envelope to make certain your shares will be represented at the meeting. You may also submit a proxy for your shares by telephone or through the internet by following the instructions on the enclosed proxy card.

I look forward to greeting those of you who will be able to attend the meeting.

Sincerely,

Barry Diller
Chairman and Chief Executive Officer

555 WEST 18TH STREET NEW YORK, NEW YORK 10011 212.314.7300 FAX 212.314.7309

IAC/INTERACTIVECORP
555 West 18th Street
New York, New York 10011

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

IAC/InterActiveCorp ("IAC") is providing this proxy statement to holders of our common stock, Class B common stock and Series B preferred stock in connection with the solicitation of proxies by IAC's Board of Directors for use at the 2008 Annual Meeting of Stockholders to be held on , , 2008, at 9:00 a.m., local time, at IAC's corporate headquarters, which are located at 555 West 18th Street, New York, New York 10011. At the 2008 Annual Meeting, stockholders will be asked:

1. to elect 12 members of IAC's Board of Directors, each to hold office for a one-year term ending on the date of the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from IAC's Board of Directors);

2. to approve a proposal to adopt a merger agreement to facilitate the merger of a wholly-owned subsidiary of IAC with and into IAC, in connection with which each share of Series B preferred stock will be converted into the right to receive an amount in cash equal to $27.77, plus accrued and unpaid dividends through the effective date of the merger;

3. to approve a proposal to amend IAC's Restated Certificate of Incorporation to effect a one-for-two reverse stock split of IAC common stock and Class B common, which may be implemented by IAC's Board of Directors in its sole discretion immediately following the completion of IAC's previously announced spin-offs of HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc. or, if not all of the spin-offs are effected substantially simultaneously, immediately following the first spin-off;

4. to approve the IAC/InterActiveCorp 2008 Stock and Annual Incentive Plan;

5. to ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for the 2008 fiscal year; and

6. to transact such other business as may properly come before the meeting and any related adjournments or postponements.

IAC's Board of Directors has set June 17, 2008 as the record date for the 2008 Annual Meeting. This means that holders of record of our common stock, Class B common stock and Series B preferred stock at the close of business on that date are entitled to receive notice of the 2008 Annual Meeting and to vote their shares at the 2008 Annual Meeting and any related adjournments or postponements.

Only stockholders and persons holding proxies from stockholders may attend the 2008 Annual Meeting. Seating is limited, however, and admission to the 2008 Annual Meeting will be on a first-come, first-served basis. If your shares are registered in your name, you should bring a form of photo identification to the 2008 Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or letter from that broker, trust, bank or other nominee that confirms you are the beneficial owner of those shares, together with a form of photo identification. Cameras, recording devices and other electronic devices will not be permitted at the 2008 Annual Meeting.

By order of the Board of Directors,

Gregory R. Blatt
Executive Vice President,
General Counsel and Secretary

, 2008

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PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2008 ANNUAL MEETING AND VOTING

Q:

Who is entitled to vote at the 2008 Annual Meeting?

A:

Holders of IAC common stock, Class B common stock and Series B preferred stock at the close of business on June 17, 2008, the record date for the 2008 Annual Meeting established by IAC's Board of Directors, are entitled to receive notice of the 2008 Annual Meeting and to vote their shares at the 2008 Annual Meeting and any related adjournments or postponements. The Notice of 2008 Annual Meeting, proxy statement and form of proxy are first expected to be mailed to these stockholders on or about , 2008.

As of the close of business on the record date, there were 255,002,790 shares of IAC common stock, 25,599,998 shares of Class B common stock and 758 shares of Series B preferred stock outstanding and entitled to vote. Holders of IAC common stock are entitled to one vote per share, holders of Class B common stock are entitled to ten votes per share and holders of Series B preferred stock are entitled to two votes per share.

Q:

What is the difference between a stockholder of record and a stockholder who holds stock in street name?

A:

If your IAC shares are registered in your name, you are a stockholder of record. If your IAC shares are held in the name of your broker, bank or another holder of record, these shares are held in street name.

You may examine a list of the stockholders of record as of the close of business on June 17, 2008 for any purpose germane to the 2008 Annual Meeting during normal business hours during the 10-day period preceding the date of the meeting at IAC's corporate headquarters, which are located at 555 West 18th Street, New York, New York 10011. This list will also be made available at the 2008 Annual Meeting.

Q:

What shares are included on the enclosed proxy card?

A:

If you are a stockholder of record only, you will receive one proxy card from The Bank of New York for all IAC shares that you hold directly. If you hold IAC shares in street name through one or more banks, brokers and/or other holders of record, you will receive proxy materials, together with voting instructions and information regarding the consolidation of your votes, from the third party or parties through which you hold your IAC shares. If you are a stockholder of record and hold additional IAC shares in street name, you will receive proxy materials from The Bank of New York and the third party or parties through which your IAC shares are held.

Q:

What are the quorum requirements for the 2008 Annual Meeting?

A:

The presence in person or by proxy of holders having a majority of the total votes entitled to be cast by holders of IAC common stock, Class B common stock and Series B preferred stock at the 2008 Annual Meeting constitutes a quorum. When the holders of IAC common stock vote as a separate class, the presence of holders of a majority of the total votes entitled to be cast by holders of IAC common stock is required for quorum to be met. Shares of IAC common stock, Class B common stock and Series B preferred stock represented by a properly executed proxy will be treated as present at the 2008 Annual Meeting for purposes of determining whether there is a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Q:

What matters will IAC stockholders vote on at the 2008 Annual Meeting?

A:

IAC stockholders will vote on the following proposals:

Proposal 1 to elect 12 members of IAC's Board of Directors, each to hold office for a one-year term ending on the date of the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from IAC's Board of Directors);

Proposal 2 to approve a proposal to adopt a merger agreement to facilitate the merger of a wholly-owned subsidiary of IAC with and into IAC, in connection with which each share of Series B preferred stock will be converted into the right to receive an amount in cash equal to $27.77, plus accrued and unpaid dividends through the effective date of the merger (the "Preferred Stock Merger Proposal");

Proposal 3 to approve a proposal to amend IAC's Restated Certificate of Incorporation to effect a one-for-two reverse stock split of IAC common stock and Class B common stock, which may be implemented by IAC's Board of Directors in its sole discretion immediately following the completion of IAC's previously announced spin-offs of HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc. or, if not all of the spin-offs are effected substantially simultaneously, immediately following the first spin-off (the "Reverse Stock Split Proposal");

Proposal 4 to approve the IAC/InterActiveCorp 2008 Stock and Annual Incentive Plan (the "2008 Stock and Annual Incentive Plan Proposal");

Proposal 5 to ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for the 2008 fiscal year; and

to transact such other business as may properly come before the 2008 Annual Meeting and any related adjournments or postponements.

Q:

There are a number of references to IAC's previously announced spin-offs in this proxy statement. Are stockholders being asked to approve the spin-offs at the 2008 Annual Meeting?

A:

As previously announced, IAC is pursuing the spin-off of HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc. (each, a "Spinco," and collectively, the "Spincos") via the distribution of all of the outstanding shares of common stock of each Spinco to IAC's stockholders (the "spin-offs"). As a result of the spin-offs, IAC will be separated into five separate, publicly traded companies. IAC expects the spin-offs to occur simultaneously, unless otherwise determined by its Board of Directors. However, IAC's Board of Directors has reserved the right, in its sole discretion, to amend, modify or abandon any or all of the spin-offs and the related transactions at any time prior to the date on which the shares of the Spincos are distributed to IAC stockholders.

At the 2008 Annual Meeting, IAC is asking stockholders to approve the Preferred Stock Merger Proposal and the Reverse Stock Split Proposal. Although we refer to the spin-offs in the course of describing these proposals, the spin-offs themselves are not being presented to IAC stockholders for approval. Accordingly, this proxy statement does not provide a complete description of the effects of the spin-offs on IAC or its stockholders, the risks of the spin-offs or any other aspects of the spin-offs. For a description of the spin-offs, see Exhibit 99.1 to the registration statements on Form 10 filed by each of the Spincos on May 13, 2008, as amended by Amendment No. 1 thereto (SEC File Nos. 001-34061, 001-30462, 001-30463 and 001-34064).

Q:

What are my voting choices when voting for director nominees and what votes are required to elect directors to IAC's Board of Directors?

A:

In the vote on the election of director nominees, you may vote in favor of *all* nominees, withhold votes as to *all* nominees or vote in favor of and withhold votes as to specific nominees.

The election of each of Edgar Bronfman, Jr., Barry Diller, Victor A. Kaufman, John C. Malone, Arthur C. Martinez, Steven Rattner, Alan G. Spoon, Diane Von Furstenberg and Michael P. Zeisser as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of IAC common stock, Class B common stock and Series B preferred stock voting together as a single class, with each share of common stock, Class B common stock and Series B preferred stock representing the right to one, ten, and two votes, respectively (hereinafter referred to as IAC capital stock).

The election of each of Donald R. Keough, Bryan Lourd and H. Norman Schwarzkopf as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of the shares of IAC common stock voting as a separate class.

The Board recommends that stockholders vote **FOR** the election of each of its nominees for director named above.

Q:

What are my voting choices when voting on the Preferred Stock Merger and Reverse Stock Split Proposals and what votes are required to approve these proposals?

A:

In the vote on the approval of the Preferred Stock Merger and Reverse Stock Split Proposals, you may vote, in the case of each proposal, in favor of such proposal, vote against such proposal or abstain from voting on each such proposal.

The approval of the Preferred Stock Merger and the Reverse Stock Split Proposals requires the affirmative vote of the holders of a majority of the outstanding voting power of the shares of IAC capital stock voting together.

The Board recommends that the stockholders vote **FOR** the Preferred Stock Merger and Reverse Stock Split Proposals.

Q:

What are my voting choices when voting on the 2008 Stock and Annual Incentive Plan Proposal and what votes are required to approve this proposal?

A:

In the vote on the approval of the 2008 Stock and Annual Incentive Plan Proposal, you may vote in favor of such proposal, against such proposal or abstain from voting on such proposal.

The approval of the 2008 Stock and Annual Incentive Plan Proposal requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock present in person or represented by proxy and voting together.

The Board recommends that the stockholders vote **FOR** the 2008 Stock and Annual Incentive Plan Proposal.

Q:

What are my voting choices when voting on the ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm and what votes are required to ratify such appointment?

A:

In the vote on the ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2008, you may vote in favor of the ratification, vote against the ratification or abstain from voting on the ratification.

The ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2008 requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock present in person or represented by proxy and voting together.

The Board recommends that the stockholders vote **FOR** ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2008.

Q:

Could other matters be decided at the 2008 Annual Meeting?

A:

As of the date of the filing of this proxy statement, we did not know of any matters to be raised at the 2008 Annual Meeting, other than those referred to in this proxy statement.

If other matters are properly presented at the 2008 Annual Meeting for consideration, the three IAC officers who have been designated as proxies for the 2008 Annual Meeting, Gregory R. Blatt, Joanne Hawkins and Thomas J. McInerney, will have the discretion to vote on those matters for stockholders who have returned their proxy.

Q:

How do arrangements between Mr. Diller and Liberty Media Corporation regarding the voting of IAC shares held by these parties affect votes cast in connection with the 2008 Annual Meeting?

A:

As of the 2008 Annual Meeting record date, Mr. Diller held an irrevocable proxy over all IAC securities beneficially owned by Liberty Media Corporation, or Liberty, and its subsidiaries. This irrevocable proxy includes authority to vote on each of the proposals presented for approval at the 2008 Annual Meeting. By virtue of this proxy, as well as through shares owned by Mr. Diller directly, Mr. Diller is effectively able to control the vote of approximately 32.7% of the IAC common stock and 100% of the IAC Class B common stock and, consequently, approximately 63.1% of the combined voting power of the outstanding IAC capital stock. Thus, regardless of the vote of any other IAC stockholder, Mr. Diller has control over the vote on each matter submitted for stockholder approval at the 2008 Annual Meeting, other than the election of the three directors that holders of IAC common stock elect as a separate class.

Q:

What do I need to do now to vote at the 2008 Annual Meeting?

A:

IAC's Board of Directors is soliciting proxies for use at the 2008 Annual Meeting. Stockholders of record may vote their shares in any of four ways:

Submitting a Proxy by Mail: If you choose to submit your proxy by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope provided;

Submitting a Proxy by Telephone: Submit a proxy for your shares by telephone by using the toll-free telephone number provided on your proxy card. Telephone voting is available 24 hours a day and will close at 5:00 p.m., Eastern Standard Time, on , , 2008;

Submitting a Proxy by Internet: Submit your proxy via the internet. The website for internet proxy voting is on your proxy card. Internet proxy voting is also available 24 hours a day and will close at 5:00 p.m., Eastern Standard Time, on , , 2008; or

Voting in Person: If you were registered as a stockholder on IAC's books on June 17, 2008 or if you have a letter from your broker identifying you as a beneficial owner of IAC shares as of that date, you may vote in person by attending the 2008 Annual Meeting.

Street name holders may submit a proxy by telephone or the internet if their bank or broker makes these methods available, in which case the bank or broker will enclose related instructions with this proxy statement. If you submit a proxy by telephone or via the internet you should not return your proxy card. Instructions on how to submit a proxy by telephone or via the internet are located on the proxy card enclosed with this proxy statement. If you hold your shares through a bank or broker, follow the voting instructions you receive from your bank or broker.

Q:

If I hold my IAC shares in street name through my broker, will my broker vote these shares for me?

A:

If you hold IAC shares in street name, you must provide your broker, bank or other holder of record with instructions in order to vote these shares. To do so, you should follow the directions regarding voting instructions provided to you by your bank, broker or other holder of record. Banks, brokers and other holders of record have discretionary authority to vote shares held in street name, even if they do not receive instructions from the beneficial owner, on routine proposals, which include the election of directors and the ratification of the appointment of an independent registered public accounting firm. Accordingly, if you do not provide your bank, broker or other holder of record with voting instructions with respect to the election of directors (Proposal 1) and/or the ratification of the appointment of IAC's independent registered public accounting firm (Proposal 5), such holder will have discretionary authority to vote your IAC shares held in street name on these proposals at the 2008 Annual Meeting. As a result of this discretionary authority, broker non-votes will not occur in connection with Proposals 1 and 5 at the 2008 Annual Meeting.

However, banks, brokers and other holders of record do not have discretionary authority to vote shares held in street name in connection with non-routine proposals, which include Proposals 2, 3 and 4. As a result, broker non-votes will occur in connection with Proposals 2, 3 and 4 at the 2008 Annual Meeting. A broker non-vote in connection with Proposals 2 and 3 has the same effect as a vote against such proposal. Accordingly, if you fail to provide voting instructions to your bank, broker or other holder of record for Proposals 2 and/or 3, you will effectively be voting against these proposals. A broker non-vote in connection with Proposal 4 will have no effect on the outcome of such proposal.

Q:

What happens if I abstain?

A:

Abstentions are counted for purposes of determining whether there is a quorum and are counted as votes "against" any proposal for which abstentions are an option.

Q:

Can I change my vote?

A:

Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before the vote at the 2008 Annual Meeting by:

- delivering to The Bank of New York a written notice, bearing a date later than the proxy, stating that you revoke the proxy;
- submitting a later-dated proxy relating to the same shares by mail, telephone or the internet prior to the vote at the 2008 Annual Meeting; or
- attending the 2008 Annual Meeting and voting in person (although attendance at the 2008 Annual Meeting will not, by itself, revoke a proxy).

You should send any written notice or a new proxy card to IAC/InterActiveCorp c/o The Bank of New York at the following address: BNY Mellon Shareowner Services, Proxy Processing, P.O. Box 3510, S. Hackensack, New Jersey 07606-9210, or follow the instructions provided on your proxy card to submit a proxy by telephone or via the internet. You may request a new proxy card by calling IAC's proxy solicitor, MacKenzie Partners, Inc., at 1-800-322-2885 (toll-free).

Q:

What if I do not specify a choice for a matter when returning a proxy?

A:

If you do not give specific instructions, proxies that are signed and returned will be voted **FOR** the election of all director nominees, the Preferred Stock Merger, Reverse Stock Split and 2008 Stock and Annual Incentive Plan Proposals, and the ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2008.

Q:

How are proxies solicited and what is the cost?

A:

IAC bears all expenses incurred in connection with the solicitation of proxies. We have retained MacKenzie Partners, Inc. to distribute proxy solicitation materials to brokers, banks and other nominees and to assist in the solicitation of proxies from IAC stockholders. The fee for this firm's services is estimated not to exceed $15,000, plus reimbursement for reasonable out-of-pocket costs and expenses.

In addition to solicitation by mail, the directors, officers and employees of IAC may solicit proxies from stockholders by telephone, letter, facsimile or in person. Following the original mailing of the proxy solicitation materials, IAC will request brokers, custodians, nominees and other record holders to forward copies of the proxy statement and related soliciting materials to persons for whom they hold shares of IAC common stock and Series B preferred stock and to request authority for the exercise of proxies. In such cases, IAC,

upon the request of the record holders, will reimburse such holders for their reasonable expenses.

Q:

What should I do if I have questions regarding the 2008 Annual Meeting?

A:

If you have any questions about the 2008 Annual Meeting, would like to obtain directions to be able to attend the 2008 Annual Meeting and vote in person or would like copies of any of the documents referred to in this proxy statement, you should call MacKenzie Partners, Inc. at 1-800-322-2885.

PROPOSAL 1 ELECTION OF DIRECTORS

Proposal and Required Vote

At the upcoming 2008 Annual Meeting, a board of 12 directors will be elected, each to hold office until the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from IAC's Board of Directors). Information concerning all director nominees appears below. The Board has designated Messrs. Keough and Lourd and Gen. Schwarzkopf as nominees for the positions on the Board to be elected by the holders of IAC common stock voting as a separate class. Although management does not anticipate that any of the persons named below will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute designated by the Board. With the exception of Mr. Zeisser, all of the Board's nominees are incumbent directors of IAC.

The election of each of Edgar Bronfman, Jr., Barry Diller, Victor A. Kaufman, John C. Malone, Arthur C. Martinez, Steven Rattner, Alan G. Spoon, Diane Von Furstenberg and Michael P. Zeisser as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of IAC capital stock voting together as a single class.

The election of each of Donald R. Keough, Bryan Lourd and H. Norman Schwarzkopf as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of the shares of IAC common stock voting as a separate class.

The Board recommends that stockholders vote **FOR** the election of each of its nominees for director named below.

Information Concerning Director Nominees

Background information about the Board's nominees for election is set forth below.

Edgar Bronfman, Jr., age 53, has been a director of IAC since February 1998. Mr. Bronfman has served as the Chairman and Chief Executive Officer of Warner Music Group since March 2004. Prior to joining Warner Music Group, Mr. Bronfman served as Chairman and Chief Executive Officer of Lexa Partners LLC, which he founded, from April 2002. Mr. Bronfman also currently serves as a partner of Accretive LLC. Mr. Bronfman was appointed Executive Vice Chairman of Vivendi Universal, S.A. in December 2000. Mr. Bronfman resigned from his position as an executive officer and as Vice Chairman of the Board of Directors of Vivendi Universal, S.A. in March 2002 and December 2003, respectively. Prior to December 2000, Mr. Bronfman served as President and Chief Executive Officer of The Seagram Company Ltd., a post he had held since June 1994, and from 1989 to June 1994 he served as the President and Chief Operating Officer of Seagram. He is the Chairman of the Board of Endeavor Global, Inc., and is currently a member of the Board of NYU Elaine A. and Kenneth G. Langone Medical Center, The Collegiate School, the Board of Governors of The Joseph H. Lauder Institute of Management & International Studies at the University of Pennsylvania, JPMorgan's National Advisory Board and the Council on Foreign Relations.

Barry Diller, age 66, has been a director and the Chairman and Chief Executive Officer of IAC (and its predecessors) since August 1995. Mr. Diller also serves as the Chairman of Expedia, Inc., which position he has held since August 2005. Prior to joining the Company, Mr. Diller was Chairman of the Board and Chief Executive Officer of QVC, Inc. from December 1992 through December 1994. From 1984 to 1992, Mr. Diller served as the Chairman of the Board and Chief Executive Officer of Fox, Inc. Prior to joining Fox, Inc., Mr. Diller served for 10 years as Chairman of the Board and Chief Executive Officer of Paramount Pictures Corporation. Mr. Diller is currently a member of the boards of directors of The Washington Post Company and The Coca-Cola Company. He also serves on the Board of Conservation International and The Educational Broadcasting Company. In addition, Mr. Diller is a member of the Board of Councilors for the University of Southern California's School

of Cinema-Television, the New York University Board of Trustees, the Tisch School of the Arts Dean's Council and the Executive Board for the Medical Sciences of University of California, Los Angeles.

Victor A. Kaufman, age 64, has been a director of IAC (and its predecessors) since December 1996 and has been Vice Chairman of IAC since October 1999. Mr. Kaufman also serves as Vice Chairman of the Board of Expedia, which position he has held since August 2005. Previously, Mr. Kaufman served in the Office of the Chairman from January 1997 to November 1997 and as Chief Financial Officer of IAC from November 1997 to October 1999. Prior to his tenure with IAC, Mr. Kaufman served as Chairman and Chief Executive Officer of Savoy Pictures Entertainment, Inc. from March 1992 and as a director of Savoy from February 1992. Mr. Kaufman was the founding Chairman and Chief Executive Officer of Tri-Star Pictures, Inc. and served in such capacities from 1983 until December 1987, at which time he became President and Chief Executive Officer of Tri-Star's successor company, Columbia Pictures Entertainment, Inc. He resigned from these positions at the end of 1989 following the acquisition of Columbia by Sony USA, Inc. Mr. Kaufman joined Columbia in 1974 and served in a variety of senior positions at Columbia and its affiliates prior to the founding of Tri-Star.

Donald R. Keough, age 81, has been a director of IAC since September 1998. He currently serves as Chairman (in a non-executive capacity) of Allen & Company LLC (and its predecessors), a New York investment banking firm. He was appointed to this position in April 1993. Mr. Keough is currently a member of the boards of directors of Berkshire Hathaway, Inc., The Coca-Cola Company and Convera Corporation. He is a past Chairman of the board of trustees of the University of Notre Dame and a trustee of several other educational institutions. He also serves on the boards of a number of national charitable and civic organizations.

Bryan Lourd, age 47, has been a director of IAC since April 2005. Mr. Lourd has served as partner and Managing Director of Creative Artists Agency ("CAA") since October 1995. CAA is among the world's leading entertainment agencies based in Beverly Hills, California, with offices in Nashville, New York and Beijing. He is a graduate of the University of Southern California.

John C. Malone, age 67, has been a director of IAC since May 2006 and previously served as a director of IAC (or its predecessors) from October 2001 through September 2004. Dr. Malone has served as the Chairman of the Board of Liberty since 1990 and served as Liberty's Chief Executive Officer from August 2005 through February 2006. Dr. Malone also served as Chairman of the Board and Chief Executive Officer of Tele-Communications, Inc., or TCI, from November 1996 to March 1999. Prior to that, Dr. Malone served as President and Chief Executive Officer of TCI since 1973. Dr. Malone also serves as Chairman of the Board of Liberty Global, Inc., a director of Expedia, Inc., a shareholder representative of Discovery Communications, Inc. and as Chairman Emeritus of the Board for Cable Television Laboratories, Inc.

Dr. Malone was nominated as a director by Liberty, which has the right to nominate two individuals for election to IAC's Board of Directors pursuant to an amended and restated governance agreement among IAC, Liberty and Mr. Diller. For additional information, see the discussion under Relationships Involving IAC and Liberty Media Corporation beginning on page 63.

Arthur C. Martinez, age 68, has been a director of IAC since September 2005. Mr. Martinez retired in 2000 as Chairman of the Board, President and Chief Executive Officer of Sears, Roebuck and Co., positions he held from 1995. He was Chairman and Chief Executive Officer of the former Sears Merchandise Group from 1992 to 1995. Prior to his tenure at Sears, he served as Vice Chairman and a director of Saks Fifth Avenue from 1990 to 1992. Mr. Martinez is currently a member of the boards of directors of PepsiCo, Inc., Liz Claiborne, Inc. and International Flavors & Fragrances Inc., and currently serves as Chairman of the Supervisory Board of ABN AMRO Holding, N.V. Mr. Martinez also serves as a Trustee of Greenwich Hospital, Northwestern University and the Chicago Symphony Orchestra.

Steven Rattner, age 55, has been a director of IAC since April 2004. He is a Managing Principal of Quadrangle Group LLC, a private investment firm. Prior to the formation of Quadrangle in March 2000, Mr. Rattner served as Deputy Chairman and Deputy Chief Executive Officer of Lazard Frères & Co. LLC, which he joined as a General Partner in 1989 and where he founded the firm's Media and Communications Group. Prior to joining Lazard Frères & Co. LLC, Mr. Rattner was a Managing Director at Morgan Stanley, where he also founded the firm's Communications Group. Mr. Rattner also currently serves as a member of the board of directors of Protection One, Inc. Mr. Rattner has served many philanthropic organizations. He is a former Chairman of thirteen.org (Channels 13 and 21, New York's public television stations), a Fellow of Brown University, a former Trustee of the Metropolitan Museum of Art and an honorary trustee of the Brookings Institution.

Gen. H. Norman Schwarzkopf, age 73, has been a director of IAC since December 1996. He previously had served as a director of Home Shopping Network, Inc. since May 1996. Since his retirement from the military in August 1991, Gen. Schwarzkopf has been an author, a lecturer and a participant in several television specials and worked as a consultant for NBC Universal, Inc. and its predecessor companies from October 1995 through December 2005. From August 1990 to August 1991, he served as Commander-in-Chief, United States Central Command and Commander of Operations, Desert Shield and Desert Storm. Gen. Schwarzkopf had 35 years of service with the military. He is also a member of the Nature Conservancy's President's Conservation Council, co-founder of the Boggy Creek Gang and a member of the University of Richmond Board of Trustees.

Alan G. Spoon, age 57, has been a director of IAC since February 2003. Since May 2000, Mr. Spoon has been Managing General Partner at Polaris Venture Partners, a private investment firm that provides venture capital and management assistance to development-stage information technology and life sciences companies. Mr. Spoon was Chief Operating Officer and a director of The Washington Post Company from March 1991 through May 2000 and served as President from September 1993 through May 2000. Prior to that, he held a wide variety of positions at The Washington Post Company, including President of Newsweek from September 1989 to May 1991. Mr. Spoon is currently a member of the boards of directors of Danaher Corporation, Tech Target and Getty Images. In his not-for-profit affiliations, Mr. Spoon is a Regent of the Smithsonian Institution and a member of the MIT Corporation.

Diane Von Furstenberg, age 61, has been a director of IAC since March 1999. She is a designer and the founder of Diane Von Furstenberg Studio, L.P. and has served as its Chairman since August 1995. Previously, she was the Chairman of Diane Von Furstenberg Studio, which she also founded. Mr. Diller and Ms. Von Furstenberg are married.

Michael P. Zeisser, 43, has served as Senior Vice President of Liberty since September 2003. Prior to his tenure at Liberty, Mr. Zeisser was a partner at McKinsey & Company from December 1996.

Mr. Zeisser was nominated as a director by Liberty, which has the right to nominate two individuals for election to IAC's Board of Directors pursuant to an amended and restated governance agreement among IAC, Liberty and Mr. Diller. For additional information, see the discussion under Relationships Involving IAC and Liberty Media Corporation beginning on page 63.

Corporate Governance

Controlled Company Status. IAC is subject to the Marketplace Rules of The Nasdaq Stock Market (the "Marketplace Rules"), which exempt "Controlled Companies," or companies of which more than 50% of the voting power is held by an individual, group or another company, from certain Nasdaq requirements.

Pursuant to an amended and restated stockholders agreement between Mr. Diller and Liberty, Mr. Diller, through shares owned by him as well as those beneficially owned by Liberty as of the record date, generally controls the vote on approximately 32.7% of IAC common stock and 100% of IAC

Class B common stock and, consequently, approximately 63.1% of the combined voting power of the outstanding IAC capital stock. Mr. Diller and Liberty have filed Statements of Beneficial Ownership on Schedule 13D (and related amendments) relating to their respective IAC holdings and related voting arrangements with the SEC. On this basis, IAC is relying on the exemption for Controlled Companies from certain Nasdaq requirements.

Director Independence. Under the Marketplace Rules, the Board has a responsibility to make an affirmative determination that those members of its Board that serve as independent directors do not have any relationships with the Company and its businesses that would impair their independence. In connection with these determinations, the Board reviews information regarding transactions, relationships and arrangements involving the Company and its businesses and each director that it deems relevant to independence, including those required by the Marketplace Rules. This information is obtained from director responses to a questionnaire circulated by Company management, Company records and publicly available information. Following these determinations, Company management monitors those transactions, relationships and arrangements that were relevant to such determinations, as well as solicits updated information potentially relevant to independence from internal personnel and directors, to determine whether there have been any developments that could potentially have an adverse impact on the Board's prior independence determinations.

The Board has determined that each of Messrs. Berkman, Keough, Lourd, Martinez, Rattner and Spoon and Gen. Schwarzkopf is independent. In connection with this determination, the Board considered that IAC and its businesses in the ordinary course of business sell products and services to, or purchase products and services from, companies at which certain directors are employed as officers or serve as directors, or over which certain directors otherwise exert control. With the exception of Messrs. Berkman, Martinez and Spoon, all independent directors had relationships with entities that sell products and services to, or purchase products and services from, IAC and its businesses, and in each case, the relevant payments were below 5% of the recipient's consolidated gross revenues for the relevant year or $200,000 (whichever is more), which is the applicable threshold set forth in the Marketplace Rules.

In addition, the Board considered the following relationships:

- in the case of Mr. Berkman, certain relationships and arrangements involving Mr. Berkman and Liberty. Specifically, the Board considered (i) the fact that Mr. Berkman was nominated to the Board by Liberty, (ii) Mr. Berkman's position as Managing Partner of the Associated Group, LLC, the general partner of Liberty Associated Partners, LP, a private investment fund in which Liberty holds a minority passive investment, (iii) his *de minimis* holdings of Liberty's publicly-traded securities and (iv) Liberty's agreement to provide Mr. Berkman with certain indemnities in connection with his appointment to the Board; and

- in the case of Mr. Rattner, who is a Managing Principal of the Quadrangle Group LLC, a private investment firm, the Board considered (i) Mr. Diller's investment in a Quadrangle fund formed in 2000 (the amount and nature of which was not material to Mr. Diller, the fund or Mr. Rattner), (ii) Mr. Diller's appointment as a member of the Advisory Board of such fund, which board is not responsible for the management and operation of the fund, and (iii) distributions received by Mr. Diller in respect of his investment in the fund, and customary management fees paid by Mr. Diller to the fund, in each case, on the same basis as all other limited partners in the fund.

Of the remaining directors, (i) Mr. Bronfman is affiliated with a entity to which an IAC business made payments for services in excess of 5% of such entity's consolidated gross revenues for 2007 (see Relationships Involving Directors on page 61), (ii) Messrs. Diller and Kaufman are executive officers of the Company, (iii) Dr. Malone is the Chairman of Liberty, (iv) Ms. Von Furstenberg is Mr. Diller's spouse and (v) Mr. Zeisser is an employee of Liberty. Given these relationships, none of these directors are independent.

In addition to the satisfaction of the director independence requirements set forth in the Marketplace Rules, members of the Audit Committee and Compensation and Human Resources Committee also satisfied separate independence requirements under the current standards imposed by the SEC and the Marketplace Rules for audit committee members and by the SEC and the Internal Revenue Service for compensation committee members.

Director Nominations. The Board does not have a nominating committee or other committee performing similar functions nor any formal policy on nominations. Liberty, an affiliate of IAC, has the right to nominate two directors for election to the Board so long as certain stock ownership requirements applicable to Liberty are satisfied. Historically, other nominees have been recommended by the Chairman, upon consultation with other Board members, and then considered by the entire Board. Given the controlled status of IAC, the Board believes that the process described above is appropriate. The Board does not have specific requirements for eligibility to serve as a director of IAC. However, in evaluating candidates, regardless of how recommended, the Board considers whether the professional and personal ethics and values of the candidate are consistent with those of IAC, whether the candidate's experience and expertise would be beneficial to the Board in rendering its service to IAC, whether the candidate is willing and able to devote the necessary time and energy to the work of the Board and whether the candidate is prepared and qualified to represent the best interests of IAC's stockholders.

The Board does not have a formal policy regarding the consideration of director nominees recommended by stockholders, as historically IAC has not received such recommendations. However, the Board would consider such recommendations if made in the future. Stockholders who wish to make such a recommendation should send the recommendation to IAC, 555 West 18th Street, 6th Floor, New York, New York 10011, Attention: Corporate Secretary. The envelope must contain a clear notation that the enclosed letter is a "Director Nominee Recommendation." The letter must identify the author as a stockholder, provide a brief summary of the candidate's qualifications and history, together with an indication that the recommended individual would be willing to serve (if elected), and must be accompanied by evidence of the sender's stock ownership. Any director recommendations will be reviewed by the Corporate Secretary and, if deemed appropriate, forwarded to the Chairman for further review. If the Chairman believes that the candidate fits the profile of a director described above, the recommendation will be shared with the entire Board.

Communications with the IAC Board. Stockholders who wish to communicate with IAC's Board of Directors or a particular director may send such communication to IAC, 555 West 18th Street, 6th Floor, New York, New York 10011, Attention: Corporate Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder, provide evidence of the sender's stock ownership and clearly state whether the intended recipients are all members of the Board or a particular director or directors. The Corporate Secretary will then review such correspondence and forward it to the Board, or to the specified director(s), if appropriate.

The Board and Board Committees

The Board. The Board met six times and acted by written consent once during 2007. During 2007, all then incumbent directors attended at least 75% of the meetings of the Board and the Board committees on which they served. Directors are not required to attend annual meetings of IAC stockholders. One member of the Board of Directors attended IAC's 2007 Annual Meeting of Stockholders.

The Board currently has three standing committees: the Audit Committee, the Compensation and Human Resources Committee and the Executive Committee. The Board does not have a nominating committee.

Board Committees. The following table sets forth the current members of each standing Committee and the number of meetings held by and times that each such Committee took action by written consent during 2007. Each Committee member served in the capacities set forth for all of 2007.

Name	Audit Committee	Compensation and Human Resources Committee	Executive Committee
William H. Berkman*		X	
Edgar Bronfman, Jr.			X
Barry Diller			X
Victor A. Kaufman			X
Donald R. Keough*			
Bryan Lourd*	X		
John C. Malone			
Arthur C. Martinez*		Chair	
Steven Rattner*	X		
Gen. H. Norman Schwarzkopf*		X	
Alan G. Spoon*	Chair		
Diane Von Furstenberg			
Number of Meetings	6	6	0
Number of Written Consents	0	3	1

* *Independent Directors*

Audit Committee. The Audit Committee functions pursuant to a written charter adopted by the Board of Directors, a copy of which is attached as Annex A to this proxy statement. The Audit Committee is appointed by the Board to assist the Board with a variety of matters described in the charter, which include monitoring (1) the integrity of IAC's financial statements, (2) the effectiveness of IAC's internal control over financial reporting, (3) the qualifications and independence of IAC's independent registered public accounting firm, (4) the performance of IAC's internal audit function and independent registered public accounting firm and (5) the compliance by IAC with legal and regulatory requirements. The formal report of the Audit Committee is set forth on page 32.

The Board has previously concluded that Mr. Spoon is an "audit committee financial expert," as such term is defined in applicable SEC rules.

Compensation and Human Resources Committee. The Compensation and Human Resources Committee, which has not adopted a written charter, is authorized to exercise all of the powers of the Board of Directors with respect to matters pertaining to compensation and benefits, including, but not limited to, salary matters, incentive/bonus plans, stock compensation plans, retirement programs and insurance plans. For additional information on IAC's processes and procedures for the consideration and determination of executive and director compensation and the related role of the Compensation and Human Resources Committee, see the discussion under Compensation Discussion and Analysis generally and Non-Employee Director Compensation beginning on pages 35 and 55, respectively. The formal report of the Compensation and Human Resources Committee is set forth on page 45.

Executive Committee. The Executive Committee has all the power and authority of the Board of Directors of IAC, except those powers specifically reserved to the Board by Delaware law or IAC's organizational documents.

PROPOSAL 2 PREFERRED STOCK MERGER PROPOSAL

Proposal and Required Vote

We are asking stockholders to approve a proposal to adopt a merger agreement (the "merger agreement") between IAC and IAC Preferred Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of IAC formed for the purpose of facilitating the merger of Merger Sub with and into IAC (the "merger"). If the proposal is approved and the merger is consummated, each share of Series B preferred stock will be converted into the right to receive an amount in cash (the "merger consideration") equal to $27.77, plus an amount equal to accrued and unpaid dividends on such share through the merger effective time (as defined below). We expect the total consideration to be paid to holders of preferred stock in the merger to be approximately $21,500.

Approval of the Preferred Stock Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding voting power of the shares of IAC capital stock voting together.

The Board recommends that the stockholders vote **FOR** the Preferred Stock Merger Proposal.

Summary of the Preferred Stock Merger Proposal

This summary highlights selected information from this proxy statement relating to the Preferred Stock Merger Proposal and may not contain all of the information that is important to stockholders. To understand the merger fully and for a more complete description of the merger agreement and transactions contemplated by the merger agreement, stockholders should read carefully this entire proxy statement and the documents we refer to herein. The merger agreement is attached as Annex B to this proxy statement. We encourage stockholders to read the merger agreement in its entirety, as it is the legal document that governs the merger.

The Merger (see page 13). We are asking stockholders to approve a proposal to adopt a merger agreement between IAC and IAC Preferred Merger Sub, Inc., a wholly owned subsidiary of IAC formed for the purpose of facilitating the merger of IAC Preferred Merger Sub, Inc. with and into IAC, with IAC continuing as the surviving corporation in the merger. If the proposal is approved and the merger is consummated, each share of Series B preferred stock will be converted into the right to receive an amount in cash equal to $27.77, plus an amount equal to accrued and unpaid dividends on such share to the merger effective time.

By virtue of Mr. Diller's irrevocable proxy over all IAC securities beneficially owned by Liberty and its subsidiaries, as well as through shares owned by Mr. Diller directly, Mr. Diller has control over the vote on the Preferred Stock Merger Proposal, regardless of the vote of any other IAC stockholder. Because Mr. Diller has indicated that he intends to vote in favor of the Preferred Stock Merger Proposal at the 2008 Annual Meeting, we expect that the merger will be consummated shortly thereafter.

Purpose of the Merger (see pages 13-14). As of June 17, 2008, there were only 758 shares of Series B preferred stock issued and outstanding. The purpose of implementing the merger is to simplify IAC's capital structure in advance of the spin-offs by converting these remaining shares of Series B preferred stock into cash.

Payment Procedures (see pages 14-15). IAC has appointed The Bank of New York to act as paying agent to handle the payment of the merger consideration for shares of Series B preferred stock. Soon after the merger effective time, the paying agent will mail a letter of transmittal to each holder of a certificate or book-entry share representing a share or shares of Series B preferred stock. The letter of transmittal will contain instructions explaining the procedure for surrendering such shares. Holders of shares of Series B preferred stock should follow those instructions.

Appraisal Rights (see pages 15-19). Holders of shares of common stock do not have appraisal rights in respect of such shares under the General Corporation Law of the State of Delaware (the "DGCL") or under IAC's Restated Certificate of Incorporation in connection with the merger.

Holders of shares of Series B preferred stock who dissent and do not vote in favor of the Preferred Stock Merger Proposal are entitled to appraisal rights under Delaware law in connection with the merger, which are described in this proxy statement and are set forth in Annex C to this proxy statement. Holders who perfect their appraisal rights and follow specified procedures in the manner prescribed by Section 262 of the DGCL will be entitled to have the "fair value" of their shares of Series B preferred stock appraised by the Delaware Court of Chancery.

Material U.S. Federal Income Tax Consequences (see pages 19-21). An exchange of Series B preferred stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder who exchanges Series B preferred stock for cash in the merger will, depending on such U.S. Holder's particular circumstances, be treated either as recognizing gain or loss from the disposition of the shares of Series B preferred stock or receiving a distribution from us with respect to our stock.

Proposal and Required Vote (see page 12). Approval of the Preferred Stock Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding voting power of the shares of IAC capital stock voting together.

The Merger

We are asking stockholders to approve a proposal to adopt a merger agreement between IAC and Merger Sub, a wholly owned subsidiary of IAC formed for the purpose of facilitating the merger. If the proposal is approved and the merger is consummated, each share of Series B preferred stock will be converted into the right to receive the merger consideration.

The common stock, Class B common stock, options, restricted stock units, warrants and other securities of IAC (other than shares of Series B preferred stock) will remain securities of IAC following the merger. The merger will not result in any change in IAC's business, assets or liabilities (other than as a result of the payment of the merger consideration and other costs incident to the merger). IAC management, including its directors and officers, will remain the same following the merger. The merger also will not have any effect on IAC's Restated Certificate of Incorporation.

The merger would not affect IAC's ability to issue new shares of preferred stock in the future in accordance with its Restated Certificate of Incorporation and other governing documents.

Our Board has approved the terms of the merger agreement and of the merger, declared the advisability of the merger agreement and of the merger and determined them to be fair to and in the best interests of IAC and its stockholders. As indicated above, by virtue of Mr. Diller's irrevocable proxy over all IAC securities beneficially owned by Liberty and its subsidiaries, as well as through shares owned by Mr. Diller directly, Mr. Diller has control over the vote on the preferred stock merger proposal, regardless of the vote of any other IAC stockholder. Because Mr. Diller has indicated that he intends to vote in favor of the Preferred Stock Merger Proposal at the 2008 Annual Meeting, we expect that the merger will be consummated shortly thereafter. If the stockholders approve this proposal, no further action on the part of stockholders will be required to implement the merger.

Purpose of the Merger

Before the spin-off by IAC of Expedia, Inc. in August 2005 (the "Expedia spin-off"), IAC had a series of preferred stock outstanding (the "Series A preferred stock") with terms that were substantially identical (other than the conversion price, which was adjusted to reflect the Expedia spin-off and related transactions) to the terms of the Series B preferred stock. In connection with the Expedia

spin-off, each holder of a share of Series A preferred stock could elect to receive (i) a specified amount in cash, (ii) a specified combination of IAC common stock and Expedia common stock or (iii) a specified combination of IAC Series B preferred stock and Expedia Series A preferred stock, and the substantial majority of such holders did not elect option (iii). As a result of these elections and subsequent elections to have IAC redeem such shares, as of June 17, 2008, there were only 758 shares of Series B preferred stock issued and outstanding. The purpose of implementing the merger is to simplify IAC's capital structure in advance of the planned spin-offs by converting these remaining shares of Series B preferred stock into cash. IAC intends to consummate the merger whether or not any spin-offs occur, however, to the extent permitted by law, our Board may decide to terminate the merger agreement and abandon the merger at any time before the merger effective time in its sole discretion, even if IAC stockholders have approved the Preferred Stock Merger Proposal.

Merger Sub

Merger Sub, a wholly owned subsidiary of IAC, was incorporated under the DGCL on May 27, 2008 for the purpose of merging with IAC. The address and phone number of Merger Sub's principal office are the same as those of IAC. Prior to the merger, Merger Sub will have no material assets or liabilities and will not have carried on any business.

The Merger Agreement

The following is a summary of the material terms of the merger agreement. This summary does not purport to describe all the terms of the merger agreement and is qualified by the complete merger agreement, which is attached as Annex B to this proxy statement and incorporated herein by reference. All stockholders are urged to read carefully the merger agreement in its entirety.

General. Under the merger agreement, Merger Sub will be merged with and into IAC, with IAC continuing as the surviving corporation.

Closing; Merger Effective Time. Unless IAC decides otherwise, the closing of the merger will take place as soon as reasonably practicable after the date that all closing conditions have been satisfied or waived. On the closing date, IAC will file a certificate of merger with the Secretary of State of the State of Delaware in connection with the merger. The merger will be effective at such time as the certificate of merger is filed or at such later time as is specified in the certificate of merger (the "merger effective time").

Effect on Capital Stock. At the merger effective time:

- each share of common stock of Merger Sub will be automatically cancelled;
- each share of IAC common stock or Class B common stock will remain a share of common stock or Class B common stock, respectively, of IAC, the surviving corporation; and
- each share of Series B preferred stock (other than Dissenting Shares (as defined below)) will be converted into the right to receive the merger consideration.

Payment Procedures. IAC has appointed The Bank of New York to act as paying agent to handle the payment of the merger consideration for shares of Series B preferred stock. Soon after the merger effective time, the paying agent will mail a letter of transmittal to each holder of a certificate or book-entry share representing a share or shares of Series B preferred stock. The letter of transmittal will contain instructions explaining the procedure for surrendering such shares. Holders of Series B preferred stock should not return certificates with the enclosed proxy card.

Holders of certificates or book-entry shares representing a share or shares of Series B preferred stock who surrender such certificates or book-entry shares, together with a properly completed

transmittal form and such other documents as may be required by the instructions to the letter of transmittal, will receive the merger consideration in respect of such shares. After the merger, each holder of a certificate or book-entry share that previously represented a share or shares of Series B preferred stock will no longer have any rights with respect to such share, except the right to receive the merger consideration in respect thereof or, in the case of a Dissenting Stockholder (as defined below), the appraisal rights summarized below.

Holders of Series B preferred stock that do not comply with the payment procedures within six months following the closing of the merger may look only to the surviving corporation for payment of any merger consideration. None of the surviving corporation, Merger Sub or the paying agent will be liable to any holder of Series B preferred stock for any amount delivered to a public official under applicable abandoned property, escheat or similar laws. No interest will be paid or accrued on the merger consideration payable upon the surrender of certificates or book-entry shares representing Series B preferred shares.

It is up to holders of Series B preferred stock to decide how to deliver their certificates or book-entry shares and any other required documents. It is the responsibility of holders of Series B preferred stock to ensure that all necessary materials are delivered to the paying agent in a timely manner.

Conditions to the Merger. The obligations of IAC and Merger Sub to consummate the merger are subject to the satisfaction of, or (to the extent permitted by applicable law) the waiver by IAC of, the following conditions:

- the adoption of the merger agreement by IAC's stockholders; and
- the absence of any law, order or injunction prohibiting the completion of the merger and the absence of any proceeding challenging the merger agreement or seeking to prohibit or delay the merger which our Board determines would make the merger no longer advisable.

No federal or state regulatory approvals must be obtained in connection with the merger.

Termination. To the fullest extent permitted by Delaware law, our Board may decide to terminate the merger agreement and abandon the merger at any time before the merger effective time in its sole discretion, even if our stockholders have approved the Preferred Stock Merger Proposal. If the merger agreement is terminated, it will become void and of no effect without any liability on the part of any party to the agreement.

Amendments and Waiver. To the fullest extent permitted by Delaware law, the merger agreement may be amended by mutual consent of our Board and the board of directors of Merger Sub, and any provision of the merger agreement may be waived, at any time before the merger effective time, even if our stockholders have approved the Preferred Stock Merger Proposal.

Appraisal Rights

Holders of shares of common stock do not have appraisal rights in respect of such shares under the DGCL or under IAC's Restated Certificate of Incorporation in connection with the merger.

A holder of shares of Series B preferred stock who makes the demand described below, who is continuously the record owner of such shares through the merger effective time, who otherwise complies with the statutory requirements of Section 262 of the DGCL and who neither votes in favor of the Preferred Stock Merger Proposal nor consents thereto in writing is entitled to certain appraisal rights under Delaware law in connection with the merger, which are described below and are set forth in Annex C to this proxy statement. Such holders who perfect their appraisal rights and follow specified procedures in the manner prescribed by Section 262 of the DGCL will be entitled to have an appraisal

of the fair value of their shares of Series B preferred stock by the Delaware Court of Chancery. ANY HOLDER OF SERIES B PREFERRED STOCK WHO WISHES TO EXERCISE APPRAISAL RIGHTS OR WHO WISHES TO PRESERVE HIS, HER OR ITS RIGHT TO DO SO SHOULD REVIEW ANNEX C CAREFULLY AND SHOULD CONSULT HIS, HER OR ITS LEGAL ADVISOR, SINCE FAILURE TO TIMELY COMPLY WITH THE PROCEDURES SET FORTH THEREIN WILL RESULT IN THE LOSS OF SUCH RIGHTS.

The record holders of the shares of Series B preferred stock that elect to exercise appraisal rights with respect to the merger are referred to as "Dissenting Stockholders," and the shares of Series B preferred stock with respect to which they exercise appraisal rights are referred to as "Dissenting Shares." If a stockholder has a beneficial interest in shares of Series B preferred stock that are held of record in the name of another person, such as a broker or nominee, and such stockholder desires to perfect whatever appraisal rights the beneficial holder may have, the beneficial holder must act promptly to cause the holder of record timely and properly to follow the steps summarized below.

A VOTE IN FAVOR OF THE PREFERRED STOCK MERGER PROPOSAL BY A HOLDER OF SHARES OF SERIES B PREFERRED STOCK WILL RESULT IN A WAIVER OF SUCH HOLDER'S APPRAISAL RIGHTS.

When the merger becomes effective, holders of Series B preferred stock who comply with the procedures prescribed in Section 262 of the DGCL are entitled to a judicial appraisal of the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, and to receive payment of the fair value of their shares in cash from IAC together with interest, if any, to be paid on the amount determined to be fair value. The following is a brief summary of the statutory procedures that must be followed by a holder of shares of Series B preferred stock in order to perfect appraisal rights under the DGCL. This summary is not intended to be complete and is qualified by reference to Section 262 of the DGCL, the text of which is included as Annex C to this proxy statement. We advise any holder of Series B preferred stock considering demanding appraisal to consult legal counsel.

In order to exercise appraisal rights under Delaware law, a stockholder must be the holder of record of the shares of Series B preferred stock as to which appraisal rights are to be exercised on the date that the written demand for appraisal described below is made, must continuously hold such shares through the effective date of the merger and must not vote in favor of approval of the merger or consent thereto in writing. A vote by a holder of Series B preferred stock against approval of the merger is not required in order for that holder to exercise appraisal rights.

Within 10 days after the merger effective time, IAC must provide notice of the date of effectiveness of the merger to all holders of Series B preferred stock who have complied with Section 262 of the DGCL and have not voted for adoption of the merger agreement.

A holder of Series B preferred stock who elects to exercise appraisal rights must mail or deliver the written demand for appraisal before the 2008 Annual Meeting to:

IAC/InterActiveCorp
555 West 18th Street
New York, NY 10011
Attn: Corporate Secretary

The written demand for appraisal should specify the stockholder's name and mailing address and the number of shares of Series B preferred stock covered by the demand, and should state that the stockholder is thereby demanding appraisal of such stockholder's shares of Series B preferred stock in accordance with Section 262 of the DGCL. A proxy or vote against the adoption of the merger agreement shall not constitute such a demand.

When submitting a written demand for appraisal under Delaware law, the written demand for appraisal must reasonably inform IAC of the identity of the stockholder of record making the demand and that the stockholder intends to demand appraisal of such stockholder's shares of Series B preferred stock. A demand for appraisal should be executed by or for the stockholder of record, fully and correctly, as that stockholder's name appears on the stockholder's stock certificate. If Series B preferred stock is owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be executed by the fiduciary. If Series B preferred stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, should execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, he, she or it is acting as agent for the record owner.

A holder of record who holds Series B preferred stock as a nominee for other beneficial owners of the shares may exercise appraisal rights with respect to the Series B preferred stock held for all or less than all beneficial owners of the Series B preferred stock for which the holder is the record owner. In that case, the written demand must state the number of shares of Series B preferred stock covered by the demand. Where the number of shares of Series B preferred stock is not expressly stated, the demand will be presumed to cover all shares of Series B preferred stock outstanding in the name of that record owner. Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the delivery of a written demand prior to the taking of the vote on the merger.

Within 120 days after the effective date of the merger, any Dissenting Stockholder who has theretofore complied with the applicable provisions of Section 262 of the DGCL will be entitled, upon written request, to receive from IAC a statement of the aggregate number of shares of Series B preferred stock not voted in favor of approval of the Preferred Stock Merger Proposal and with respect to which demands for appraisal have been received by IAC, and the aggregate number of holders of those shares. A person who is a beneficial owner of shares of Series B preferred stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from IAC the statement described in the previous sentence. This statement must be mailed within 10 days after the written request has been received by IAC.

Within 120 days after the effective date of the merger, either IAC, any Dissenting Stockholder or any beneficial owner of shares held in a voting trust or by a nominee may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of each share of Series B preferred stock of all Dissenting Stockholders. If a petition for an appraisal is timely filed, then after a hearing on the petition, the Delaware Court of Chancery will determine which of the Dissenting Stockholders are entitled to appraisal rights and will then appraise the shares of Series B preferred stock owned by those stockholders, by determining the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid, if any, on the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. If no petition for appraisal is filed with the Delaware Court of Chancery by IAC or any Dissenting Stockholder within 120 days after the effective time of the merger, then Dissenting Stockholders' rights to appraisal will cease and they will be entitled only to receive the merger consideration in the merger on the same basis as other holders of Series B preferred stock. Inasmuch as IAC has no obligation to file a petition, any holder of Series B preferred stock who desires a petition to be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal

will be dismissed as to any holder of Series B preferred stock without the approval of the Delaware Court of Chancery, and this approval may be conditioned on any terms the Delaware Court of Chancery deems just; provided, however, that any holder of Series B preferred stock who has not commenced an appraisal proceeding or joined such a proceeding as a named party may withdraw such holder's demand for appraisal and accept the terms offered upon the merger within 60 days after the effective date of the merger.

The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and taxed upon the parties as the court deems equitable in the circumstances. Upon application of a Dissenting Stockholder, the court may order that all or a portion of the expenses incurred by any Dissenting Stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees, and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of this determination or assessment, each party bears its own expenses. A Dissenting Stockholder who has timely demanded appraisal in compliance with Section 262 of the DGCL will not, from and after the effective time of the merger, be entitled to vote the Series B preferred stock subject to such demand for any purpose or to receive payment of dividends or other distributions on the Series B preferred stock, except for dividends or other distributions payable to holders of record at a date prior to the effective time of the merger.

At any time within 60 days after the effective time of the merger, any Dissenting Stockholder who has not commenced an appraisal proceeding or joined the proceeding as a named party will have the right to withdraw such stockholder's demand for appraisal and to accept the right to receive merger consideration in the merger on the same basis on which Series B preferred stock is converted into merger consideration in the merger. After this 60-day period, a Dissenting Stockholder may withdraw his, her or its demand for appraisal only with the consent of IAC.

Holders of Series B preferred stock considering whether to seek appraisal should bear in mind that the fair value of their Series B preferred stock determined under Section 262 of the DGCL could be more than, the same as or less than the value of the merger consideration in the merger. Also, IAC reserves the right to assert in any appraisal proceeding that, for purposes thereof, the "fair value" of the Series B preferred stock is less than the value of the merger consideration to be issued in the merger. In determining "fair value", the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.* the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered and that "[f]air price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court has stated that in making this determination of fair value the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which could be ascertained as of the date of the merger which throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered."

THE PROCESS OF DISSENTING REQUIRES STRICT COMPLIANCE WITH TECHNICAL PREREQUISITES. THOSE HOLDERS OF SERIES B PREFERRED STOCK WISHING TO DISSENT SHOULD CONSULT WITH THEIR OWN LEGAL COUNSEL IN CONNECTION WITH COMPLIANCE UNDER SECTION 262 OF THE DGCL.

Any holder of Series B preferred stock who fails to comply with the requirements of Section 262 of the DGCL, which are set forth in Annex C to this proxy statement, will forfeit his, her or its rights to dissent from the merger and to exercise appraisal rights and will receive merger consideration on the same basis as all other holders of Series B preferred stock.

Holders of shares of Class B common stock would have appraisal rights in respect of such shares under the DGCL in connection with the merger if, among other requirements, such holders do not vote in favor of approval of the merger. If all shares of Class B common stock are voted in favor of the Preferred Stock Merger Proposal pursuant to Mr. Diller's proxy over such shares, as is expected to occur, holders of shares of Class B common stock for whom such proxy was granted will not be entitled to appraisal rights in respect of such shares in connection with the merger.

Financial Information Holders of Series B preferred stock should review the financial information set forth in Annex D to this proxy statement.

Material U.S. Federal Income Tax Consequences of the Merger

Overview. The following section describes the material U.S. federal income tax consequences of the merger to "U.S. Holders" (as defined below) of Series B preferred stock. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary or proposed U.S. Treasury Regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this proxy statement.

For purposes of this section, "U.S. Holder" means a beneficial owner of Series B preferred stock that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds Series B preferred stock, the tax treatment of a partner in such partnership generally will depend on the status of the partners and the activities of the partnership. Partners in partnerships holding Series B preferred stock should consult their tax advisors.

This discussion addresses only holders of Series B preferred stock that are U.S. Holders and hold their shares of Series B preferred stock as capital assets within the meaning of Section 1221 of the Code. This discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to stockholders in light of their particular circumstances and does not apply to holders subject to special treatment under the U.S. federal income tax laws (including, for example, persons that are not U.S. holders, financial institutions, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, mutual funds, tax-exempt organizations, partnerships or other flow-through entities and their partners or members, U.S. expatriates, holders liable for the alternative minimum tax, holders whose functional currency is not the U.S. dollar, and holders who hold their Series B preferred stock as part of a hedge, straddle, constructive sale or conversion transaction, holders who acquired Series B preferred stock pursuant to the exercise of employee stock options or otherwise as compensation). This discussion does not address any state, local or non-U.S. tax consequences of the merger, nor does it address any U.S. federal tax considerations other than those pertaining to the U.S. federal income tax. In addition, this discussion does not address

any tax consequences of the merger to holders of Series B preferred stock that also own Class B common stock or to holders of Series B preferred stock that exercise appraisal rights.

All holders of Series B preferred stock should consult their tax advisors to determine the particular tax consequences to them of the merger, including the effects of U.S. federal, state and local, foreign and other tax laws.

An exchange of Series B preferred stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder who exchanges Series B preferred stock for cash in the merger will, depending on such U.S. Holder's particular circumstances, be treated either as recognizing gain or loss from the disposition of the shares of Series B preferred stock or receiving a distribution from us with respect to our stock.

Sale or Exchange Treatment. Under Section 302 of the Code, a U.S. Holder will recognize gain or loss on the exchange of shares of Series B preferred stock for cash pursuant to the merger if the exchange:

- results in a "complete termination" of such U.S. Holder's equity interest in us;
- results in a "substantially disproportionate" redemption with respect to such U.S. Holder; or
- is "not essentially equivalent to a dividend" with respect to the U.S. Holder.

An exchange of shares of Series B preferred stock pursuant to the merger will result in a "complete termination" if either (i) the U.S. Holder owns no shares of IAC stock either actually or constructively after the shares of Series B preferred stock are exchanged pursuant to the merger or (ii) the U.S. Holder actually owns no shares of IAC stock immediately after the exchange of shares of Series B preferred stock pursuant to the merger and, with respect to shares of IAC stock constructively owned, is eligible to waive, and effectively waives, constructive ownership of all such shares of IAC stock. U.S. Holders wishing to satisfy the "complete termination" test through waiver of attribution should consult their tax advisors.

An exchange of shares of Series B preferred stock pursuant to the merger will result in a "substantially disproportionate" redemption with respect to a U.S. Holder if such holder does not own, actually or constructively, any shares of IAC common stock. If an exchange of shares of Series B preferred stock pursuant to the merger fails to satisfy the "substantially disproportionate" test, the U.S. Holder may nonetheless satisfy the "not essentially equivalent to a dividend" test.

An exchange of shares of Series B preferred stock pursuant to the merger will satisfy the "not essentially equivalent to a dividend" test if it results in a "meaningful reduction" of the U.S. Holder's proportionate interest in us. An exchange of shares of Series B preferred stock for cash that results in a relatively minor reduction of the proportionate equity interest of a U.S. Holder whose relative equity interest in us is minimal and who does not exercise any control over or participate in the management of our corporate affairs should constitute a "meaningful reduction." In applying each of the Section 302 tests described above, a U.S. Holder must take account of shares of IAC stock that such U.S. Holder constructively owns under attribution rules, pursuant to which the U.S. Holder will be treated as owning shares of IAC stock owned by certain related individuals and entities, and shares of IAC stock that the U.S. Holder has the right to acquire by exercise of an option or warrant or by conversion or exchange of a security. U.S. Holders should consult their tax advisors regarding the application of the rules of Section 302 in their particular circumstances.

Contemporaneous dispositions or acquisitions of shares of IAC stock by a U.S. Holder or a related person may be deemed to be part of a single integrated transaction and, if so, may be taken into account in determining whether any of the Section 302 tests, described above, are satisfied.

If a U.S. Holder satisfies any of the Section 302 tests described above, the U.S. Holder will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received and such U.S. Holder's tax basis in the shares of Series B preferred stock exchanged. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the shares of Series B preferred stock exceeds one year as of the date of the exchange. Gain or loss must be determined separately for each block of shares of Series B preferred stock. Specified limitations apply to the deductibility of capital losses by U.S. Holders.

Distribution Treatment. If a U.S. Holder does not satisfy any of the Section 302 tests described above, the entire amount of cash received by such U.S. Holder pursuant to the merger will be treated as a dividend to the extent of the U.S. Holder's allocable portion of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The amount of any distribution in excess of our current and accumulated earnings and profits would be treated as a return of capital to the extent, generally, of the U.S. Holder's basis in the shares exchanged, and any remainder will be treated as capital gain. Any such gain will be capital gain and will be long-term capital gain if the holding period of the shares of Series B preferred stock exceeds one year as of the date of the exchange. Provided certain holding period and other requirements are satisfied, non-corporate U.S. Holders generally will be subject to U.S. federal income tax at a maximum rate of 15% on amounts treated as a dividend. Such a dividend will be taxed in its entirety, without reduction for the U.S. Holder's tax basis of the shares of Series B preferred stock exchanged. To the extent that an exchange of the Series B preferred stock for cash in the merger is treated as the receipt by the U.S. Holder of a dividend, the U.S. Holder's remaining adjusted basis (reduced by the amount, if any, treated as a return of capital) in the exchanged shares of Series B preferred stock will be added to any shares of IAC stock retained by the U.S. Holder.

Federal Backup Withholding Tax. Under the federal income tax backup withholding rules, 28% of the merger consideration payable to a stockholder or other payee pursuant to the merger will be withheld and remitted to the United States Treasury, unless such stockholder or other payee provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a stockholder's federal income tax liability, provided that the required information is supplied to the IRS.

PROPOSAL 3 REVERSE STOCK SPLIT PROPOSAL

Proposal and Required Vote

We are asking stockholders to approve a proposal to amend IAC's Restated Certificate of Incorporation to effect a reverse stock split of shares of IAC common stock and Class B common stock at a 1-for-2 ratio. The reverse stock split would reduce the number of outstanding shares of IAC common stock and Class B common stock, and the holdings of each stockholder, according to the same formula, which is described under the caption Principal Effects of the Reverse Stock Split on page 24. The Board will not effect the reverse stock split unless and until the merger described above under "Proposal 2 Preferred Stock Merger Proposal" is consummated.

Approval of the Reverse Stock Split Proposal requires the affirmative vote of the holders of a majority of the outstanding voting power of the shares of IAC capital stock voting together.

The Board recommends that the stockholders vote **FOR** the Reverse Stock Split Proposal.

Overview

We are asking stockholders to approve a proposal to amend IAC's Restated Certificate of Incorporation to effect a reverse stock split of our shares of common stock and Class B common stock at a 1-for-2 ratio. The reverse stock split would reduce the number of outstanding shares of our common stock and Class B common stock, and the holdings of each stockholder, according to the same formula, which is described under the caption Principal Effects of the Reverse Stock Split on page 24.

The Board will not effect the reverse stock split unless and until the merger described above under "Proposal 2 Preferred Stock Merger Proposal" is consummated. As discussed on pages 12-13, Mr. Diller has control over the vote on the Preferred Stock Merger Proposal regardless of the vote of any other stockholder and has indicated that he intends to vote in favor of that proposal at the 2008 Annual Meeting, and we expect the merger to be consummated shortly thereafter. Mr. Diller also has control over the vote on the Reverse Stock Split Proposal and has indicated that he intends to vote in favor of that proposal at the 2008 Annual Meeting as well.

If the Reverse Stock Split Proposal is approved, the Board may in its discretion implement the reverse stock split immediately after the spin-offs (or, if not all of the spin-offs are effected substantially simultaneously, immediately following the first spin-off). At the time we announce the definitive distribution date for the first spin-off, we also will announce whether the Board has determined to effect the reverse stock split. The Board also will have the sole discretion not to effect the reverse stock split, even if we proceed with one or more spin-offs.

Except for cash payments in lieu of fractional share interests, as described under the caption Mechanics of the Reverse Stock Split beginning on page 25, each stockholder's proportionate ownership interest in the Company would be the same immediately before and after the reverse stock split.

Purpose of the Reverse Stock Split

It is likely that the trading price of our common stock will decline following the spin-offs, due to the fact that we will no longer own the Spincos. The purpose of implementing the reverse stock split would be to seek to increase the per share trading price of our common stock following the spin-offs relative to what the per share trading price would be if the reverse stock split were not implemented. Our Board intends to effect the proposed reverse stock split only if it determines such action to be in the best interests of the Company and its stockholders. If the Board expects that our common stock may trade in a satisfactory range following the spin-offs, the Board may exercise its discretion not to implement the reverse stock split.

We believe that a number of institutional investors and investment funds may be reluctant to invest, and in some cases may be prohibited from investing, in lower-priced stocks and that brokerage firms are reluctant to recommend lower-priced stocks to their clients. If our common stock were to trade in a range following the spin-offs that could raise these concerns, the reverse stock split could help ensure that our common stock price stays at a level that would be viewed more favorably by potential investors.

Other investors may also be dissuaded from purchasing lower-priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. A higher stock price after the reverse stock split should reduce this concern.

The combination of increased interest from institutional investors and investment funds and lower transaction costs could have the effect of improving the trading liquidity of our common stock relative to what the trading liquidity would be if the reverse stock split were not implemented.

Our common stock currently trades on the Nasdaq Stock Market under the symbol "IACI." The Nasdaq Stock Market has several continued listing criteria that companies must satisfy in order to remain listed on the exchange, including a minimum trading price requirement. Today, IAC meets all of the Nasdaq Stock Market's continued listing criteria, including the minimum trading price requirement. Although we do not believe that we currently have an issue relating to the continued listing of our common stock on the Nasdaq Stock Market and do not expect that the spin-offs would cause us to have such an issue even if we were not to implement the reverse stock split, we believe that approval of the Reverse Stock Split Proposal would provide the Board with the ability to help ensure that we will continue to meet the continued listing standard immediately after the spin-offs, to the extent that our common stock price might not otherwise meet the minimum trading requirement. We also cannot assure you that we will continue to meet the Nasdaq Stock Market's continued listing criteria following the reverse stock split.

If the stockholders approve this proposal, the Board would effect the reverse stock split only if the Board determines that the reverse stock split after the first spin-off or spin-offs would be in the best interests of the Company and its stockholders. No further action on the part of stockholders will be required to either implement or abandon the reverse stock split.

Important Facts About the Reverse Stock Split

We cannot assure you that the market price per share of our common stock after the split effective time (as defined below) would reflect the reverse split ratio of 1-for-2 or that the price following the split effective time of the reverse stock split will be maintained for any period of time.

While we believe that a higher stock price may help generate investor interest in our common stock, the reverse stock split may not result in a stock price that will attract institutional investors or investment funds or satisfy the investment guidelines of institutional investors or investment funds. Furthermore, the liquidity of our common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

If the reverse stock split is implemented and the market price of our common stock declines, the percentage decline may be greater than would occur in the absence of the split. The market price of our common stock is also based on our performance and other factors, which are unrelated to the number of shares of common stock outstanding. You should keep in mind that the implementation of the reverse stock split does not have an effect on the actual or intrinsic value of IAC or your proportional ownership in IAC.

The reverse stock split may result in some stockholders owning "odd lots" of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other

costs of transactions in odd lots are generally higher than the costs of transactions in "round lots" of even multiples of 100 shares.

Principal Effects of the Reverse Stock Split

If approved and implemented, the principal effects of the reverse stock split would include the following:

- each two shares of common stock or Class B common stock that you own will be combined into one new share of common stock or Class B common stock, respectively (except for the payment of cash instead of issuing fractional shares as described below);

- the number of outstanding shares of common stock and Class B common stock will be proportionately reduced at the ratio of 1-for-2 (except for the payment of cash instead of issuing fractional shares as described below);

- the number of shares of common stock that are held in our treasury will be proportionately reduced at the ratio of 1-for-2;

- appropriate adjustments will be made pursuant to the terms of outstanding warrants to maintain their economic value; and

- IAC compensatory equity-based awards will be equitably adjusted in connection with the reverse stock split in a manner designed to preserve the value of the awards immediately prior to and immediately following the adjustments, which adjustments may be made either as part of the adjustments to the IAC compensatory equity-based awards in connection with the spin-offs or as an independent adjustment.

The common stock and Class B common stock resulting from the reverse stock split will remain fully paid and non-assessable. The reverse stock split will not affect the public registration of the common stock under the Exchange Act or the listing of the common stock on the Nasdaq Stock Market (although, in accordance with Nasdaq rules, the letter "D" will be added to the end of the trading symbol for a period of 20 trading days from the split effective date of the reverse stock split to indicate that the reverse stock split has occurred).

If implemented, the reverse stock split would not have any effect on our current dividend policy. Accordingly, our directors and management do not anticipate paying any cash dividends on shares of our common stock or Class B common stock in the foreseeable future.

The reverse stock split would not affect the number of shares of common stock, Class B common stock or preferred stock that we are authorized to issue under IAC's Restated Certificate of Incorporation, or the par value of any such shares.

Accounting Matters

The par value of the common stock and Class B common stock will remain at $0.001 per share after the reverse stock split. As a result, as of the split effective time, the stated capital on our balance sheet attributable to our common stock and Class B common stock would be reduced proportionately based on the reverse stock split ratio of 1-for-2, and additional paid-in capital will be credited with the amount by which the stated capital is reduced. In future financial statements, net income or loss per share and other per share amounts for periods ending before the reverse stock split would be restated to give retroactive effect to the reverse stock split.

Mechanics of the Reverse Stock Split

Amendment of IAC's Restated Certificate of Incorporation. If stockholders approve the Reverse Stock Split Proposal, the merger is consummated and the Board determines to implement the reverse stock split, we will file with the Secretary of State of the State of Delaware a certificate of amendment to IAC's Restated Certificate of Incorporation. The reverse stock split will become effective at the time and on the date of the filing of, or at such later time as is specified in, the certificate of amendment, which we refer to as the "split effective time" and "split effective date," respectively. The text of the proposed amendments to IAC's Restated Certificate of Incorporation is attached hereto as Annex E.

Effect on Registered "Book-entry" Holders of Common Stock. Our holders of common stock may hold some or all of their shares electronically in book-entry form under a direct registration system for securities. These stockholders will not have stock certificates evidencing their ownership. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

Holders of registered shares in book-entry form do not need to take any action to receive post-split shares or cash payments in lieu of any fractional share interests, if applicable. Holders entitled to post-split shares will automatically be sent a transaction statement indicating the number of shares held following the reverse stock split.

Holders entitled to cash payments in lieu of any fractional share interests will be mailed a check as soon as practicable after the split effective date. By signing and cashing this check, holders will warrant that they own the shares for which they received a cash payment.

Exchange of Stock Certificates. In the event the reverse stock split is implemented, each certificate representing pre-split shares of common stock and each certificate representing pre-split shares of Class B common stock will, until surrendered and exchanged as described below, be deemed to represent the number of post-split shares of common stock and Class B common stock, respectively, into which the pre-split shares shall have been reclassified.

As soon as practicable after the split effective date, our transfer agent, The Bank of New York, will mail a transmittal form to each holder of record of certificates formerly representing shares of our pre-split common stock that will be used in forwarding certificates for surrender and exchange for certificates representing the number of shares of our common stock the holder is entitled to receive as a consequence of the reverse stock split. The transmittal form will be accompanied by instructions specifying other details of the exchange.

After receipt of a transmittal form, each holder should surrender the certificates formerly representing shares of our pre-split common stock and will receive in exchange therefor certificates representing the number of shares of our common stock to which the holder is entitled. No stockholder will be required to pay a transfer or other fee to exchange his, her or its certificates. Stockholders should not send in certificates until they receive a transmittal form from our transfer agent or otherwise destroy their certificates. In connection with the reverse stock split, our common stock will change its current CUSIP number. This new CUSIP number will appear on any new stock certificates issued representing post-split shares of common stock.

As soon as practicable after the split effective date, IAC will contact each holder of record of certificates formerly representing shares of our pre-split Class B common stock, and will handle internally the exchange of such certificates for certificates representing the number of shares of our Class B common stock the holder is entitled to receive as a consequence of the reverse stock split.

Fractional Shares. No fractional shares will be issued in connection with the reverse stock split. Stockholders who otherwise would be entitled to receive fractional shares, because they hold a number of shares of common stock or Class B common stock not evenly divisible by two, will be entitled to a cash payment in an amount equal to the fair value thereof as determined by the Board.

Stockholders who otherwise would be entitled to receive fractional shares will be entitled only to a cash payment in lieu of such shares and will no longer have any rights as a stockholder with respect to the shares of common stock that would have been exchanged for such fractional shares.

No Appraisal Rights

Stockholders do not have appraisal rights under the DGCL or under IAC's Restated Certificate of Incorporation in connection with the reverse stock split.

Material U.S. Federal Income Tax Consequences of the Reverse Stock Split

The following section describes the material U.S. federal income tax consequences of the reverse stock split to "U.S. Holders" (as defined below) of common stock. This summary is based upon current provisions of the Code, final, temporary or proposed U.S. Treasury Regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this proxy statement.

For purposes of this section, a "U.S. Holder" means a beneficial owner of common stock that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partners and the activities of the partnership. Partners in partnerships holding common stock should consult their tax advisors.

This discussion addresses only holders of common stock that are U.S. Holders and hold their shares as capital assets within the meaning of Section 1221 of the Code. This discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to stockholders in light of their particular circumstances and does not apply to holders subject to special treatment under the U.S. federal income tax laws (including, for example, persons that are not U.S. holders, financial institutions, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, mutual funds, tax-exempt organizations, partnerships or other flow-through entities and their partners or members, U.S. expatriates, holders liable for the alternative minimum tax, holders whose functional currency is not the U.S. dollar, and holders who hold their common stock as part of a hedge, straddle, constructive sale or conversion transaction, or holders who acquired common stock pursuant to the exercise of employee stock options or otherwise as compensation). This discussion does not address any state, local or non-U.S. tax consequences of the reverse stock split, nor does it address any U.S. federal tax considerations other than those pertaining to the U.S. federal income tax. In addition, this discussion does not address any tax consequences of the reverse stock split to holders of Class B common stock.

All stockholders should consult their tax advisors to determine the particular tax consequences to them of the reverse stock split, including the effects of U.S. federal, state and local, foreign and other tax laws.

The anticipated U.S. federal income tax consequences of the reverse stock split are as follows:

- no gain or loss would be recognized by a U.S. Holder of common stock upon the reverse stock split, except with respect to cash received in lieu of fractional share interests;

- the aggregate adjusted basis of the shares of common stock held by a U.S. Holder following the reverse stock split would be equal to such holder's aggregate adjusted basis in the common stock held immediately prior to the reverse stock split, reduced by any tax basis allocable to fractional share interests; and

- the holding period of the common stock held by a U.S. Holder following the reverse stock split would include the holding period of the shares of common stock held immediately prior to the reverse stock split.

IAC will not issue any fractional share interests in the reverse stock split. In lieu of fractional share interests, each IAC stockholder who otherwise would have been entitled to receive a fractional share interest will receive a cash payment in an amount equal to the fair value thereof as determined by the Board. A U.S. Holder of common stock who receives cash in lieu of a fractional share interest generally will recognize gain or loss for U.S. federal income tax purposes based upon the difference between the amount of cash received in lieu of the fractional share interest and the adjusted tax basis allocated to such fractional share interest. Such gain or loss generally will be long-term capital gain or loss if, as of the date of the reverse stock split, the holding period of the fractional share interest is greater than one year.

Reservation of Right to Abandon Reverse Stock Split

We reserve the right to abandon the reverse stock split without further action by our stockholders at any time before the split effective time, even if the authority to effect the reverse stock split has been approved by our stockholders at the 2008 Annual Meeting. By voting in favor of the reverse stock split, you are expressly also authorizing the Board to determine not to proceed with, and abandon, the reverse stock split if it should so decide.

PROPOSAL 4 2008 STOCK AND ANNUAL INCENTIVE PLAN PROPOSAL

Proposal and Required Vote

IAC's Board of Directors has adopted the IAC/InterActiveCorp 2008 Stock and Annual Incentive Plan ("2008 Incentive Plan"), effective as of June 9, 2008, subject to approval by IAC's stockholders.

Approval of the 2008 Stock and Annual Incentive Plan Proposal requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock present in person or represented by proxy and voting together.

The Board recommends that the stockholders vote **FOR** the 2008 Stock and Annual Incentive Plan Proposal.

Overview

The purpose of the 2008 Incentive Plan is to give IAC a competitive advantage in attracting, retaining and motivating officers and employees and to provide IAC with the ability to provide incentives more directly linked to the profitability of IAC's businesses and increases in stockholder value.

Set forth below is a summary of certain important features of the 2008 Incentive Plan, which summary is qualified in its entirety by reference to the actual plan attached as Annex F to this proxy statement.

Administration

The 2008 Incentive Plan will be administered by the Compensation and Human Resources Committee (or such other committee of the Board as IAC's Board of Directors may from time to time designate) (the "Committee"). Among other things, the Committee will have the authority to select individuals to whom awards may be granted, to determine the type of award, as well as the number of shares of IAC common stock to be covered by each award, and to determine the terms and conditions of any such awards.

Eligibility

Persons who serve or agree to serve as officers, employees, non-employee directors or consultants of IAC and its subsidiaries and affiliates are eligible to be granted awards under the 2008 Incentive Plan.

Shares Subject to the Plan

The 2008 Incentive Plan authorizes the issuance of up to 20,000,000 shares of IAC common stock pursuant to awards under the plan. No single participant may be granted awards covering in excess of 10,000,000 shares of IAC common stock over the life of the 2008 Incentive Plan.

The shares of IAC common stock subject to grant under the 2008 Incentive Plan are to be made available from authorized but unissued shares or from treasury shares, as determined from time to time by IAC's Board of Directors. To the extent that any award is forfeited, or any option or stock appreciation right terminates, expires or lapses without being exercised, or any award is settled for cash, those shares of IAC common stock subject to such awards not delivered as a result thereof will again be available for awards under the plan. If the exercise price of any option and/or the tax withholding obligations relating to any award are satisfied by delivering shares of IAC common stock (by either actual delivery or by attestation), only that number of shares of IAC common stock issued net of the shares of IAC common stock delivered or attested to will be deemed delivered for purposes of the limits in the plan. To the extent any shares of IAC common stock subject to an award are withheld to satisfy the exercise price (in the case of an option) and/or the tax withholding obligations relating to

such award, such shares of IAC common stock will not generally be deemed to have been delivered for purposes of the limits set forth in the plan.

In the event of certain extraordinary corporate transactions, the Committee or IAC's Board of Directors may make such substitutions or adjustments as it deems appropriate and equitable to (i) the aggregate number and kind of shares or other securities reserved for issuance and delivery under the plan (provided, however, that there will be no adjustment under this clause (i) with respect to the one-for-two reverse stock split of IAC common stock and Class B common stock that IAC stockholders are being asked to approve at the 2008 Annual Meeting), (ii) the various maximum limitations set forth in the plan, (iii) the number and kind of shares or other securities subject to outstanding awards; and (iv) the exercise price of outstanding options and stock appreciation rights, among others.

Awards Under the Plan

As indicated above, several types of awards may be granted under the 2008 Incentive Plan, a summary of which is set forth below.

Stock Options and Stock Appreciation Rights. Stock options granted under the plan may either be incentive stock options or nonqualified stock options. Stock appreciation rights granted under the plan may either be granted alone or in tandem with a stock option. The exercise price of options and stock appreciation rights cannot be less than 100% of the fair market value of the stock underlying the options or stock appreciation rights on the date of grant. Optionees may pay the exercise price in cash or, if approved by the Committee, in IAC common stock (valued at its fair market value on the date of exercise) or a combination thereof, or by "cashless exercise" through a broker or by withholding shares otherwise receivable on exercise. The term of options and stock appreciation rights shall be as determined by the Committee, but an incentive stock option ("ISO") may not have a term longer than ten years from the date of grant. The Committee will determine the vesting and exercise schedule of options and stock appreciation rights and the extent to which they will be exercisable after the award holder's employment terminates. Generally, unvested options and stock appreciation rights terminate upon the termination of employment and vested options and stock appreciation rights will remain exercisable for one year after the award holder's death, disability or retirement, and for 90 days after the award holder's termination for any other reason. Vested options and stock appreciation rights will also terminate upon the optionee's termination for cause (as defined in the 2008 Incentive Plan). Stock options and stock appreciation rights are transferrable only by will or by the laws of descent and distribution, or pursuant to a qualified domestic relations order or in the case of nonqualified stock options or stock appreciation rights, as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to the participant's family members, to a charitable organization, whether directly or indirectly or by means of a trust or partnership or otherwise.

Restricted Stock. Restricted stock may be granted with such restriction periods as the Committee may designate. The Committee may provide at the time of grant that the vesting of restricted stock will be contingent upon the achievement of applicable performance goals and/or continued service. In the case of performance-based awards that are intended to qualify under Section 162(m)(4), (i) such goals will be based on the attainment of one or any combination of the following: specified levels of earnings per share from continuing operations, net profit after tax, EBITDA, EBITA, gross profit, cash generation, unit volume, market share, sales, asset quality, earnings per share, operating income, revenues, return on assets, return on operating assets, return on equity, profits, total shareholder return (measured in terms of stock price appreciation and/or dividend growth), cost saving levels, marketing-spending efficiency, core non-interest income, change in working capital, return on capital, and/or stock price, with respect to IAC or any subsidiary, division or department of IAC. Such performance goals also may be based upon the attaining of specified levels of IAC, subsidiary, affiliate or divisional performance under one or more of the measures described above relative to the performance of other entities, divisions or subsidiaries. Performance goals based on the foregoing factors are hereinafter referred to as "Performance Goals." The terms and conditions of restricted stock awards (including any

applicable Performance Goals) need not be the same with respect to each participant. During the restriction period, the Committee may require that the stock certificates evidencing restricted shares be held by IAC. Restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered, and is forfeited upon termination of employment, unless otherwise provided by the Committee. Other than such restrictions on transfer and any other restrictions the Committee may impose, the participant will have all the rights of a stockholder with respect to the restricted stock award.

Restricted Stock Units. The Committee may grant restricted stock units payable in cash or shares of IAC common stock, conditioned upon continued service and/or the attainment of Performance Goals determined by the Committee. The terms and conditions of restricted stock unit awards (including any applicable Performance Goals) need not be the same with respect to each participant.

Other Stock-Based Awards. Other awards of IAC common stock and other awards that are valued in whole or in part by reference to, or are otherwise based upon, IAC common stock, including (without limitation), unrestricted stock, dividend equivalents, and convertible debentures, may be granted under the plan.

Bonus Awards. Bonus awards granted to eligible employees of IAC and its subsidiaries and affiliates under the 2008 Incentive Plan shall be based upon the attainment of the Performance Goals established by the Committee for the plan year or such shorter performance period as may be established by the Committee. Bonus amounts earned by any individual shall be limited to $10 million for any plan year, pro rated (if so determined by the Committee) for any shorter performance period. Bonus amounts will be paid in cash or, in the discretion of the Committee, in IAC common stock, as soon as practicable following the end of the plan year. The Committee may reduce or eliminate a participant's bonus award in any year notwithstanding the achievement of Performance Goals.

Change in Control

Unless otherwise provided by the Committee in an award agreement, in the event of a Change in Control (as defined in the 2008 Incentive Plan) of IAC, in the case of officers of IAC (and not IAC's subsidiaries or any division or unit of IAC) who are Senior Vice Presidents and above as of the time of the Change in Control and, in the case of other employees of IAC if provided by the Committee in an award agreement (i) any SARs and stock options outstanding as of the date of the Change in Control, which are not then exercisable and vested will become fully exercisable and vested, (ii) the restrictions applicable to restricted stock will lapse and such restricted stock will become free of all restrictions and fully vested, (iii) all restricted stock units will be considered to be earned and payable in full and any restrictions will lapse and such restricted stock units will be settled in cash or shares of IAC common stock as promptly as practicable, and (iv) bonus awards may be paid out in whole or in part, in the discretion of the Committee, notwithstanding whether Performance Goals have been achieved. In addition, in the event that, during the two-year period following a Change in Control, a participant's employment is terminated by IAC other than for cause or disability or a participant resigns for good reason, (i) any SARs and stock options outstanding as of the date of the Change in Control, will become fully exercisable and vested and will remain exercisable for the greater of (a) the period that they would remain exercisable absent the Change in Control provision and (b) the lesser of the original term or one year following such termination of employment, (ii) the restrictions applicable to restricted stock will lapse and such restricted stock will become free of all restrictions and fully vested, and (iii) all restricted stock units will be considered to be earned and payable in full and any restrictions will lapse and such restricted stock units will be settled in cash or shares of IAC common stock as promptly as practicable.

Amendment and Discontinuance

The 2008 Incentive Plan may be amended, altered or discontinued by the IAC Board, but no amendment, alteration or discontinuance may materially impair the rights of an optionee under an

option or a recipient of an SAR, restricted stock award, restricted stock unit award or bonus award previously granted without the optionee's or recipient's consent. The 2008 Incentive Plan may not be amended without stockholder approval to the extent such approval is required by law or agreement.

Federal Income Tax Consequences

The following discussion is intended only as a brief summary of the federal income tax rules that are generally relevant to stock options. The laws governing the tax aspects of awards are highly technical and such laws are subject to change.

Nonqualified Options. Upon the grant of a nonqualified option, the optionee will not recognize any taxable income and IAC will not be entitled to a deduction. Upon the exercise of such an option or related SAR, the excess of the fair market value of the shares acquired on the exercise of the option or SAR over the exercise price or the cash paid under an SAR (the "spread") will constitute compensation taxable to the optionee as ordinary income. IAC, in computing its U.S. federal income tax, will generally be entitled to a deduction in an amount equal to the compensation taxable to the optionee, subject to the limitations of Code Section 162(m).

ISOs. An optionee will not recognize taxable income on the grant or exercise of an ISO. However, the spread at exercise will constitute an item includible in alternative minimum taxable income, and, thereby, may subject the optionee to the alternative minimum tax. Such alternative minimum tax may be payable even though the optionee receives no cash upon the exercise of the ISO with which to pay such tax.

Upon the disposition of shares of stock acquired pursuant to the exercise of an ISO, after the later of (i) two years from the date of grant of the ISO or (ii) one year after the transfer of the shares to the optionee (the "ISO Holding Period"), the optionee will recognize long-term capital gain or loss, as the case may be, measured by the difference between the stock's selling price and the exercise price. IAC is not entitled to any tax deduction by reason of the grant or exercise of an ISO, or by reason of a disposition of stock received upon exercise of an ISO if the ISO Holding Period is satisfied. Different rules apply if the optionee disposes of the shares of stock acquired pursuant to the exercise of an ISO before the expiration of the ISO Holding Period.

New Plan Benefits

The benefits or amounts to be received by IAC's named executive officers, IAC's executive officers as a group, IAC's non-executive directors as a group and IAC's non-executive officer employees as a group are not determinable. The table below sets forth benefits and amounts that were received by or allocated to each of the foregoing categories of individuals for the last completed fiscal year under IAC's 2005 Stock and Annual Incentive Plan ("2005 Incentive Plan") and represents the amounts that would have been payable under the 2008 Incentive Plan during the last completed fiscal year had the 2008 Incentive Plan been in effect and awards made thereunder rather than the 2005 Incentive Plan. In the case of information regarding restricted stock unit awards, amounts are presented at "target." See the discussion under the Grants of Plan-Based Awards table on page 47.

Name and Position	Bonus Plan Awards (in dollars)	Restricted Stock Units (in shares)
Named Executive Officers:		
Barry Diller		
Victor A. Kaufman		62,735
Douglas R. Lebda		62,735
Thomas J. McInerney		62,735
Gregory R. Blatt		62,735
All Non-Employee Directors, as a Group		67,500
All Other Employees, as a Group		2,835,095

PROPOSAL 5 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Proposal and Required Vote

Subject to stockholder ratification, the Audit Committee of the Board of Directors has appointed Ernst & Young LLP as IAC's independent registered public accounting firm for the fiscal year ending December 31, 2008 and until its successor is elected. Ernst & Young LLP has served as IAC's independent registered public accounting firm for many years and is considered by management to be well qualified.

A representative of Ernst & Young LLP is expected to be present at the 2008 Annual Meeting and will be given an opportunity to make a statement if he or she so chooses and will be available to respond to appropriate questions.

Ratification of the appointment of IAC's independent registered public accounting firm requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock present in person or represented by proxy and voting together.

The Board recommends that the stockholders vote **FOR** ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2008.

AUDIT COMMITTEE MATTERS

Audit Committee Report

The Audit Committee operates under a written charter, which has been adopted by the Board of Directors. The Audit Committee charter governs the operations of the Audit Committee and sets forth its responsibilities, which include providing assistance to the Board of Directors with the monitoring of (1) the integrity of IAC's financial statements, (2) the effectiveness of IAC's internal control over financial reporting, (3) the qualifications and independence of IAC's independent registered public accounting firm, (4) the performance of IAC's internal audit function and independent registered public accounting firm and (5) the compliance by IAC with legal and regulatory requirements. It is not the duty of the Audit Committee to plan or conduct audits or to determine that IAC's financial statements and disclosures are complete, accurate and have been prepared in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and IAC's independent registered public accounting firm.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements of IAC for the fiscal year ended December 31, 2007 with IAC's management and Ernst & Young LLP, IAC's independent registered public accounting firm.

The Audit Committee has discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees." In addition, the Committee has received the written disclosures and the letter from Ernst & Young required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has discussed with Ernst & Young its independence from IAC and its management.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for IAC for the fiscal year ended December 31, 2007 be included in IAC's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the SEC.

Members of the Audit Committee

Alan G. Spoon (Chair)
Bryan Lourd
Steven Rattner

Fees Paid to Our Independent Registered Public Accounting Firm

The following table sets forth fees for all professional services rendered by Ernst & Young to IAC for the years ended December 31, 2007 and 2006.

	2007	2006
Audit Fees(1)	$ 6,400,000	$ 6,389,325
Audit-Related Fees(2)	1,527,000	1,217,000
Total Audit and Audit-Related Fees	7,927,000	7,606,325
Tax Fees(3)	375,000	
Other Fees		
Total Fees	$ 8,302,000	$ 7,606,325

(1) Audit Fees include fees associated with the annual audit of IAC's consolidated financial statements and internal control over financial reporting, statutory audits, the review of IAC's periodic reports, accounting consultations, the review of SEC registration statements and consents and other services related to SEC matters. Statutory audits include audits performed for certain IAC businesses in various jurisdictions abroad, which audits are required by local law, as well as audits performed for certain IAC businesses in the United States, which audits are required by federal or state regulatory authorities.

(2) Audit-Related Fees include fees for due diligence in connection with acquisitions, accounting consultations and benefit plan audits.

(3) Tax Fees represent fees for an international tax planning project for one of IAC's businesses.

Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has a policy governing the pre-approval of all audit and permitted non-audit services performed by IAC's independent registered public accounting firm in order to ensure that the provision of these services does not impair such firm's independence from IAC and its management. Unless a type of service to be provided by IAC's independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services in excess of pre-approved cost levels will require specific pre-approval by the Audit Committee. In all pre-approval instances, the Audit Committee will consider whether such services are consistent with SEC rules regarding auditor independence.

Effective January 1, 2007, all Tax services require specific pre-approval by the Audit Committee. In addition, the Audit Committee has designated specific services that have the pre-approval of the Audit Committee (each of which is subject to pre-approved cost levels) and has classified these pre-approved services into one of three categories: Audit, Audit-Related and All Other (excluding Tax). The term of any pre-approval is 12 months from the date of the pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will revise the list of pre-approved services from time to time. Pre-approved fee levels for all services to be provided by IAC's independent registered public accounting firm will be established periodically from time to time by the Audit Committee.

Pursuant to the pre-approval policy, the Audit Committee may delegate its authority to grant pre-approvals to one or more of its members, and has currently delegated this authority to its Chairman. The decisions of the Chairman (or any other member(s) to whom such authority may be delegated) to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to management.

INFORMATION CONCERNING NAMED EXECUTIVES WHO ARE NOT DIRECTORS

Background information about IAC's executive officers who are not nominees for election as directors is set forth below. For background information about IAC's Chairman and Chief Executive Officer, Barry Diller, and Vice Chairman, Victor A. Kaufman, see the discussion under Information Concerning Director Nominees beginning on page 6.

Gregory R. Blatt, age 40, has been Executive Vice President, General Counsel and Secretary of IAC since March 2005 and had previously served as Senior Vice President, General Counsel and Secretary of IAC since November 2003. Prior to joining IAC in November 2003, Mr. Blatt served as Executive Vice President, Business Affairs and General Counsel of Martha Stewart Living Omnimedia, Inc. ("MSO") from January 2001 to October 2003, Executive Vice President and General Counsel of MSO from September 1999 to January 2001 and Senior Vice President, General Counsel of MSO from May 1999 to September 1999. Prior to joining MSO, Mr. Blatt was an associate with Grubman Indursky & Schindler, P.C., a New York entertainment and media law firm, from 1997 to May 1999, and prior to that, was an associate at Wachtell, Lipton, Rosen & Katz, a New York law firm, from 1995 to 1997.

Douglas R. Lebda, age 38, has been President and Chief Operating Officer of IAC since the end of 2005 and Chairman and Chief Executive Officer of IAC's Lending and Real Estate businesses since January 2008. Prior to assuming his current roles, Mr. Lebda served as the Chief Executive Officer of LendingTree, which he founded, since September 1998. Prior to his tenure as Chief Executive Officer of LendingTree, Mr. Lebda served as Chairman of the Board and President of LendingTree since June 1996. Before founding LendingTree in June 1996, Mr. Lebda worked as an auditor and consultant for PriceWaterhouseCoopers. Mr. Lebda holds a bachelor of business administration degree from Bucknell University. He is a member of the Board of Directors of Eastman Kodak and sits on the Board of Trustees for the Darden School Foundation.

Thomas J. McInerney, age 43, has been Executive Vice President and Chief Financial Officer of IAC since January 2005. Mr. McInerney previously served as Chief Executive Officer of IAC's Retailing sector from January 2003 through December 2005. Prior to this time, Mr. McInerney served as Executive Vice President and Chief Financial Officer of Ticketmaster (prior to it becoming a wholly-owned subsidiary of IAC in January 2003) and its predecessor company, Ticketmaster Online-Citysearch, Inc., since May 1999. Prior to joining Ticketmaster, Mr. McInerney worked at Morgan Stanley, most recently as a Principal.

COMPENSATION DISCUSSION AND ANALYSIS

Philosophy and Objectives

Our executive officer compensation program is designed to increase long-term stockholder value by attracting, retaining, motivating and rewarding leaders with the competence, character, experience and ambition necessary to enable the Company to meet its growth objectives.

Though IAC is a large, publicly traded company, we attempt to foster an entrepreneurial culture and environment, and attract and retain senior executives with entrepreneurial backgrounds, attitudes and aspirations. Accordingly, when attempting to recruit and retain our executive officers, as well as other company officers who may become executive officers at a later time, we compete not only with other public companies our size, but also earlier stage companies, companies funded by private equity firms, various investment vehicles and professional firms. We structure our compensation program so that we can compete in this varied marketplace for talent, with an emphasis on variable, contingent compensation and long-term equity ownership.

While we consider compensation data in establishing broad compensation programs and practices, we do not specifically benchmark the compensation associated with particular executive positions, or definitively rely on competitive survey data in establishing executive compensation. The Company makes decisions based on a host of factors particular to a given executive situation, including its firsthand experience with the competition for recruiting executives, and believes that over-reliance on

survey data, or a benchmarking approach, is too rigid for the dynamic marketplace for talent from which we draw to fill our executive ranks.

Similarly, we believe that arithmetic approaches to measuring and rewarding short-term performance often fail to adequately take into account the multiple factors that contribute to success at the individual and business level. In any given period, the Company may have multiple objectives, and these objectives, and their relative importance, often change as the competitive and strategic landscape shifts. As a result, we believe formulaic approaches often over-compensate or under-compensate a given performance level. Accordingly, we have historically avoided the use of strict formulas in our annual bonus program and instead relied primarily on a discretionary approach.

We do, however, believe that linking long-term incentive compensation to objectively measurable goals should play an important part in an overall compensation program. Thus, in February 2007, in addition to tying reward to stock price, which we have always done through the use of stock-based compensation, we conditioned the vesting of restricted stock units on the achievement of long-term corporate growth objectives in addition to continuous service requirements. In 2008, this shift toward objective performance measurement in our equity compensation program continued with the introduction of non-qualified stock options as the predominant equity award for our executive officers. Under both these programs, the Company determined the size of specific awards based on its subjective determination regarding an executive's past performance and future contribution potential, our retention objectives and competitive conditions, while the ultimate realization of value from the award would be directly dependent on objectively determinable long-term corporate performance (as well as continued service with the Company). Given the prominence of equity in our overall program, a significant percentage of overall pay takes the form of objectively determinable, success-based, long-term compensation.

We believe the Company's compensation program for executive officers, which includes a combination of subjective determinations regarding individual compensation levels and short-term performance and objective measures of long-term corporate results, puts the substantial majority of compensation at risk, rewards both individual and corporate performance in a targeted fashion, pays amounts appropriate to attract and retain those key individuals necessary to grow the Company, and aligns the interests of our key executives with the interests of our owners. We continuously evaluate our program, and make changes as we deem appropriate.

Roles and Responsibilities

The Compensation and Human Resources Committee (for purposes of this Compensation Discussion and Analysis, the "Committee") of the Company's Board of Directors has primary responsibility for establishing the compensation of the Company's executive officers. The composition of the Committee has not changed since May of 2006, and the members of the Committee are identified under The Board and Board Committees beginning on page 11.

The executive officers participate in establishing Company-wide compensation programs, including the structure of bonus and equity programs and in establishing appropriate bonus and equity pools across the Company. At year-end, the CEO meets with the Committee and discusses his views of corporate and individual executive officer performance for the prior year and his recommendations for appropriate compensation packages for the individual executive officers. The CEO and the Committee discuss each individual recommendation. Following such discussion, the Committee meets without the CEO and discusses the CEO's recommendations and the CEO's compensation package, ultimately determining the compensation packages for each of the executive officers.

In establishing an executive officer's compensation, each individual component is evaluated independently and in relation to the package as a whole. Prior earning histories and outstanding long-term compensation arrangements are also reviewed and taken into account. However, we do not believe in any formulaic relationship or targeted allocation between these elements. Instead, each

individual's situation is evaluated on a case by case basis each year, considering the variety of relevant factors at that time.

Neither the Company nor the Committee has an ongoing relationship with any particular compensation consulting firm. In certain instances involving matters of particular import, the Committee has solicited the advice of consulting firms. For example, in February of 2007, the Committee engaged Mercer Consulting regarding the Company's newly created performance based restricted stock unit program, and in 2005, Pearl Meyer & Partners advised the Committee regarding an equity compensation grant to Mr. Diller. In addition, from time to time, the Company may solicit survey or other data from a variety of firms and on certain occasions the Committee has engaged legal counsel. The Committee did not rely on any survey data in making decisions regarding 2007 compensation for executive officers.

Compensation Elements

Our compensation packages for executive officers primarily consist of salary, annual bonuses, IAC equity awards, and in certain instances, perquisites and other benefits.

Salary. We typically negotiate a new executive officer's starting salary upon arrival, based on the executive's prior compensation history, prior compensation levels for the particular position within the Company, the Company's New York city location, salary levels of other executives within the Company, and salary levels available to the individual in alternative opportunities. Salaries can increase based on a number of factors, including the assumption of additional responsibilities and other factors which demonstrate an executive's increased value to the Company. These salary increases have generally occurred following year-end, concurrently with the establishment of bonuses for the prior year and equity grants, but can also occur at other times, depending on the circumstances. No executive officer salaries have been adjusted since February of 2006, based on the fact that there have been no significant changes in responsibilities since that time and on the Company's general focus on variable, as opposed to fixed, compensation. Mr. Diller's annual salary of $500,000 reflects a salary reduction in August of 2005 as a result of Mr. Diller assuming the role of executive Chairman of Expedia, Inc. following its spin-off from the Company.

Annual Bonuses

General. We establish bonus levels through a two-pronged process. First, at the beginning of the year, the Committee sets performance objectives tied to the achievement of EBITA or share price growth targets during the forthcoming year. In general, these targets are minimum acceptable growth conditions, but with respect to which there is substantial uncertainty when we establish them. If the Company meets the performance criteria, the executive becomes eligible for a maximum bonus award, which the Committee typically reduces based on a discretionary assessment of Company and, to a lesser extent, individual performance. In making its determinations regarding annual bonuses, the Committee considers a variety of factors such as growth in profitability or achievement of strategic factors and does not quantify the weight given to any specific element or otherwise follow a formulaic calculation. Rather, the Committee engages in an overall assessment of appropriate bonus levels based on a subjective interpretation of all the relevant criteria. This process is designed to permit the Company to deduct the bonus compensation paid to executives for income tax purposes.

An individual's position is relevant in setting the parameters of incentive compensation, but individual performance is typically not the primary factor in determining an executive's precise payout in any particular year. Instead, we generally expect superior individual performance from our executive officers, and we endeavor to compensate our executive officers based on their objective achievements as a team.

We generally pay bonuses shortly after year-end following finalization of financial results for the prior year.

2007. For 2007, executive officers received no bonuses. Neither of the performance objectives set by the Committee in early 2007, year over year quarterly EBITA growth of 5% or share price growth of 5%, were met. We also considered whether there were other achievements during 2007 for which it would be appropriate to award bonuses. Among the most significant factors we considered were:

Operating Income Before Amortization and Revenue. Operating Income Before Amortization (OIBA) declined year over year on modest revenue growth. This was in large part due to the collapse of the credit markets and decline in the real estate markets, each of which had significant negative impact on our Real Estate and Lending businesses, as well as significant declines in our retailing businesses, in part due to general business conditions, though more significantly resulting from significant operational and strategic shifts at those businesses; and

Adjusted EPS. Adjusted EPS growth declined year over year due to many of the same factors described above.

There were significant achievements in a variety of our businesses, but the overall disappointing performance led us to conclude that our executive officers should not receive bonuses for 2007.

Executive officer bonuses tend to be highly variable from year-to-year. Because they can make up the significant majority of an executive officer's cash compensation when objectives are achieved, and can be eliminated entirely when they are not, we believe our bonus program provides strong incentives to reach the Company's annual goals.

Long-Term Incentives

General. Due to our entrepreneurial philosophy, we believe that providing a meaningful equity stake in our business is essential to create compensation opportunities that can compete, on a risk-adjusted basis, with entrepreneurial employment alternatives. In addition, we believe that ownership shapes behavior, and that by concentrating an executive officer's compensation in Company stock, we align the executive's incentives with our stockholders' interests in a manner that we believe drives superior performance over time.

Our long-term incentive compensation program is structured accordingly, based, with only limited exceptions, in stock and stock equivalents of the Company. While there is currently no formal stock ownership or holding requirement for executive officers, our executive officers have historically held the majority of their stock awards (net of tax withholding) well beyond the relevant vesting dates.

In establishing equity awards in any given year, the amount of outstanding unvested and/or unexercised equity awards, as well as previously earned or exercised awards, is reviewed and evaluated on an individual by individual basis, but for the two most recent years, each executive officer (other than Mr. Diller) has received an identical equity award. These awards have been primarily based on Mr. Diller's and the Committee's view that the awards provided effective retention incentives, appropriate reward for past performance and strong incentives for future performance, as well as reflect the desire to reward and incent the group as a team.

The annual corporate performance factors relevant to setting bonus amounts that were discussed above, while taken into account, are generally less relevant in setting annual equity awards, as the awards tend to be more forward looking, and are a longer-term retention and reward instrument than our annual bonuses.

Except where otherwise noted, we grant equity awards following year-end after we have finalized our financial results for the prior year. The Committee meeting at which the awards are made is generally scheduled months in advance and without regard to the timing of the release of earnings or other material information. In 2008, due to the Liberty litigation (see the discussion under Relationships Involving IAC and Liberty Media Corporation beginning on page 63), we delayed the establishment of executive officer equity awards until the receipt of the court's decision, and awards were granted in early April.

Equity Awards

Annual and Cliff Vesting Restricted Stock Units. Until 2008 (and with the exception of a 2005 option grant to Mr. Diller (discussed below) and the receipt of certain shares of restricted stock by Mr. Lebda (discussed below)), the Company has used restricted stock units, or RSUs, as its exclusive equity compensation tool for executive officers since the beginning of 2003. Through 2006, these awards generally vested in equal annual installments over 5 years (annual vesting RSUs), or cliff vested at the end of five years (cliff-vesting RSUs). Annual awards were intended to provide frequent rewards and near-term retention incentives, while cliff-vesting RSUs provided more of a long-term retention mechanism.

Growth Shares. In February 2007, we implemented a new equity instrument ("Growth Shares") which cliff vests at the end of three years in varying amounts depending upon growth in the Company's publicly reported metric, Adjusted Earnings Per Share, with certain modifications ("Pro Forma AEPS"). If minimum growth thresholds in Pro Forma AEPS are not achieved, the RSUs are forfeited, while increasing numbers of shares vest depending on higher levels of growth. In all, the number of shares vesting can range from 0% to 200% of the initial "target" award.

We introduced these awards throughout the Company to more closely link long-term reward with the Company's overall performance and to provide greater retentive effect by providing the opportunity to earn greater amounts through increased Company performance.

The Growth Shares granted in February of 2007 have the following vesting characteristics:

Award Vesting (%)	2009 Pro Forma AEPS	Compound Annual Growth Over 2006 Pro Forma AEPS (%)
0%	< $2.09	8%
100%	$2.21	10%
200%	> $2.69	17.5%

For each penny of Pro Forma AEPS above $2.08 and below $2.21, 5.56% of an award vests, and for each penny of Pro Forma AEPS above $2.21 and up to $2.69 an additional 2.08% above the "target" award vests, up to a maximum of 200% of "target."

Pro Forma AEPS is Adjusted Earnings Per Share as reported in the Company's periodic earnings releases, excluding the results of the Company's Emerging Businesses segment. We chose Adjusted EPS as the metric on which to base this aspect of our compensation program because we believe it is the measure which best encompasses both operating performance and sound financial management of the Company in its current structure, and which, over time, should best correlate with shareholder value. Under certain circumstances, the Committee has discretion to adjust the relevant performance thresholds or to eliminate them entirely if it believes appropriate. This is generally intended to eliminate the impact of unforeseen events that do not accurately reflect, positively or negatively, the underlying growth performance of the Company. We chose to subtract the results of our Emerging Businesses segment, which are typically negative, to avoid creating a deterrent to investing in new businesses.

In February 2007, Messrs. Kaufman, Lebda, McInerney and Blatt each received 62,735 RSUs presuming 2009 Pro Forma AEPS of $2.21 (or "target" performance).

Spin-Off Adjustments. In connection with the Company's proposed spin-off transaction, the Committee made various determinations about how the Company's existing equity awards would be treated. The adjustments for equity awards held by Company employees in the Corporate group, including the Company's executive officers, will be as follows:

all unvested RSU awards granted prior to August 2005 will vest upon completion of the transactions;

portions of unvested RSU awards scheduled to vest through February of 2009 will vest upon completion of the transactions;

performance-based shares granted in 2007 will be converted into non-performance-based shares at the "target" value;

those portions of unvested RSU awards with original vesting schedules that provided for vesting on a less frequently than annual basis that would have vested through February of 2009 if they had vested on an annual basis will vest upon completion of the transactions;

all RSU awards that remain unvested upon completion of the transaction will remain with the Company following the transactions on their original remaining vesting schedules, with appropriate adjustments to maintain pre- and post transaction values;

all unexercised option awards, whether vested or unvested, will be split among all the post-transaction companies based on relative value at the time of the transaction, with appropriate adjustments to the exercise prices and number of options to maintain pre- and post transaction values; and

any unvested equity awards will vest in the event the holder's employment is terminated, actually or constructively, as a result of the transactions.

In determining these adjustments, the Committee considered a number of factors.

First, the Committee believed that equity earned prior to the proposed spin-off transactions should be received in all the post-spin-off companies, as this was the reasonable expectation of the employees during the relevant service period. Because the transactions were expected to occur in the second half of the year, but without a specific date, and because the majority of Company equity awards vest in February, the Committee determined to eliminate any arbitrary timing consequences by accelerating February 2009 vesting to the date of the proposed spin-off to ensure that all of 2008 service would be compensated in the equity of all the post-transaction companies. Additionally, all awards with long-term vesting schedules would be bifurcated, with those portions earned through February 2009 being split into all the post-transaction companies, with the remaining portion converting into the ongoing employer on the original vesting schedule.

Second, the Committee believed that, given the complexities of four simultaneous spin-off transactions, maintaining the formulaic vesting schedule of the 2007 Growth Shares by converting the established Pro Forma AEPS targets of the Company into five separate Pro Forma AEPS targets correlating to each of the resulting businesses would be difficult on a fair and equitable basis. Additionally, one of the principal rationales for the original awards was to focus employees throughout the Company's disparate businesses on the performance of the Company as a whole, rather than solely on that of their individual business. Since the decision to distribute many of those individual businesses to the Company's shareholders represented a shift in corporate philosophy, that rationale no longer held. In considering how to treat the awards, the Committee recognized that performance during the first ten months of 2007 had been below expectations, but also that the vesting of the awards was triggered solely by performance during 2009. Accordingly, the Committee concluded that it could not determine with any confidence whether the awards would have vested at, below or above target levels, and therefore determined to treat the awards similarly to how it would have been required to do in a change of control transaction, by eliminating the performance condition and assigning them the "target" value, but no less and no more.

Third, the Committee recognized that transactions such as this had the potential to cause uncertainty to employees about their personal job security which could had negative effects on turnover and retention, so the Committee structured the adjustments to provide both an incentive to remain until completion of the transactions, and protection against job loss as a result of the transactions.

Finally, the Committee structured the adjustments to be in compliance with the applicable provisions of the relevant equity plans and to minimize any negative tax and accounting implications to

both employees and the Company. Following the Committee's determinations, the Company was advised that there is a possibility that the acceleration of settlement of certain RSUs in 2008 could result in an excise tax under Section 409A of the Internal Revenue Code. While the Company does not believe this is the case, it has determined to settle these awards in 2009, rather than 2008. In connection with this treatment, the Committee determined to indemnify holders of these awards for any adverse tax consequences in excess of $10,000 per individual if those tax consequences are directly associated with changes in tax laws applicable to income earned in 2009 and attributable to settlement of these awards. This treatment is designed to compensate our employees for any adverse consequences of the settlement of awards in 2009 instead of 2008.

The Committee may change the nature of the adjustments in the event the transactions are consummated in a materially different manner than originally contemplated.

Presuming the spin-off transactions occur prior to February 2009, the following table reflects the effect of these adjustments on all equity awards of Messrs. Kaufman, McInerney and Blatt which were outstanding prior to 2008. The treatment of Mr. Lebda's outstanding awards is discussed below.

Name	RSUs that will vest upon completion of spin-off transactions (#)*	RSUs that will vest after February 2009 on regular schedule (#)	Options outstanding at December 31, 2007 all of which will be split among the five post-transaction companies (#)
Victor Kaufman	88,208	20,913	932,540
Thomas McInerney	358,310**	114,338	269,295
Greg Blatt	224,343**	107,150	0

*
Excludes 74,069, 43,075 and 23,092 RSUs held by Messrs. Kaufman, McInerney and Blatt, respectively, that vested after December 31, 2007 but before March 1, 2008.

**
The receipt of these RSUs are expected to be deferred until 2009.

2008 Equity Awards. In 2008, we determined to introduce nonqualified stock options as the primary equity incentive vehicle for our executives and other equity eligible employees. In 2007 when the Company introduced Growth Shares and began to emphasize a central performance component in its long-term incentive program, we decided to rely on a mix of operating performance and stock performance in determining the ultimate reward to employees. This was in part driven by the Company's recent history during which stock performance had not been consistent with operating performance. However, with the proposed spin-off transactions, and the resulting simplification of the Company's current conglomerate structure, we believe that over the next few years the stock performance should more closely parallel operating performance at the companies that will result from the transactions. Accordingly, we determined to switch to stock options because of their simplicity, their increased emphasis on stock performance, and a belief that it would, in general, make the Company more competitive in recruiting talented executives and employees.

Accordingly, in January 2008 we granted stock options to a number of employees throughout the Company, with an exercise price of $22.97, the closing price of the Company's common stock on the trading day following our announcement of 2007 results. Because of the Liberty litigation, we did not grant options to our executive officers until April. At that time, we granted 500,000 stock options to each of Mr. Kaufman, Mr. McInerney and Mr. Blatt, with one third of the options having exercises prices of $23 per share, $26 per share and $29 per share, respectively. These exercise prices were established as being generally representative of recent closing stock prices of the Company, which had traded between $20.73 and $29.74 during the six months preceding the grant date.

Additionally, these executives were granted 24,119 restricted stock units that will vest over the next four years.

Collectively, we believe these awards provide meaningful retention and performance incentives, in part necessitated by the significant vesting of awards expected to occur later this year.

Equity Awards of Mr. Diller. In June of 2005, the Committee awarded Mr. Diller 2.4 million stock options with an exercise price of $35.58 per share (representing approximately 130% of the market price of the Company's stock on the grant date) and 1.4 million stock options with an exercise price of $47.90 per share (representing approximately 175% of the market price of the Company's stock on the grant date). All of these options cliff vest on the fifth anniversary of the grant date, subject to certain acceleration terms described below. As part of this grant, Mr. Diller and the Committee agreed that Mr. Diller would not receive additional equity compensation for a five-year period. As a result, Mr. Diller has not received additional Company equity awards, or any other long-term incentive compensation, since this grant.

In making this grant to Mr. Diller, the Committee considered that Mr. Diller received certain option grants from IAC in 1995 and 1997 and until 2005 had not received any subsequent equity grants from IAC. A majority of those options were set to expire in 2005, with the remainder set to expire in 2007. As the first expirations neared, the Committee determined it was in the best interest of the Company to continue to provide Mr. Diller a long-term incentive structure similar to the one that had been in place during the prior ten years, a period of considerable and sustained growth for the Company. As a result, the Committee and Mr. Diller initially explored the possibility of simply extending the expiration dates of Mr. Diller's existing options. However, they concluded that doing so might deprive the Company of the tax deduction associated with the exercise of some of these options. Because that tax deduction was of considerable value to the Company, they declined to pursue that alternative.

Instead, the Committee engaged Pearl Meyer & Partners to evaluate various long-term incentive alternatives, settling ultimately on that described above. In coming to this determination, the Committee took into account a variety of factors, including:

- competitive pay and performance data among comparator groups of companies;
- the expiration schedule of Mr. Diller's existing long-term incentive package;
- the nature of Mr. Diller's expiring long-term incentive package;
- the significant incentive to create additional shareholder value inherent in the premium option pricing component of the new package;
- the Committee's substantial desire to retain Mr. Diller's services for the long-term; and
- the Committee's intention to provide Mr. Diller with no additional long-term incentive awards during the next five years.

The Committee also considered the value anticipated to be realized by Mr. Diller from his exercise of stock options in 2005 and 2007, but given that these options had all been granted eight to ten years before, and had long since vested, the Committee considered the realization of this value at these particular times to be primarily a function of both personal investment decisions by Mr. Diller and the timing of the relevant option expiration dates, and not compensation for the periods in which it would be realized.

Mr. Diller also holds a substantial number of Company shares, 4.5 and 3.2 million of which were acquired in 2005 and 2007, respectively, as a result of option exercises immediately prior to the expiration of such options (representing 100% of the shares remaining after payment of exercise price and associated taxes).

Equity Awards of Mr. Lebda. Mr. Lebda became an executive officer at the end of 2005, pursuant to an agreement that became effective on January 1, 2006. Previously, Mr. Lebda served as the founder and Chief Executive Officer of LendingTree, a formerly public company acquired by IAC in 2003. In January of 2008, in contemplation of the proposed spin-off transactions, Mr. Lebda entered into another employment agreement with the Company, pursuant to which he became the Chairman and CEO of the Company's Lending and Real Estate businesses, and continued in his role as President and COO of the Company on a transitional basis. Parts of Mr. Lebda's equity compensation arrangements

were negotiated in connection with each of the 2003, 2006 and 2008 employment agreements as inducements for him to undertake the various responsibilities assigned to him by the Company.

In connection with the Company's acquisition of LendingTree in 2003, Mr. Lebda received shares of LendingTree restricted common stock. These shares equaled 4.25% of the outstanding common stock of LendingTree, vesting 40% on August 8, 2005, and 20% on each of August 8, 2006, August 8, 2007, and February 8, 2008. The Company holds its interest in LendingTree through preferred stock with a face value at the time of acquisition equal to the purchase price of $734 million, accreting annually at a preferred dividend rate, and through shares of common stock. Mr. Lebda has the right to sell his LendingTree stock to the Company beginning in early 2009, and the Company has the right to buy his LendingTree shares beginning in early 2011, with value to be determined by agreement of Mr. Lebda and the Company, or if no agreement can be reached, by an independent appraiser.

When the Company asked Mr. Lebda to become an executive officer of the Company in 2005, it desired to align his interests more with the Company's stockholders and reduce his incentive to focus disproportionately on the LendingTree business. Nonetheless, Mr. Lebda, as founder of LendingTree, did not wish to fully surrender the upside potential of his LendingTree stock. A negotiation ensued, in which the Company and Mr. Lebda agreed that if Mr. Lebda continued his employment through 2008, he would vest in 50% of his original LendingTree shares, would forfeit 50% of his original LendingTree shares, and would vest in 500,000 shares of Company common stock. This was accomplished by exchanging 25% of Mr. Lebda's LendingTree shares for 200,000 shares of Company restricted stock, and establishing a right by which he can exchange an additional 25% of his LendingTree shares for 300,000 shares of Company stock in early 2009. While the agreement relating to his equity arrangements provided for certain other compensation possibilities, due to the decline in value of Lending Tree resulting from the conditions in the credit and real estate markets, these other possibilities are now extremely unlikely.

Under his 2008 agreement, Mr. Lebda was granted the right to receive, upon consummation of the spin-off of Lending Tree, restricted stock units in Lending Tree equal to 2% of the fully diluted equity of the company, as well as four grants of options, each of which represented the right to acquire 2.5% of the fully diluted equity of the Company at exercise prices representing a total equity value of the company of $250 million, $300 million, $400 million and $450 million, with possible upward adjustments based on the initial trading value in the spin-off transaction. Fully diluted equity will be measured at the time of the proposed spin-off. The restricted stock units vest equally over five years, while the stock options all cliff vest at the end of five years, subject to acceleration as described in the Severance section below.

Mr. Lebda's 2008 agreement also provides for the acceleration of vesting of his IAC equity awards upon the earlier of (i) the spin-off of LendingTree, (ii) if earlier, upon the spin-offs of HSN, Interval and Ticketmaster, (iii) upon Mr. Lebda's termination of employment described in the Change in Control section below or (v) upon Mr. Lebda's termination of employment as described in the Severance section below.

Change of Control

In general, we believe that our executive officers other than Mr. Diller should receive full acceleration of their unvested equity in the event of a change of control. Our executive officers are the individuals who would generally be responsible for bringing about such a transaction, but are also the individuals whose positions are most likely to be jeopardized if such a transaction were to occur. Accordingly, through enabling acceleration, we provide for stability of senior management during a time of great importance to shareholders. Because Mr. Diller generally has the power to determine whether a change of control transaction ultimately transpires, there is little risk that other executive officers could bring about such a transaction for the purposes of realizing acceleration of their equity awards.

Our change of control definition in our equity plan does not include the acquisition of control by Liberty (which is defined to include the reacquisition by Liberty of voting power over its shares upon the loss of the proxy over such shares held by Mr. Diller). However, our executive officers other than Mr. Diller are provided with full acceleration of vesting in the event they are involuntarily terminated following such an acquisition. Given the nature of Mr. Diller's voting arrangement with Liberty, such an acquisition could occur suddenly and without warning. Since the executive officers are the individuals whose employment experience would change most substantially and immediately in such an event, providing this protection helps the Company realize the full retentive effect of our equity program. However, because of the unique nature of Liberty's relationship with the Company, and the manner in which such a change of control could occur, a double-trigger mechanism is employed, rather than the single trigger otherwise applicable to executive officers to provide for continuity of management following such an event.

If there is a change of control, Mr. Diller's 2005 option agreement provides for the acceleration of a number of his 2005 options equal to 20% of the original award plus an additional 20% for each completed year of service since the grant. This acceleration structure was intended to approximate the result that would have ensued if, instead of receiving a multi-year option grant, he had received smaller annual grants during the 5-year vesting period, each with full acceleration upon a change in control. Change of control for purposes of Mr. Diller's 2005 options has the meaning set forth in the IAC 2005 Stock and Annual Incentive Plan; provided that it excludes any situation in which Mr. Diller retains sufficient voting power such that, taking into account all of the circumstances, he effectively controls the election of a majority of the Board.

Though Mr. Diller receives some acceleration of his unvested options if there is a change of control, the premium pricing on his options, plus his considerable direct Company stock ownership, provide significant comfort that any transaction triggering such acceleration would be approved by Mr. Diller because he believed it was in the best interest of stockholders, and not out of his desire to bring about acceleration of his stock options.

In addition to the equity acceleration upon a change of control described above, pursuant to Mr. Lebda's 2008 employment agreement, if the Company sells a controlling interest in, or substantially all of the assets of, LendingTree prior to the company being spun-off, Mr. Lebda may terminate his employment and upon the later of the sale or such termination, the Company will pay Mr. Lebda an amount equal to 1% of the consideration received by the Company in the sale transaction and any unvested IAC equity held by Mr. Lebda will vest in full upon such termination of employment.

Severance

We generally provide executive officers with some amount of salary continuation and some amount of equity acceleration in the event of involuntary terminations of an executive officer's employment. Because we tend to promote our executive officers from within, after competence and commitment have generally been established, we believe the likelihood of equity acceleration is typically low, and yet we believe that through providing this benefit we increase the retentive effect of our equity program, which serves as our most important retention incentive. In no instance do we provide acceleration of equity in the event an executive voluntarily resigns from the Company. For purposes of this discussion, we use the term "involuntary termination" to mean both a termination by the Company without "cause" and a resignation by the executive for "good reason" or similar construct.

In the event of an involuntary termination of Mr. Diller's employment, which, due to his control of the Company, could occur in an extremely limited number of circumstances, Mr. Diller's 2005 option agreement provides that he would vest in the number of options he would have vested in had his option grant vested on an annual basis, as opposed to cliff vesting at the end of five years.

Mr. Lebda's 2008 agreement provides for continuation of base salary for the lesser of three years or the remaining term of his agreement and for acceleration of all outstanding equity awards upon an involuntary termination. In addition, if Mr. Lebda terminates his employment due to a delay until

March 2009 in filing documents with the SEC relating to, or decision not to proceed with, the LendingTree spin-off, Mr. Lebda will receive six months of salary continuation and the acceleration of vesting of his IAC equity.

Other Compensation

General. We provide our CEO with various non-cash benefits as part of his overall compensation program. Under certain limited circumstances, other executive officers have also received non-cash benefits. The value of these benefits is calculated under appropriate rules and is taken into account as a component of compensation when establishing overall compensation levels. The value of all non-cash benefits are reported under the heading "Other Annual Compensation" in the Summary Compensation Table on page 46 pursuant to applicable rules. With the exception of the deferral of Mr. Diller's 1997 bonus (described below), our executive officers do not participate in any deferred compensation or retirement program other than the Company's 401(k) plan. We generally do not, and did not in 2007, gross-up any benefits provided to any executive officer. Other than those described specifically below, our executive officers do not partake in any benefit programs, or receive any significant perquisites, distinct from the Company's other employees.

Mr. Diller. Pursuant to Company policy, Mr. Diller is required to travel, both for business and personal purposes, on corporate aircraft. In addition to serving general security interests, this means of travel permits him to travel non-stop and without delay, to remain in contact with the Company while he is traveling, to change his plans quickly in the event Company business requires, and to conduct confidential Company business while flying, be it telephonically, by email or in person. These interests are similarly furthered on both business and personal flights, as Mr. Diller typically provides his services to the Company while traveling in either case. Nonetheless, the incremental cost to the Company of his travel for personal purposes is reflected as compensation to Mr. Diller from the Company, and taken into account in establishing his overall compensation package.

Additionally, the Company provides Mr. Diller the use of certain automobiles for business and personal purposes, and provides certain Company-owned office space and IT equipment for use by certain individuals who work for Mr. Diller personally. These uses are valued by the Company at their incremental cost to the Company or, in the case of the use of office space, where there is no discernable incremental cost, at the cost used for internal allocations of office space for corporate purposes.

In 1997, Mr. Diller and IAC agreed to defer the payment of a bonus in the original amount of $2.5 million that otherwise was to be paid to Mr. Diller in 1997. The deferred bonus amount accrued interest at a rate of 6% per annum. Interest in the amount of $186,682 was accrued in 2007, and $4,503,236, representing the outstanding amount of the bonus plus accrued interest, was paid to Mr. Diller on the due date, September 5, 2007. In addition, in 1995, the Company provided Mr. Diller with an interest-free loan in the amount of $4,997,779, the proceeds of which were used to acquire Company stock. Imputed interest on the loan is treated as income to Mr. Diller. The loan was due and paid on September 5, 2007.

Mr. Kaufman. Mr. Kaufman is entitled to use corporate aircraft for a certain amount of personal travel annually. However, Mr. Kaufman reimburses the Company for the Company's incremental cost of such travel and therefore the value of such travel is not treated as compensation to Mr. Kaufman. Typically, Mr. Kaufman's spouse accompanies him on personal and business flights, at no incremental cost to the Company.

Tax Deductibility

Whenever possible, we endeavor to structure our compensation program in such a manner so that the compensation we pay is deductible by the Company for federal income tax purposes. Because of the use of performance conditions in connection with our equity awards and annual bonuses, and the fact that no salaries are in excess of $1 million, these three components are generally deductible to the Company. Nonetheless, certain equity grants that were made to Mr. Lebda and Mr. McInerney prior to the time they became executive officers did not have performance conditions associated with them, and so are not now deductible to the Company at the time they vest Additionally, under applicable IRS rules, the personal use of corporate aircraft leads to a disallowance of the deduction of certain airplane-related costs.

COMPENSATION COMMITTEE REPORT

The Compensation and Human Resources Committee has reviewed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the Securities Act of 1933, as amended, and discussed it with Company management. In reliance on its review and the discussions referred to above, the Compensation and Human Resources Committee recommended to the Board that the Compensation Discussion and Analysis be included in IAC's Annual Report on Form 10-K for the year ended December 31, 2007 and 2008 Annual Meeting Proxy Statement.

Members of the Compensation and Human Resources Committee

Arthur C. Martinez (Chair)
William H. Berkman
Gen. H. Norman Schwarzkopf

EXECUTIVE COMPENSATION

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	All Other Compensation ($)(3)	Total ($)
Barry Diller	2007	500,000			13,965,483	927,429	15,392,912
Chairman and CEO	2006	500,000	1,750,000		13,965,483	819,178	17,034,661
Victor A. Kaufman	2007	650,000		2,596,032		17,939	3,263,971
Vice Chairman	2006	650,000	1,600,000	1,871,498		7,500	4,128,998
Douglas R. Lebda	2007	750,000		6,392,587(2)		7,750	7,150,337
President and COO	2006	750,000	1,300,000	5,483,376(2)		602,974	8,136,350
Thomas J. McInerney	2007	650,000		3,764,525		7,750	4,422,275
EVP and CFO	2006	650,000	1,150,000	2,952,166	26,166	7,500	4,785,832
Gregory R. Blatt	2007	550,000		2,772,119		7,000	3,329,119
EVP and General Counsel	2006	550,000	1,000,000	1,920,919		7,500	3,478,419

(1) Reflects the dollar amount recognized for financial statement reporting purposes for fiscal years ended December 31, 2006 and 2007, in accordance with SFAS 123R, for restricted stock units and stock options awarded in and prior to 2006 and 2007, respectively, under the Company's stock and annual incentive plans. These amounts do not, therefore, represent the value of equity compensation awarded or realized in the relevant years. For further discussion of the Company's accounting for its equity compensation plans, see note 4 of the Company's audited financial statements for the fiscal year ended December 31, 2007 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2008. For information on awards made and realized in 2007, see the Grants of Plan-Based Awards and Option Exercises and Stock Vested tables on pages 47 and 51, respectively.

(2) Approximately $4.5 million and $4.1 million of the 2007 and 2006 amounts, respectively, for Mr. Lebda reflect compensation cost attributable to both the exchange of certain of his LendingTree units for Company common stock in connection with his 2006 promotion to President and Chief Operating Officer of the Company and the potential exchange of certain of his LendingTree units for Company common stock in 2009, as discussed under Compensation Discussion and Analysis beginning on page 41.

(3) See the table below for additional information on amounts for 2007. Pursuant to SEC rules, perquisites and personal benefits are not reported for any named executive for whom such amounts were less than $10,000 in aggregate for the fiscal year.

	Barry Diller	Victor A. Kaufman	Douglas R. Lebda	Thomas J. McInerney	Gregory R. Blatt
Personal use of corporate aircraft(a)	693,202	0	0	0	0
Imputed interest on loan(b)	164,457	0	0	0	0
Parking garage	0	10,689	0	0	0
Miscellaneous(c)	62,020	0	0	0	0
401(k) plan company match	7,750	7,250	7,750	7,750	7,000
Total All Other Compensation	927,429	17,939	7,750	7,750	7,000

(a)

Pursuant to the Company's Airplane Travel Policy, Mr. Diller is required to travel by Company-owned or chartered aircraft for both business and personal use, and other executive officers are permitted to use such aircraft for business and personal travel from time to time. See the discussion regarding airplane travel under Compensation Discussion and Analysis beginning on page 44. We calculate the incremental cost to the Company for personal use of Company aircraft based on the average variable operating costs to the Company. Variable operating costs include fuel, certain maintenance costs, navigation fees, on-board catering, landing fees, crew travel expenses and other miscellaneous variable costs. The total annual variable costs are divided by the annual number of miles the Company aircraft flew to derive an average variable cost per mile. This average variable cost per mile is then multiplied by the miles flown for personal use to derive the incremental cost. We do not include fixed costs that do not change based on usage, such as pilots' salaries, the purchase costs of the Company-owned aircraft,

insurance, scheduled maintenance and non-trip related hangar expenses. Mr. Diller occasionally had family members or other guests accompany him on business and personal trips, at no incremental cost to the Company. The amount imputed to Mr. Diller for personal use of Company aircraft in 2007 increased as compared to 2006 due primarily to increases in fuel and other variable operating costs.

(b)

Mr. Diller had an interest-free, secured, non-recourse promissory note in the amount of $4,997,779 payable to IAC, the proceeds of which were used to purchase shares of IAC common stock in August 1995. The amount in the table represents non-cash compensation for imputed interest on this loan from January 1, 2007 through September 5, 2007, when the loan was due and paid.

(c)

Represents the total amount of other benefits provided, none of which individually exceeded the greater of $25,000 or 10% of the total amount of these benefits for the named executive. The total amount of other benefits provided reflects (i) lease payments, parking, fuel, maintenance and other costs associated with Mr. Diller's personal use of two automobiles leased and maintained by IAC, (ii) costs incurred for Mr. Diller's personal use of other car services, (iii) an allocation (based on square footage) of costs for the use of IAC office space by certain individuals who work for Mr. Diller personally and (iv) costs relating to the use by such individuals of the Company's IT technical support and certain communication equipment based on estimated third party rates.

Grants of Plan-Based Awards

The table below provides the following information regarding equity awards granted to our named executives in 2007.

		Estimated Future Payouts Under Equity Incentive Plan Awards(1)(2)			
Name	**Grant Date**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**Grant Date Fair Value of Stock and Option Awards($)(3)**
Barry Diller					
Victor A. Kaufman	2/16/07	3,488	62,735	125,470	$ 2,499,990
Douglas R. Lebda	2/16/07	3,488	62,735	125,470	$ 2,499,990
Thomas J. McInerney	2/16/07	3,488	62,735	125,470	$ 2,499,990
Gregory R. Blatt	2/16/07	3,488	62,735	125,470	$ 2,499,990

(1)

Reflects Growth Shares, a type of performance-based RSU award. Growth Shares cliff vest at the end of three years in varying amounts depending upon growth in Pro Forma AEPS. If minimum growth thresholds in Pro Forma AEPS are not achieved in 2009, the RSUs are forfeited, while increasing numbers of shares vest depending on higher levels of growth. In all, the number of shares vesting can range from 0% to 200% of the initial "target" award, with 5.56% of the target payout vesting upon achieving the minimum growth threshold.

(2)

RSU award recipients would be credited with amounts for cash dividends paid on IAC common stock, with such additional amounts vesting concurrently with the related RSU award. For information on the treatment of RSU awards granted to our named executives upon a termination of employment or a change in control, see the discussion under Potential Payments Upon Termination or Change in Control beginning on page 52.

(3)

The fair value of equity incentive plan awards is based on the target amount and calculated using the closing price of IAC common stock on the trading day immediately preceding the grant date listed above.

Outstanding Equity Awards at Fiscal Year-End

The table below provides information regarding various equity awards held by our named executives as of December 31, 2007. The market value of all RSU and restricted stock awards is based on the closing price of IAC common stock as of December 31, 2007 ($26.92).

	Option Awards(1)				Stock Awards(1)			
Name	Number of securities underlying unexercised options (#)(2)	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)(3)	Market value of shares or units of stock that have not vested ($)(3)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested(#)(4)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested($)(4)
	(Exercisable)	(Unexercisable)						
Barry Diller		2,400,000(5)	$ 35.58	6/7/15				
		1,400,000(5)	$ 47.90	6/7/15				
Victor A. Kaufman	350,000		$ 31.00	12/20/09				
	187,500		$ 20.69	12/18/10				
	125,000		$ 25.01	4/25/11				
	270,040		$ 26.46	12/16/11				
					120,454	$ 3,242,622	3,488	$ 93,897
Douglas R. Lebda(6)	17,892		$ 9.30	12/28/08				
	52,304		$ 10.87	9/2/09				
	49,204		$ 16.58	1/7/10				
	49,592		$ 5.01	12/6/10				
	61,990		$ 6.16	4/2/11				
	54,241		$ 14.11	3/8/12				
	38,744		$ 23.62	12/20/12				
					200,000(7)	$ 5,384,000(7)		
					136,686	$ 3,679,587	3,488	$ 93,897
Thomas J. McInerney	70,186		$ 27.03	6/23/09				
	60,775		$ 46.77	12/27/09				
	35,062		$ 29.77	3/31/10				
	7,500		$ 24.09	5/10/10				
	11,688		$ 11.43	2/21/11				
	14,025		$ 17.22	5/15/11				
	42,006		$ 26.46	12/16/11				
	28,053		$ 33.13	3/19/12				
					452,986	$ 12,194,383	3,488	$ 93,897
Gregory R. Blatt					291,850	$ 7,856,602	3,488	$ 93,897

(1)
For a discussion regarding the preliminary determination of how these equity awards would be treated in the Company's previously announced spin-off transactions, which are expected to be completed later in 2008, see the discussion under Compensation Discussion and Analysis beginning on page 38.

(2)
On August 9, 2005, the Company completed the separation of its travel and travel-related businesses and investments (other than Interval and TV Travel Shop) into an independent public company (the "Expedia Spin-Off"). In connection with the Expedia Spin-Off, each then vested option to purchase shares of IAC common stock was converted into an option to purchase shares of IAC common stock and an option to purchase shares of Expedia common stock. Adjustments were made to the number of shares subject to each IAC and Expedia stock option to give effect to the one-for-two reverse stock split effected in connection with the Expedia Spin-Off and to the corresponding exercise prices based on the relative market capitalizations of IAC and Expedia at the time of the Expedia Spin-Off. The adjusted IAC and Expedia stock options otherwise have the same terms and conditions, including exercise periods, as the corresponding vested IAC stock options outstanding immediately prior to the Expedia Spin-Off.

For the named executives (other than Mr. Diller), any value realized upon the exercise of Expedia stock options is treated for tax purposes as compensation payable to them in their respective capacities as executive officers of the Company. Accordingly, information regarding Expedia stock options held by our named executives (other than Mr. Diller) as of December 31, 2007 appears in the table immediately below and information regarding any exercises of Expedia stock options by such named executives is reported in the Option Exercises and Stock Vested table.

Name	**Number of Options(#)**	**Option Exercise Price($)**	**Option Expiration Date**
Victor A. Kaufman	350,000	$ 24.82	12/20/09
	125,000	$ 20.06	4/25/11
	168,750	$ 21.19	12/16/11
Douglas R. Lebda	38,744	$ 18.91	12/20/12
Thomas J. McInerney	70,186	$ 21.64	6/23/09
	60,775	$ 37.45	12/27/09
	35,062	$ 23.84	3/31/10
	7,500	$ 19.29	5/10/10
	11,688	$ 9.16	2/21/11
	14,025	$ 13.79	5/15/11
	26,250	$ 21.19	12/16/11
	17,531	$ 26.53	3/9/12

In the case of Mr. Diller, any value realized upon the exercise of Expedia stock options is not treated for tax purposes as compensation payable to him in his capacity as Chairman and Chief Executive Officer of the Company, given his role as Chairman of Expedia. Accordingly, no information regarding Expedia stock options held by Mr. Diller appears in the table above and information regarding exercises of Expedia stock options by Mr. Diller will not be reported in the Company's proxy statement.

(3)
The table below provides the following information regarding RSU awards held by our named executives as of December 31, 2007: (i) the grant date of each award, (ii) the number of RSUs outstanding (on an aggregate and grant-by-grant basis), (iii) the market value of RSUs outstanding as of December 31, 2007, (iv) the vesting schedule for each award and (v) the total number of RSUs that vested or are scheduled to vest in each of the fiscal years ending December 31, 2008, 2009, 2010 and 2011.

Grant Date	Number of Unvested RSUs as of 12/31/07 (#)	Market Value of Unvested RSUs as of 12/31/07 ($)	Vesting Schedule (#)			
			2008	2009	2010	2011
Barry Diller						
Victor A. Kaufman						
2/12/03(a)	42,767	$ 1,151,288	42,767			
2/4/04(b)	32,441	873,312	16,220	16,221		
2/10/05(b)	45,246	1,218,022	15,082	15,082	15,082	
2/16/07(c)	62,735	1,688,826			62,735	
Total	183,189	$ 4,931,448	74,069	31,303		