

IAC/INTERACTIVECORP
Form DEF 14A
April 27, 2012

Use these links to rapidly review the document
[PROXY STATEMENT TABLE OF CONTENTS](#)

[Table of Contents](#)

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.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

IAC/InterActiveCorp

(Name of Registrant as Specified In Its Charter)

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Table of Contents

May 10, 2012

Dear Stockholder:

You are invited to attend the Annual Meeting of Stockholders of IAC/InterActiveCorp, which will be held on Wednesday, June 20, 2012, at 9:00 a.m., local time, at IAC's corporate headquarters, located at 555 West 18th Street, New York, New York 10011. At the Annual Meeting, stockholders will be asked to elect 14 directors and to ratify the appointment of Ernst & Young as IAC's independent registered public accounting firm for 2012. 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 consistent with the Board's recommendation for each proposal.

Based on applicable Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the internet in lieu of mailing printed copies of these materials to stockholders, this year we have elected to deliver our proxy materials to the majority of our stockholders over the internet. On or about May 10, 2012, we mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Annual Meeting proxy statement and 2011 Annual Report on Form 10-K online, as well as instructions on how to obtain printed copies of these materials by mail.

It is important that your shares be represented and voted at the Annual Meeting regardless of the size of your holdings. Whether or not you plan to attend the Annual Meeting, please take the time to vote online, by telephone or, if you receive a printed proxy card, by returning a marked, signed and dated proxy card. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously submitted your vote.

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

Sincerely,

Barry Diller
Chairman and Senior Executive

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

Table of Contents

IAC/INTERACTIVECORP

555 West 18th Street
New York, New York 10011

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

IAC/InterActiveCorp ("IAC") is making this proxy statement available to holders of our common stock and Class B common stock in connection with the solicitation of proxies by IAC's Board of Directors for use at the Annual Meeting of Stockholders to be held on Wednesday, June 20, 2012, at 9:00 a.m., local time, at IAC's corporate headquarters, located at 555 West 18th Street, New York, New York 10011. At the Annual Meeting, stockholders will be asked:

1. to elect 14 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 ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for the 2012 fiscal year; and
3. 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 April 26, 2012 as the record date for the Annual Meeting. This means that holders of record of our common stock and Class B common stock at the close of business on that date are entitled to receive notice of the Annual Meeting and to vote their shares at the Annual Meeting and any related adjournments or postponements.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. Seating is limited, however, and admission to the 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 Annual Meeting. If your shares are held in the name of a broker, bank or other holder of record, you will need to bring a proxy or letter from that broker, bank or other holder of record 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 Annual Meeting.

By order of the Board of Directors,

Gregg Winiarski
*Senior Vice President,
General Counsel and Secretary*

May 10, 2012

Table of Contents

**PROXY STATEMENT
TABLE OF CONTENTS**

Section	Page Number
<u>Questions and Answers About the Annual Meeting and Voting</u>	<u>1</u>
<u>Proposal 1 Election of Directors</u>	<u>5</u>
<u>Proposal and Required Vote</u>	<u>5</u>
<u>Information Concerning Director Nominees</u>	<u>5</u>
<u>Corporate Governance</u>	<u>10</u>
<u>The Board and Board Committees</u>	<u>13</u>
<u>Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm</u>	<u>14</u>
<u>Audit Committee Matters</u>	<u>15</u>
<u>Audit Committee Report</u>	<u>15</u>
<u>Fees Paid to Our Independent Registered Public Accounting Firm</u>	<u>16</u>
<u>Audit and Non-Audit Services Pre-Approval Policy</u>	<u>16</u>
<u>Information Concerning IAC Executive Officers Who Are Not Directors</u>	<u>17</u>
<u>Compensation Discussion and Analysis</u>	<u>17</u>
<u>Compensation Committee Report</u>	<u>24</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>24</u>
<u>Executive Compensation</u>	<u>24</u>
<u>Overview</u>	<u>24</u>
<u>Summary Compensation Table</u>	<u>24</u>
<u>Grants of Plan-Based Awards in 2011</u>	<u>26</u>
<u>Outstanding Equity Awards at 2011 Fiscal Year-End</u>	<u>27</u>
<u>2011 Option Exercises and Stock Vested</u>	<u>30</u>
<u>Estimated Potential Payments Upon Termination or Change in Control of IAC</u>	<u>31</u>
<u>Equity Compensation Plan Information</u>	<u>36</u>
<u>Director Compensation</u>	<u>37</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>39</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>42</u>
<u>Certain Relationships and Related Person Transactions</u>	<u>42</u>
<u>Annual Reports</u>	<u>45</u>
<u>Proposals by Stockholders for Presentation at the 2013 Annual Meeting</u>	<u>45</u>
<u>Householding</u>	<u>45</u>
<u>Notice of Internet Availability of Proxy Materials</u>	<u>45</u>

Table of Contents

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why did I receive a Notice of Internet Availability of Proxy Materials?

A: In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we elected to deliver this Proxy Statement and our 2011 Annual Report on Form 10-K to the majority of our stockholders online in lieu of mailing printed copies of these materials to each of our stockholders (the "Notice Process"). If you received a Notice of Internet Availability of Proxy Materials (the "Notice") by mail, you will not receive printed copies of our proxy materials unless you request them. Instead, the Notice provides instructions on how to access this Proxy Statement and our 2011 Annual Report on Form 10-K online, as well as how to obtain printed copies of these materials by mail. We believe that the Notice Process allows us to provide our stockholders with the information they need in a more timely manner than if we had elected to mail printed materials, while reducing the environmental impact of, and lowering the costs associated with, the printing and distribution of our proxy materials.

The Notice is being mailed on or about May 10, 2012 to stockholders of record at the close of business on April 26, 2012 and this Proxy Statement and our 2011 Annual Report on Form 10-K will be available at www.proxyvote.com beginning on May 10, 2012. If you received a Notice by mail but would rather receive printed copies of our proxy materials, please follow the instructions included in the Notice. You will not receive a Notice if you have previously elected to receive printed copies of our proxy materials.

Q: Can I vote my shares by filling out and returning the Notice?

A: No. However, the Notice provides instructions on how to vote your shares by way of completing and submitting your proxy online or by phone, by requesting and returning a written proxy card by mail or by submitting a ballot in person at the Annual Meeting.

Q: Who is entitled to vote at the Annual Meeting?

A: Holders of IAC common stock and Class B common stock at the close of business on April 26, 2012, the record date for the Annual Meeting established by IAC's Board of Directors, are entitled to receive notice of the Annual Meeting and to vote their shares at the Annual Meeting and any related adjournments or postponements.

As of the close of business on April 26, 2012, the record date, there were 78,293,599 shares of IAC common stock and 5,789,499 shares of Class B common stock outstanding and entitled to vote. Holders of IAC common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten 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 other holder of record, your shares are held in street name.

You may examine a list of the stockholders of record as of the close of business on April 26, 2012 for any purpose germane to the Annual Meeting during normal business hours during the 10-day period preceding the date of the meeting at IAC's corporate headquarters, located at 555 West 18th Street, New York, New York 10011. This list will also be made available at the Annual Meeting.

Table of Contents

Q: What are the quorum requirements for the Annual Meeting?

A: The presence at the Annual Meeting, in person or by proxy, of holders having a majority of the total votes entitled to be cast by holders of IAC common stock and Class B common stock at the Annual Meeting constitutes a quorum. When the holders of IAC common stock vote as a separate class, the presence at the Annual Meeting of holders of a majority of the total votes entitled to be cast by holders of IAC common stock is required for a quorum to be met. Shares of IAC common stock and Class B common stock represented by proxy will be treated as present at the 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 Annual Meeting?

A: IAC stockholders will vote on the following proposals:

Proposal 1 to elect 14 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 ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for the 2012 fiscal year; and

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

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: 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 Gregory R. Blatt, Edgar Bronfman, Jr., Chelsea Clinton, Sonali De Rycker, Barry Diller, Michael D. Eisner, Victor A. Kaufman, Arthur C. Martinez, David Rosenblatt and Alexander von Furstenberg 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 and Class B common stock voting together as a single class (hereinafter referred to as IAC capital stock), with each share of common stock and Class B common stock representing the right to one and ten votes, respectively.

The election of each of Donald R. Keough, Bryan Lourd, Alan G. Spoon and Richard F. Zannino 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 the director nominees named above.

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 for 2012 and what votes are required to ratify such appointment?

A: 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 2012 requires the affirmative vote of the holders of a majority of the voting

Table of Contents

power of the shares of IAC capital stock present at the Annual Meeting in person or represented by proxy and voting together.

The Board recommends that stockholders vote **FOR** the ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2012.

Q: Could other matters be decided at the Annual Meeting?

A: As of the date of this Proxy Statement, we did not know of any matters to be raised at the Annual Meeting, other than those referred to in this Proxy Statement.

If other matters are properly presented at the Annual Meeting for consideration, the three IAC officers who have been designated as proxies for the Annual Meeting, Joanne Hawkins, Jeffrey W. Kip and Gregg Winiarski, will have the discretion to vote on those matters for stockholders who have submitted their proxy.

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

A: IAC's Board of Directors is soliciting proxies for use at the Annual Meeting. Stockholders may submit proxies to instruct the designated proxies to vote their shares in any of three ways:

Submitting a Proxy Online: Submit your proxy via the internet. The website for internet proxy voting is www.proxyvote.com. Internet proxy voting is also available 24 hours a day and will close at 11:59 p.m., Eastern Standard Time, on Tuesday, June 19, 2012;

Submitting a Proxy by Telephone: Submit your proxy by telephone by using the toll-free telephone number provided on your proxy card (1.800.690.6903). Telephone voting is available 24 hours a day and will close at 11:59 p.m., Eastern Standard Time, on Tuesday, June 19, 2012; or

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 or to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

If you were a stockholder of record on April 26, 2012 or if you have a legal proxy from your broker, bank or other holder of record identifying you as a beneficial owner of IAC shares as of that date, you may vote in person by attending the Annual Meeting.

For IAC shares held in street name, holders may submit a proxy online or by telephone if their broker, bank or other holder of record makes these methods available. If you submit a proxy online or by telephone, **do not** request and return a printed proxy card from IAC or from your broker, bank or other holder of record. If you hold your shares through a broker, bank or other holder of record, follow the voting instructions you receive from your broker, bank or other holder of record.

Q: If I hold my IAC shares in street name, will my broker, bank or other holder of record 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. If you do not provide voting instructions to your bank, broker or other nominee, whether your shares can be voted by such person depends on the type of item being considered for a vote.

Non-Discretionary Items. The election of directors is a non-discretionary item and may NOT be voted on by your broker, bank or other nominee absent specific voting instructions from you.

Table of Contents

Discretionary Items. The ratification of Ernst & Young LLP as IAC's independent registered public accounting firm for 2012 is a discretionary item. Generally, brokers, banks and other nominees that do not receive voting instructions may vote on this proposal in their discretion.

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 Annual Meeting by:

delivering a written notice, bearing a date later than your proxy, stating that you revoke the proxy;

submitting a later-dated proxy relating to the same shares online, by telephone or by mail prior to the vote at the Annual Meeting; or

attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

To change your vote or revoke your proxy, send a written notice or a new proxy card to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717, or follow the instructions provided on the Notice or the proxy card to do so online or by telephone.

Q: How are proxies solicited and who bears the related costs?

A: IAC bears all expenses incurred in connection with the solicitation of proxies. In addition to solicitations by mail, directors, officers and employees of IAC may solicit proxies from stockholders by telephone, letter, facsimile, e-mail or in person. Following the initial mailing of the Notice and proxy materials, IAC will request brokers, banks and other holders of record to forward copies of these materials to persons for whom they hold shares of IAC common stock and to request authority for the exercise of proxies. In such cases, IAC, upon the request of these holders, will reimburse such holders for their reasonable expenses.

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

A: If you have any questions about the Annual Meeting, would like to obtain directions to be able to attend the Annual Meeting and vote in person or would like copies of any of the documents referred to in this Proxy Statement, you should contact IAC Investors Relations at 1.212.314.7300 or ir@iac.com.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Proposal and Required Vote

At the upcoming Annual Meeting, a board of 14 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 director nominees, all of whom are incumbent directors of IAC and have been recommended by the Nominating Committee for re-election, appears below. The Board has designated Messrs. Keough, Lourd, Spoon and Zannino 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.

The election of each of Gregory R. Blatt, Edgar Bronfman, Jr., Chelsea Clinton, Sonali De Rycker, Barry Diller, Michael D. Eisner, Victor A. Kaufman, Arthur C. Martinez, David Rosenblatt and Alexander von Furstenberg 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, Alan G. Spoon and Richard F. Zannino 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.

Both the Nominating Committee and the full Board recommend that stockholders vote **FOR** the election of all director nominees.

Information Concerning Director Nominees

Background information about each director nominee is set forth below, including information regarding the specific experiences, characteristics, attributes and skills considered in connection with the nomination of each director nominee, all of which the Nominating Committee and the Board believe provide the Company with the perspective and judgment needed to guide, monitor and execute its strategies.

Gregory R. Blatt, age 43, has been a director and Chief Executive Officer of IAC since December 2010. Prior to assuming his current role, Mr. Blatt served as Chief Executive Officer of Match.com, a subsidiary of IAC, since February 2009. Mr. Blatt also served as General Counsel and Secretary of IAC from November 2003 to January 2009, first as Senior Vice President, and then as Executive Vice President. Prior to joining IAC in November 2003, Mr. Blatt served as General Counsel of Martha Stewart Living Omnimedia, Inc. ("MSO") from September 1999 to October 2003, first as Senior Vice President, and then as Executive Vice President. 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. Mr. Blatt also currently serves as a member of the boards of directors of HSN, Inc. and Interval Leisure Group, Inc., which positions he has held since August 2008, and as a member of the board of directors of Meetic, S.A., which position he has held since June 2009. In nominating Mr. Blatt, the Board considered his position as Chief Executive Officer of the Company and the knowledge and experience regarding the Company and its businesses that he has gained through his various roles with the Company since 2003, as well as his financial literacy, expertise regarding mergers, acquisitions, investments and other strategic transactions and operating experience.

Edgar Bronfman, Jr., age 56, has been a director of IAC since February 1998. Mr. Bronfman currently serves as a general partner of Accretive LLC, a private equity firm. Mr. Bronfman previously served as Chairman of Warner Music Group from August 2011 to January 2012. Prior to this time, Mr. Bronfman served as Chief Executive Officer and President of Warner Music Group from July 2011

Table of Contents

to August 2011 and as Chairman and Chief Executive Officer of Warner Music Group from March 2004 to July 2011. Mr. Bronfman currently serves as a member of the board of directors of Warner Music Group, which position he has held during the last five years. 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 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, JPMorgan's National Advisory Board, The Council on Foreign Relations and Accretive Health, Inc. In nominating Mr. Bronfman, the Board considered his experience as a member of senior management of various public and global companies, which the Board believes gives him particular insight into business strategy and leadership, marketing, consumer branding and international operations, as well as a high level of financial literacy and insight into the media and entertainment industries. The Board also considered Mr. Bronfman's private equity experience, which the Board believes gives him particular insight into investments in, and the development of, early stage companies.

Chelsea Clinton, age 32, has been a director of IAC since September 2011. Ms. Clinton is currently pursuing a doctorate in public health at Oxford University and working as an Assistant Provost at New York University, where she has focused on interfaith initiatives and the university's Global Expansion Program since March 2010. Since September 2011, Ms. Clinton has also served as a member of the boards of directors of the Clinton Foundation, the Clinton Global Initiative and the Clinton Health Asset Initiative. Ms. Clinton also currently serves as a special correspondent for NBC news. Prior to these efforts, Ms. Clinton worked as an associate at McKinsey & Company, a consulting firm, from August 2003 to October 2006, and as an associate at Avenue Capital Group, an investment firm, from October 2006 to November 2009. Ms. Clinton also currently serves on the boards of directors of The School of American Ballet, Common Sense Media and The Weill Cornell Medical College. In nominating Ms. Clinton, the Board considered her broad public policy experience and keen intellectual acumen, which together the Board believes will bring a fresh and youthful perspective to IAC's businesses and initiatives.

Sonali De Rycker, age 38, has been a director of IAC since September 2011. Since April 2008, Ms. De Rycker has served as a Partner at Accel Partners in London, a leading global venture firm, where she focuses on investments in the consumer internet and digital media sectors. Prior to her tenure at Accel, Ms. De Rycker was a Partner at Atlas Venture in London from August 2000 to April 2008, where she focused on investments in the internet and software service sectors. Prior to her venture capital work, Ms. De Rycker was an investment banker at Goldman Sachs from August 1995 to August 1998. Ms. De Rycker also serves on the boards of directors of a number of private consumer internet and other companies. In nominating Ms. De Rycker, the Board considered her private equity experience (particularly in the consumer internet and media sectors), which the Board believes gives her particular insight into investments in, and the development of, early stage companies, as well as her high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

Table of Contents

Barry Diller, age 70, has been a director and Chairman and Senior Executive of IAC since December 2010. Mr. Diller previously served as a director and Chairman and Chief Executive Officer of IAC (and its predecessors) from August 1995 to November 2010. Mr. Diller also serves as Chairman and Senior Executive of Expedia, Inc., which position he has held since August 2005, and as Chairman and Senior Executive of TripAdvisor, Inc., which position he has held since December 2011. 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 served as Chairman (in a non-executive capacity) of the board of directors of Live Nation Entertainment, Inc. (and its predecessor companies, Ticketmaster Entertainment and Ticketmaster), from August 2008 to October 2010, and continued to serve as a member of the board of directors of Live Nation through January 2011. Mr. Diller is also a member of the board of directors of The Washington Post Company and The Coca-Cola Company, which positions he has held during the past five years. 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 and the Executive Board for the Medical Sciences of University of California, Los Angeles. The Board nominated Mr. Diller because he has been Chairman and Senior Executive since 2010 and prior to that time, served as Chairman and Chief Executive Officer of the Company since 1995, and as a result, possesses a great depth of knowledge and experience regarding the Company and its businesses. In addition, the Board noted Mr. Diller's ability to exercise influence (subject to the Company's organizational documents and Delaware law) over the outcome of matters involving the Company that require stockholder approval given his significant ownership stake in the Company and related rights.

Michael D. Eisner, age 70, has been a director of IAC since March 2011. Mr. Eisner currently serves as Chairman of The Tornante Company, a privately held company that invests in, acquires, incubates and operates media and entertainment companies ("Tornante"). In addition to overseeing Tornante's key investments generally, Mr. Eisner also currently serves as Chairman of three Tornante companies, The Topps Company, a leading creator and marketer of sports cards, distinctive confectionery and other entertainment products, Vuguru, a studio focused on producing groundbreaking programming for the internet and other emerging digital platforms, and Activate, a company that makes a cap-activated enhanced beverage. Prior to founding Tornante in 2005, Mr. Eisner served as Chairman and Chief Executive Officer of The Walt Disney Company from 1984. In addition to his for profit affiliations, Mr. Eisner serves on the Boards of the California Institute of the Arts, Denison University, the Aspen Institute, the Yale School of Architecture Dean's Council and The Eisner Foundation. In nominating Mr. Eisner, the Board considered his experience with Tornante, which the Board believes gives him particular insight into investments in, and the development and operation of, media and entertainment companies that focus on programming and content for emerging platforms. The Board also considered Mr. Eisner's experience as the Chairman and Chief Executive Officer of The Walt Disney Company, which the Board believes gives him particular insight into business strategy and leadership, marketing and consumer branding, as well as a high level of financial literacy and insight into the media and entertainment industries.

Victor A. Kaufman, age 68, 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 Expedia, Inc., which position he has held since August 2005, and as Vice Chairman of TripAdvisor, Inc., which position he has held since December 2011. 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

Table of Contents

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. Mr. Kaufman also served as a member of the board of directors of Live Nation Entertainment, Inc. (and its predecessor companies, Ticketmaster Entertainment and Ticketmaster) from August 2008 to December 2010. In nominating Mr. Kaufman, the Board considered the unique knowledge and experience regarding the Company and its businesses that he has gained through his involvement with the Company in various roles since 1996, as well as his high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

Donald R. Keough, age 85, has been a director of IAC since September 1998. He currently serves as Chairman (in a non-executive capacity) of Allen & Company, a New York investment banking firm. He was appointed to this position in April 1993. Mr. Keough currently serves as a member of the boards of directors of Berkshire Hathaway, Inc. and The Coca-Cola Company, which positions he has held during the past five years. 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. In nominating Mr. Keough, the Board considered his extensive public company management experience as the former President and Chief Operating Officer of The Coca-Cola Company and his public company board experience, both of which the Board believes give him particular insight into business strategy, leadership, marketing, consumer branding and executive compensation, as well as a high level of financial literacy. The Board also considered Mr. Keough's tenure at Allen & Company, which the Board believes give him particular insight into capital markets, as well as mergers, acquisitions, investments and other strategic transactions and related financings in the media and entertainment industries.

Bryan Lourd, age 51, 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 and is based in Los Angeles, California, with offices in Nashville, New York, London and Beijing. He is a graduate of the University of Southern California. In connection with the nomination of Mr. Lourd, the Board considered his extensive experience as a principal of CAA, which the Board believes gives him particular insight into business strategy and leadership, as well as unique and specialized experience regarding the entertainment industry and marketing.

Arthur C. Martinez, age 72, 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 currently serves as a member of the boards of directors of Liz Claiborne, Inc. and International Flavors & Fragrances Inc., which positions he has held during the past five years. Mr. Martinez also serves as a member of the board of directors of American International Group, Inc., which position he has held since 2009, and as Chairman of the Board of HSN, Inc., which position he has held since 2008. During the past five years, Mr. Martinez previously served as Chairman of the Supervisory Board of RBS Holdings N.V. (formerly known as ABN AMRO Holding N.V.) and as a member of the board of directors of PepsiCo, Inc. In addition to his for profit affiliations, Mr. Martinez serves as a Trustee of Greenwich Hospital, Maine Coast Heritage Trust, Northwestern University and the Chicago Symphony Orchestra. In nominating Mr. Martinez, the Board considered his public company management experience with Sears and Saks and his extensive public company board experience, both of which the Board believes give him particular insight into business strategy, leadership, marketing, consumer branding and executive compensation, as well as a high level of financial literacy.

Table of Contents

David Rosenblatt, age 44, has been a director of IAC since December 2008. Mr. Rosenblatt currently serves as the Chief Executive Officer of 1stdibs.com, Inc., a online marketplace for vintage furniture and fashion, as well as antiques, art, jewelry and real estate, and serves as Chairman (in a non-executive capacity) of Group Commerce, Inc., a firm that helps digital audience owners develop and implement social commerce programs on behalf of local and national merchants. Mr. Rosenblatt previously served as President, Global Display Advertising, of Google, Inc. from October 2008 through May 2009. Mr. Rosenblatt joined Google in March 2008 in connection with Google's acquisition of DoubleClick, Inc., a provider of digital marketing technology and services. Mr. Rosenblatt joined DoubleClick in 1997 as part of its initial management team and held several executive positions during his tenure, including Chief Executive Officer of DoubleClick from July 2005 through March 2008 and President of DoubleClick from 2000 through July 2005. Prior to joining DoubleClick, Mr. Rosenblatt spent several years as an investment banker at S.G. Warburg & Co. in Hong Kong, London and New York. Mr. Rosenblatt also currently serves as a member of the board of directors of Twitter, which position he has held since January 2011. In connection with the nomination of Mr. Rosenblatt, the Board considered his extensive and unique experience in the online advertising and digital marketing technology and services industries, as well as his management experience with DoubleClick, Google and 1stdibs.com, Inc., which the Board believes gives him particular insight into business strategy and leadership, as well as a deep understanding of the internet sector.

Alan G. Spoon, age 60, has been a director of IAC since February 2003. Since May 2000, Mr. Spoon has been 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 has served as a member of the board of directors of Danaher Corporation from July 1999 to the present and as a member of the boards of directors of Getty Images and TechTarget, Inc. at certain times during the past five years. In his not-for-profit affiliations, Mr. Spoon is a member of the Board of Regents at the Smithsonian Institution (formerly Vice Chairman) and a member of the MIT Corporation. In nominating Mr. Spoon, the Board considered his extensive private and public company board experience and public company management experience with The Washington Post Company, both of which the Board believes give him particular insight into business strategy, leadership and marketing in the media industry. The Board also considered Mr. Spoon's private equity experience, which the Board believes gives him particular insight into trends in the internet and technology industries, as well as into acquisition strategy and financing.

Alexander von Furstenberg, age 42, has been a director of IAC since December 2008. Mr. von Furstenberg currently serves as Chief Investment Officer of Ranger Global Advisors, LLC, a family office focused on opportunistic value-based investing ("Ranger"), which he founded in June 2011. Prior to his tenure with Ranger, Mr. von Furstenberg founded Arrow Capital Management, LLC, a private investment firm focused on global public equities, where he served as Co-Managing Member and Chief Investment Officer since 2003. Mr. von Furstenberg currently serves (and at certain times during the past five years has served) as a member of the board of directors of W.P. Stewart & Co. Ltd., a Bermuda based asset management firm. Since 2001, he has acted as Chief Investment Officer of Arrow Investments, Inc., the private investment office which serves his family. Mr. von Furstenberg also serves as a partner and director of Diane von Furstenberg Studio, LP. In addition to the philanthropic work accomplished through his position as a director of The Diller-von Furstenberg Family Foundation, Mr. von Furstenberg also serves on the board of directors of Friends of the High Line. In nominating Mr. von Furstenberg, the Board considered his private investment and board experience, which the Board believes give him particular insight into capital markets and investment strategy, as well as a high level of financial literacy. Mr. von Furstenberg is Mr. Diller's stepson.

Table of Contents

Richard F. Zannino, age 53, has been a director of IAC since June 2009. Since July 2009, Mr. Zannino has been a Managing Director at CCMP Capital Advisors, LLC, a private equity firm, where he also serves as a member of the firm's Investment Committee and as co-head of the firm's consumer, retail and media investment efforts. Mr. Zannino has also served as a member of the board of directors of The Estée Lauder Companies, Inc. since January 2010. Mr. Zannino previously served as Chief Executive Officer and a member of the board of directors of Dow Jones & Company from February 2006 through January 2008, when Mr. Zannino resigned from these positions upon the acquisition of Dow Jones by News Corp. Prior to this time, Mr. Zannino served as Chief Operating Officer of Dow Jones from July 2002 through February 2006 and Executive Vice President and Chief Financial Officer of Dow Jones from February 2001 through June 2002. Prior to his tenure at Dow Jones, Mr. Zannino served in a number of executive capacities at Liz Claiborne from 1998 through January 2001, and prior to that time served as Executive Vice President and Chief Financial Officer of General Signal and in a number of executive capacities at Saks Fifth Avenue. In his not-for-profit affiliations, Mr. Zannino serves as a member of the Board of Trustees of Pace University, as well as on the board of the Greenwich Village Youth Council. In connection with the nomination of Mr. Zannino, the Board considered his extensive public company management experience, which the Board believes gives him particular insight into business strategy, leadership and marketing, as well as a high level of financial literacy. The Board also considered Mr. Zannino's private equity experience, which the Board believes gives him particular insight into acquisition and investment strategy and financing.

Corporate Governance

Leadership Structure. The Company's business and affairs are overseen by its Board of Directors, which currently has fourteen members. There are three management representatives on the Board and, of the eleven remaining current directors, ten are independent. The Board has an Audit Committee, Compensation and Human Resources Committee and Nominating Committee, each comprised solely of independent directors, as well as an Executive Committee. For more information regarding director independence and our Board Committees, see the discussion under Director Independence beginning on page 11 and Board Committees beginning on page 13. All of our directors play an active role in Board matters, are encouraged to communicate among themselves and directly with both the Chairman and the Chief Executive Officer and have full access to Company management at all times.

Our independent directors meet in scheduled executive sessions without management present at least twice a year and may schedule additional meetings as they deem appropriate. We do not have a lead independent director or any other formally appointed leader for these sessions. The independent membership of our Audit, Compensation and Human Resources and Nominating Committees ensures that directors with no ties to Company management are charged with oversight for all financial reporting and executive compensation related decisions made by Company management, as well as for recommending candidates for Board membership. At each regularly scheduled Board meeting, the Chair of each of these committees provides the full Board with an update of all significant matters discussed, reviewed, considered and/or approved by the relevant committee since the last regularly scheduled Board meeting.

Since December 1, 2010, Mr. Diller has served as Chairman and Senior Executive of IAC and Mr. Blatt has served as Chief Executive Officer of IAC. This leadership structure provides the Company with the benefit of Mr. Diller's continued oversight of the Company's strategic goals and vision, coupled with the benefit of a full-time Chief Executive Officer dedicated to focusing on the day-to-day management and continued growth of the Company and its operating businesses.

At this time, the Company believes the current leadership structure described above is the most appropriate one for our Company and our stockholders.

Table of Contents

Risk Oversight. Company management is responsible for assessing and managing the Company's exposure to various risks on a day-to-day basis, which responsibilities include the creation of appropriate risk management programs and policies. Company management has developed and implemented guidelines and policies to identify, assess and manage significant risks facing the Company. In developing this framework, the Company recognized that leadership and success are impossible without taking risks; however, the imprudent acceptance of risk or the failure to appropriately identify and mitigate risks could adversely impact stockholder value. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing the Company's approach to risk management. The Board exercises these responsibilities periodically as part of its meetings and through discussions with Company management, as well as through the Board's Audit and Compensation and Human Resources Committees, which examine various components of financial and compensation-related risks, respectively, as part of their responsibilities. In addition, an overall review of risk is inherent in the Board's consideration of the Company's long-term strategies and in the transactions and other matters presented to the Board, including significant capital expenditures, acquisitions and divestitures and financial matters. The Board's role in risk oversight of the Company is consistent with the Company's leadership structure, with the Chairman and Senior Executive, the Chief Executive Officer and other members of senior management having responsibility for assessing and managing the Company's risk exposure, and the Board and its committees providing oversight in connection with those efforts.

Compensation Risk Assessment. We periodically conduct risk assessments of our compensation policies and practices for our employees, including those related to our executive compensation programs. The goal of these assessments is to determine whether the general structure of the Company's compensation policies and programs and the administration of these programs pose any material risks to the Company. The findings of any risk assessment are discussed with the Compensation and Human Resources Committee. Based upon our assessments, we believe that our compensation policies and programs do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.

Director Independence. Under the Marketplace Rules of The Nasdaq Stock Market (the "Marketplace Rules"), the Board has a responsibility to make an affirmative determination that those members of the Board who serve as independent directors do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In connection with the independence determinations described below, the Board reviewed information regarding transactions, relationships and arrangements relevant to independence, including those required by the Marketplace Rules. This information is obtained from director responses to questionnaires circulated by Company management, as well as Company records and publicly available information. Following this determination, Company management monitors those transactions, relationships and arrangements that were relevant to such determination, 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 determination.

The Board determined that each of Messrs. Bronfman, Eisner, Keough, Lourd, Martinez, Rosenblatt, Spoon and Zannino, Ms. Clinton and Ms. De Rycker is independent. In connection with this determination, the Board considered that in the ordinary course of business, IAC and its businesses sell products and services to, purchase products and services from or co-invest with, companies at which certain directors are employed or serve as directors, or over which certain directors otherwise exert control. Furthermore, the Board considered whether there were any payments made to (or received from) such entities by IAC and its businesses. Specific payments the Board considered are as follows:

payments for services made by an IAC business to Warner Music Group, where Mr. Bronfman previously served as an executive officer;

Table of Contents

an arrangement between an IAC business and certain of its employees that provide for such employees to continue to receive (and share with the IAC business) payments from various companies (including a portfolio company of Tornante, where Mr. Eisner is Chairman) that licensed programming rights to such employees;

payments for services made by an IAC business to CAA, where Mr. Lourd is Managing Director;

payments from Google, where Mr. Rosenblatt served as President of Global Display Advertising through May 2009, to IAC pursuant to a paid listing supply agreement;

a co-investment by IAC in an entity in which Polaris Venture Partners was an existing equity investor, as well as payments for services between the Company and certain Polaris Venture Partners portfolio companies (Mr. Spoon is a general partner of Polaris Venture Partners); and

payments for data licensing services made by an IAC business to a portfolio company of CCMP Capital Advisors, LLC, where Mr. Zannino is a Managing Director and member of the firm's Investment Committee. The agreement pursuant to which the IAC business made these payments was entered into by the parties before Mr. Zannino began serving on the Board and before CCMP acquired the company.

In the case of Ms. Clinton, Ms. De Rycker, Mr. Keough and Mr. Martinez, there were no such payments known to Company management for the Board to consider. Of the remaining incumbent directors who are standing for re-election, Messrs. Blatt, Diller and Kaufman are executive officers of the Company and Mr. von Furstenberg is Mr. Diller's stepson. 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 and Compensation and Human Resources Committees have 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 Nominating Committee identifies, reviews and evaluates individuals qualified to become Board members and recommends candidates to the Board. While there are no specific requirements for eligibility to serve as a director of IAC, in evaluating candidates, the Nominating Committee will consider (regardless of how the candidate was identified or recommended) 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, 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. While the Board does not have a formal diversity policy, the Nominating Committee also considers the overall diversity of the experiences, characteristics, attributes, skills and backgrounds of candidates relative to those of other Board members and those represented by the Board as a whole to ensure that the Board has the right mix of skills, expertise and background.

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, 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

Table of Contents

reviewed by the Corporate Secretary and the Chairman, and if deemed appropriate, forwarded to the Nominating Committee for further review. If the Nominating Committee 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, 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 five times and acted by written consent twice during 2011. During 2011, 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. Two members of the Board of Directors attended IAC's 2011 Annual Meeting of Stockholders.

The Board currently has four committees: the Audit Committee, the Compensation and Human Resources Committee, the Nominating Committee and the Executive Committee.

Board Committees. The following table sets forth the current members of each Committee and the number of meetings held by, and times that each such Committee took action by written consent, during 2011. Each Committee member identified below served in the capacities set forth below for all of 2011.

Name	Audit Committee	Compensation and Human Resources Committee	Nominating Committee	Executive Committee
Gregory R. Blatt				
Edgar Bronfman, Jr.(1)			X	X
Chelsea Clinton(1)				
Sonali De Rycker(1)				
Barry Diller				X
Michael D. Eisner(1)				
Victor A. Kaufman				X
Donald R. Keough(1)		X	X	
Bryan Lourd(1)	X			
Arthur C. Martinez(1)		Chair		
David Rosenblatt(1)		X		
Alan G. Spoon(1)	Chair			
Alexander von Furstenberg				
Richard F. Zannino(1)	X			
Number of Meetings	9	3	0	0
Number of Written Consents	0	6	3	2

(1) Independent director.

Table of Contents

Audit Committee. The Audit Committee functions pursuant to a written charter adopted by the Board of Directors, the most recent version of which was filed as Appendix A to IAC's 2011 Annual Meeting 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: (i) the integrity of IAC's financial statements, (ii) the effectiveness of IAC's internal control over financial reporting, (iii) the qualifications and independence of IAC's independent registered public accounting firm, (iv) the performance of IAC's internal audit function and independent registered public accounting firm, (v) IAC's risk assessment and risk management policies as they relate to financial and other risk exposures and (vi) the compliance by IAC with legal and regulatory requirements. In fulfilling its purpose, the Audit Committee maintains free and open communication between the Committee, the Company's independent registered public accounting firm, the Company's internal auditors and management. The formal report of the Audit Committee is set forth on page 15.

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 health and welfare insurance plans. For additional information on IAC's processes and procedures for the consideration and determination of executive compensation and the related role of the Compensation and Human Resources Committee, see the discussion under Compensation Discussion and Analysis generally beginning on page 17. The formal report of the Compensation and Human Resources Committee is set forth on page 24.

Nominating Committee. The Nominating Committee functions pursuant to a written charter adopted by the Board of Directors, the most recent version of which was filed as Appendix B to IAC's 2011 Annual Meeting proxy statement. The Nominating Committee is appointed by the Board to assist the Board by: (i) identifying, reviewing and evaluating individuals qualified to become Board members, (ii) recommending director nominees for the next annual meeting of stockholders (and nominees to fill vacancies on the Board as necessary) and (iii) making recommendations with respect to the compensation and benefits of directors.

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 RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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, 2012. 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 Annual Meeting and will be given an opportunity to make a statement if he 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 at the Annual Meeting in person or represented by proxy and voting together.

Table of Contents

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 2012.

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: (i) the integrity of IAC's financial statements, (ii) the effectiveness of IAC's internal control over financial reporting, (iii) the qualifications and independence of IAC's independent registered public accounting firm, (iv) the performance of IAC's internal audit function and independent registered public accounting firm, (v) IAC's risk assessment and risk management policies as they relate to financial and other risk exposures and (vi) 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, 2011 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, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Committee has received the written disclosures and the letter from Ernst & Young required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young's communications with the Audit Committee concerning independence 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, 2011 be included in IAC's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

Members of the Audit Committee

Alan G. Spoon (Chair)
Bryan Lourd
Richard F. Zannino

Table of Contents**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, 2011 and 2010.

	2011	2010
Audit Fees(1)	\$ 1,722,500	\$ 1,720,000
Audit-Related Fees(2)	\$ 47,000	\$ 181,000
Total Audit and Audit-Related Fees	\$ 1,769,500	\$ 1,901,000
Tax Fees(3)	\$ 382,000	\$ 412,000
Total Fees	\$ 2,151,500	\$ 2,313,000

- (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.
- (2) Audit-Related Fees include fees for due diligence in connection with acquisitions, agreed upon procedures and benefit plan audits.
- (3) Tax Fees represent fees paid in: (i) 2011 for a research and development tax credit study and tax compliance in the United States and certain jurisdictions abroad and (ii) 2010 for a state and local tax project and a research and development tax credit study.

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 requires specific pre-approval by the Audit Committee. Any proposed services in excess of pre-approved cost levels also require specific pre-approval by the Audit Committee. In all pre-approval instances, the Audit Committee considers 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 revises 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 are 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.

Table of Contents

**INFORMATION CONCERNING IAC EXECUTIVE OFFICERS
WHO ARE NOT DIRECTORS**

Background information about IAC's current executive officers who are not director nominees, as well as IAC's former Chief Financial Officer, is set forth below. For background information about IAC's Chairman and Senior Executive, Barry Diller, Chief Executive Officer, Gregory R. Blatt, and Vice Chairman, Victor A. Kaufman, see the discussion under Information Concerning Director Nominees beginning on page 5.

Jeffrey W. Kip, age 44, has been Chief Financial Officer of IAC since March 2012. Prior to joining IAC, Mr. Kip served as Senior Vice President, Chief Financial Officer of Panera Bread Company, a national bakery-cafe concept in the United States and Canada ("Panera"), since May 2006. From November 2003 until May 2006, Mr. Kip served as Panera's Vice President, Finance and Planning and as Vice President, Corporate Development from May 2003 until November 2003. From November 2002 until April 2003, Mr. Kip served as an Associate Director and Director at UBS, an investment banking firm, and from August 1999 until November 2002, Mr. Kip was an Associate at Goldman Sachs, an investment banking firm.

Thomas J. McInerney, age 47, served as Executive Vice President and Chief Financial Officer of IAC from January 2005 to March 2012. Mr. McInerney previously served as Chief Executive Officer of IAC's former 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. Mr. McInerney is currently a member of the boards of directors of HSN, Inc., Interval Leisure Group, Inc. and Yahoo! Inc.

Gregg Winiarski, age 41, has been Senior Vice President, General Counsel and Secretary of IAC since February 2009. Mr. Winiarski previously served as Associate General Counsel of IAC since February 2005, during which time he had primary responsibility for all legal aspects of IAC's mergers and acquisitions and other transactional work. Prior to joining IAC in February 2005, Mr. Winiarski was an associate with Skadden, Arps, Slate, Meagher & Flom LLP, a New York law firm, from 1996 to February 2005. Prior to joining Skadden, Mr. Winiarski was a certified public accountant with Ernst & Young in New York.

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 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 executives who may become executive officers at a later time, we compete not only with other public companies, but also with earlier stage companies, companies funded by private equity and venture capital firms 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 market data in establishing broad compensation programs and practices, we do not specifically benchmark the compensation associated with particular executive positions, nor do we 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 its understanding of the current

Table of Contents

environment, and believes that over-reliance on survey data, or a benchmarking approach, is too rigid and stale for the dynamic and fast changing marketplace for talent in which we compete.

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. Accordingly, we have historically avoided the use of strict formulas in our annual bonus program, believing that they often over-compensate or under-compensate a given performance level. We instead rely primarily on an approach that, while based on clear objectives, is not formulaic and allows for the exercise of discretion in setting final bonus amounts.

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, since January 2008, non-qualified stock options have been the predominant equity award for our executive officers. Given the prominence of equity in our overall program, and the fact that the ultimate realization of value from stock option awards is directly dependent on appreciation in the Company's stock price, a significant percentage of the overall pay of executive officers takes the form of objectively determinable, success-based, long-term compensation.

We believe the Company's executive officer compensation program, 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. While we were pleased that 92% of the votes cast by our stockholders in the advisory vote on our executive compensation program last year were in support of the compensation paid to our executive officers, there were no changes to our decisions or policies as a direct result of that advisory vote.

Roles and Responsibilities

The Compensation and Human Resources Committee of the Company's Board of Directors (for purposes of this Compensation Discussion and Analysis, the "Committee") has primary responsibility for establishing the compensation of the Company's executive officers. All compensation decisions referred to throughout this Compensation Disclosure and Analysis section have been made by the Committee, based, in part, on recommendations from Messrs. Diller and Blatt as described below. The Committee currently consists of Messrs. Martinez, Keough and Rosenblatt.

The executive officers participate in structuring Company-wide compensation programs and in establishing appropriate bonus and equity pools. In early 2012, Messrs. Diller and Blatt met with the Committee and discussed their views of corporate and individual executive officer performance for the prior year for Messrs. Kaufman, McInerney and Winiarski, and their recommendations for annual bonuses and equity awards for those executive officers. Mr. Diller then met separately with the Committee to discuss his performance and Mr. Blatt's performance, and to recommend an appropriate compensation package for Mr. Blatt. Following these discussions, the Committee met in executive sessions to discuss the recommendations. After consideration of the recommendations, the Committee ultimately determined the compensation packages for each executive officer.

In establishing an executive officer's compensation package, 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,

Table of Contents

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 and engaged legal counsel. In addition, from time to time, the Company may solicit survey or peer compensation data from various consulting firms. The Company engaged Mercer (US) Inc. to provide comparative market data in connection with the Company's own analysis of its equity compensation practices in 2011, but neither Mercer nor any other compensation consultant had any role in determining or recommending the amount or form of executive compensation for 2011.

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. While Mr. Blatt was Chief Executive Officer of Match.com, Inc. ("Match"), one of our subsidiaries, his compensation package included equity awards in Match, some of which he still holds as of the date hereof as discussed in the "Executive Compensation" section below.

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. Mr. Winiarski's salary was increased in January 2011 to \$450,000 to reflect an increase in his responsibilities and to adjust to be competitive with market rates. No other executive officer's salary was adjusted during 2011.

Annual Bonuses

General. We establish bonus levels through a two-pronged process. First, at the beginning of the year, the Committee sets performance objectives which historically have been tied to the achievement of EBITA (as defined below) or share price performance targets during the forthcoming year and sets maximum bonus amounts. In general, these performance targets are minimum acceptable performance conditions, but with respect to which there is substantial uncertainty when we establish them. The establishment of performance targets and maximum bonus amounts is undertaken primarily to satisfy the requirements of Section 162(m) of the Internal Revenue Code. Satisfaction of one or more of the performance targets established by the Committee allows for the payment of bonuses that will be deductible by the Company for federal income tax purposes, should any bonuses be awarded to the Company's named executive officers. However, satisfaction of the applicable performance targets does not obligate the Committee to approve any specific bonus amount for any executive officer, and the Committee has historically reduced the maximum bonus amount based on a discretionary assessment of Company and, to a lesser extent, individual performance. In making its determinations regarding individual annual bonus amounts, the Committee considers a variety of factors, such as growth in profitability or achievement of strategic objectives by the Company, and an individual's performance and contribution to the Company. The Committee 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. We generally pay bonuses shortly after year-end, following finalization of financial results for the prior year.

The definition of EBITA used for establishing 162(m) performance objectives is set forth in IAC's Amended and Restated 2008 Stock and Annual Incentive Plan, and is as follows: "EBITA" means for

Table of Contents

any period, operating profit (loss) plus: (i) amortization, including goodwill impairment, (ii) amortization of non-cash distribution and marketing expense and non-cash compensation expense, (iii) restructuring charges, (iv) non-cash write-downs of assets or goodwill, (v) charges relating to disposal of lines of business, (vi) litigation settlement amounts and (vii) costs incurred for proposed and completed acquisitions.

2011 Bonuses. For 2011, the Committee predicated the payment of bonuses to executive officers on attaining: (i) year-over-year EBITA growth in any of the four consecutive calendar quarters beginning with the first quarter of 2011 of at least 5% or (ii) share price growth of at least 5% over \$29.74, the closing price of the Company's common stock on the date the goals were established, on any 20 trading days during the period beginning on the trading day after the goals were established through December 31, 2011. Both targets were met, as determined by the Committee during the fourth quarter of 2011, with EBITA growth of 73%, 61% and 40% for the first three quarters of 2011, respectively, and the Company's stock price exceeding \$31.23 well over 20 trading days during 2011. After concluding that the threshold performance targets for the payment of bonuses had been achieved, the Committee then exercised its right to reduce bonus amounts for each individual executive officer from the maximum level established. In setting actual bonus levels, the Committee considered a variety of factors, including:

Revenue and Operating Income Before Amortization Growth. Revenue increased 26% over the prior year, with double digit growth from each of the Company's segments. Operating Income Before Amortization also grew strongly, up 63% over the prior year, as the Company was able to control costs and implement operating efficiencies.

Share Price Appreciation. The Company's share price increased 48% during 2011, compared to a slight decline in the Nasdaq and the S&P 500 being relatively flat during that same period.

Capitalization and Cash Position. The Company repatriated a significant amount of cash to stockholders by way of share repurchases, and instituted a quarterly cash dividend in the fourth quarter of 2011. In addition, the Company generated strong cash flow from its operating businesses during the year, finishing 2011 with a strong cash position and expectations for continued strength in 2012.

Successful Completion of Strategic Transactions. The Company completed the purchase of shares pursuant to its tender offer for shares of Meetic. S.A., increasing the Company's ownership stake in Meetic to 81%, and completed the acquisition of OKCupid. The Company also amended its paid listings supply agreement with Google during the year and extended the expiration date of such agreement from December 31, 2012 to March 31, 2016.

Other Initiatives. The Company took steps to positively advance the strategic position of several of its businesses.

While the factors noted above were the primary ones considered in setting bonus award amounts, the Committee also considered each executive's role and responsibilities, the relative contributions made by each executive officer during the year and the relative size of the bonuses paid to the other executive officers. In particular, the Committee considered the following: (i) with respect to Mr. Diller, his role in providing strategic direction for the Company overall, (ii) with respect to Mr. Blatt, his new role as Chief Executive Officer of the Company, including his focus on managing the day-to-day business operations of the Company, as well as his role in developing strategic initiatives for the Company, (iii) with respect to Mr. McInerney, his role in managing the Company's balance sheet and capital position, as well as his contribution to strategic, cost management and other operational initiatives, (iv) with respect to Mr. Kaufman, his role in strategic oversight of the Company, though his role in the day-to-day operations of the business had been reduced from prior years, and (v) with respect to Mr. Winiarski, his role in managing the successful completion of the Meetic transaction as well as other strategic initiatives, and the increased responsibilities he assumed during the year.

Table of Contents

As noted above, in setting individual bonus amounts, the Committee did not quantify the weight assigned to any specific factor, or apply a formulaic calculation. In setting bonus amounts, the Committee generally considered the Company's overall performance, the amount of bonus for each named executive relative to other Company executives, and the recommendations of the Chairman and Senior Executive and Chief Executive Officer. In addition, the Committee considered achievements in 2011 as compared to achievements and bonus levels in prior years.

Executive officer bonuses tend to be highly variable from year-to-year depending on the performance of the Company. Accordingly, we believe our executive officer 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 providing compensation in the form of equity awards, we align the executive's incentives with our stockholders' interests in a manner that we believe drives superior performance over time.

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. In setting particular award levels, the predominant considerations are providing the person with effective retention incentives, appropriate reward for past performance, incentives for strong future performance and competitive conditions, while the ultimate realization of value from the award will be directly dependent on appreciation in the Company's stock price. 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 relative to our annual bonuses.

Except where otherwise noted, we have historically granted equity awards simultaneously with the payment of year-end bonuses. As in the past, the Committee meetings at which awards were made was scheduled in advance, without regard to the timing of the release of earnings or other material information.

Equity Awards

Our primary form of equity awards has changed over the years, from time-based restricted stock units that were granted beginning in 2003 to performance-based restricted stock units granted in 2007. Commencing in 2008, we introduced non-qualified stock options as the primary equity incentive vehicle for our executives and other equity eligible employees, continuing the increased emphasis on performance criteria introduced in the 2007 RSU program. This switch was made primarily for the sake of simplicity, and a belief that it would, in general, make the Company more competitive in recruiting talented executives and employees.

2011 Awards. In March 2011 as part of our 2010 annual year-end process, we granted stock options to a number of employees throughout the Company, with an exercise price of \$30.90 per share, the closing price of the Company's common stock on the grant date. At that time, we granted 200,000 stock options to each of Messrs. Kaufman and Winiarski and 300,000 stock options to Mr. McInerney. These awards reflect the considerations described above under the heading, Long-Term Incentives, as well as the factors considered in setting annual bonus amounts. In addition, the relative size of equity

Table of Contents

awards among executives takes into account the varying levels of responsibilities of our executive officers, and expected future contributions to the Company. We believe these awards provide meaningful retention and performance incentives for our executive officers. Mr. Blatt did not receive any equity awards during 2011, as he was awarded stock options and performance-based restricted stock units in December 2010 in connection with his promotion to Chief Executive Officer of the Company.

In April 2011, the Committee awarded Mr. Diller 300,000 stock options with an exercise price of \$31.89, the closing price of the Company's common stock on the grant date. In making this grant to Mr. Diller, the Committee considered Mr. Diller's changed role at the Company since Mr. Blatt became Chief Executive Officer in December 2010 and determined that it was in the best interests of the Company to continue to provide Mr. Diller with long-term incentives. In addition, the Committee acknowledged that Mr. Diller had not received additional Company equity awards, or any other long-term incentive compensation, since his stock option awards in 2005.

2012 Awards. In February 2012 as part of our year-end process for 2011, we granted stock options to a number of employees throughout the Company, with an exercise price of \$45.78 per share, the closing price of the Company's common stock on the grant date. In connection with these grants, the Committee expressed its intention to generally grant equity awards to an employee every other year (instead of annually), and award sizes were reflective of that intention. At that time, we granted 175,000 stock options to Mr. Winiarski, which reflects both the considerations described in the preceding sentence and described above under the heading, Long-Term Incentives, as well as the factors considered in setting annual bonus amounts. The Committee did not grant any equity awards to Messrs. Diller, Blatt, Kaufman or McInerney at this time. In making this determination, the Committee considered: (i) with respect to Messrs. Diller and Blatt, their respective earning histories, outstanding long-term compensation arrangements and potential realizable values from those long term arrangements, (ii) with respect to Mr. Kaufman, the fact that he and the Company agreed on a reduced role for Mr. Kaufman at the Company (and Mr. Kaufman was subsequently granted restricted stock units in March 2012 in connection with his new employment arrangement), and (iii) with respect to Mr. McInerney, his previously announced near-term departure from the Company.

Change of Control

In the past, we provided our executive officers other than Mr. Diller with full acceleration of their unvested equity in the event of a change of control. In December 2010, as a result of the transaction which resulted in the Company no longer being a controlled company, and the senior management changes that took place at that time, the Committee determined to include so-called "double-trigger" change of control provisions in new award agreements for senior executives; these provisions provide for acceleration of vesting in connection with a change of control only when an award recipient suffers an involuntary termination of employment within two years of such change of control. The Committee believes that providing accelerated vesting after an involuntary termination will assist in the retention of our executives through a change of control transaction.

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. The Company generally does not 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.

Table of Contents

Other Compensation

General. We provide Mr. Diller 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 "All Other Compensation" in the Summary Compensation Table on page 24 pursuant to applicable rules. 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 2011, 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. For certain personal use of the corporate aircraft, Mr. Diller reimburses the Company at the maximum rate allowable under applicable rules of the Federal Aviation Administration.

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.

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 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. However, under applicable IRS rules, the personal use of corporate aircraft leads to a disallowance of the deduction of certain airplane and related costs.

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Counsel and Secretary	2009	\$ 368,192	\$ 700,000	\$ 383,000	\$ 7,350	\$ 1,458,542
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(1)

These amounts represent the grant date fair value of IAC stock options using the Black-Scholes option pricing model, assuming no dividends. For details regarding the assumptions used to calculate these amounts, see footnote 4 to the Grants of Plan-Based Awards in 2011 table on page 26.

Table of Contents

- (2) For each named executive, the amount in the other compensation column above reflects a 401(k) plan Company match in the amount of \$7,350 in 2011. Additional information regarding all other compensation amounts for Messrs. Diller and Kaufman in 2011 is as follows:

	Barry Diller	Victor A. Kaufman
Personal use of corporate aircraft(a)	\$ 913,966	
Parking garage		\$ 10,299
Miscellaneous(b)	\$ 86,295	
Total	\$ 1,000,261	\$ 10,299

- (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 purposes. See the discussion regarding airplane travel under Compensation Discussion and Analysis on page 23. We calculate the incremental cost to the Company for personal use of Company aircraft based on the average variable operating costs to the Company, and the amounts presented in the table above for such use are net of payments made by Mr. Diller in 2011 for certain personal use of aircraft. 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 for which Mr. Diller did not reimburse the Company to derive the incremental cost. Incremental costs 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. While travel by family members or other guests does not result in any incremental cost to the Company, such travel does result in the imputation of taxable income to Mr. Diller, the amount of which is calculated in accordance with applicable IRS regulations.
- (b) Represents the total amount of other benefits provided to Mr. Diller, none of which individually exceeded the greater of \$25,000 or 10% of the total amount of these benefits. 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) an allocation (based on square footage) of costs for the use of IAC office space by certain individuals who work for Mr. Diller personally, (iii) an allocation (based on the number of personal computers and communication devices supported by IAC) of costs relating to the use by such individuals of the Company's IT technical support and certain communication equipment and (iv) costs incurred for Mr. Diller's personal use of other car services.
- (3) Represents the grant date fair value of IAC RSUs subject to performance-based conditions related to the Company's stock price that were granted to Mr. Blatt on December 22, 2010, based on a probability weighted outcome analysis as of the grant date. The terms of this award provide that the actual number of IAC RSUs to be earned and vested on each vesting date will be based on the average of our stock price over the twenty trading days preceding the applicable vesting date (subject to a maximum of \$45.00 and a minimum of \$15.00), divided by our stock price on the grant date (\$29.97).
- (4) Excludes the value of options to purchase 200 and 100 shares of common stock of Match granted to Mr. Blatt in 2009 (the "2009 Match Options") and options to purchase 32 shares of common stock of Match granted to Mr. Blatt in 2010 (the "2010 Match Options," and together with the 2009 Match Options, the "Match Options") in his capacity as Chief Executive Officer of Match. In connection with the grant of the 2009 Match Options, Mr. Blatt surrendered an aggregate of 536,455 options to purchase IAC common stock previously granted to him in his capacity as an executive officer of IAC in 2008. See footnote 4 to the Outstanding Equity Awards at 2011 Fiscal Year-End table beginning on page 29 for additional information regarding the Match Options. In addition, as described in footnote 3 to the 2011 Option Exercises and Stock Vested table on page 30, certain of the 2009 Match Options were exercised and settled in 2011.

Table of Contents

Grants of Plan-Based Awards in 2011

The table below provides information regarding all IAC stock options granted to our named executives in 2011. No IAC RSUs were granted to any named executive in 2011. For a discussion of IAC equity awards granted to certain named executives in early 2012, see the discussion under Compensation Discussion and Analysis on page 22.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)(1)(2)	Exercise or Base Price of Option Awards (\$/Sh)(3)	Grant Date Fair Value of Stock and Option Awards \$(4)
Barry Diller	4/20/2011	300,000	\$ 31.89	\$ 4,815,000
Gregory R. Blatt				
Victor A. Kaufman	3/30/2011	200,000	\$ 30.90	\$ 2,356,000
Thomas J. McInerney	3/30/2011	300,000	\$ 30.90	\$ 3,534,000
Gregg Winiarski	3/30/2011	200,000	\$ 30.90	\$ 2,356,000

- (1) For information on the treatment of IAC stock options upon a termination of employment or a change in control of IAC, see the discussion under Estimated Potential Payments Upon Termination or Change in Control of IAC beginning on page 31.
- (2) These IAC stock options vested/vest in equal installments on February 15, 2012, 2013, 2014 and 2015, subject to continued employment.
- (3) The exercise price for these IAC stock options was equal to the market value of IAC common stock on the grant date.
- (4) The amounts in the table above represent the grant date fair value of IAC stock options using the Black-Scholes option pricing model, assuming no dividends. The Black-Scholes option pricing model incorporates various assumptions, including expected volatility (based on the historical volatility of our common stock), risk-free interest rates (based on U.S. Treasury yields for notes with terms comparable to those of the stock options) and expected term (based on our historical experience and on the terms and conditions of IAC stock options granted to employees). The assumptions used to calculate the amounts in the table above (which in the case of Mr. Diller, reflect his historical practice of generally holding IAC stock options until their expiration) are as follows:

	Expected Volatility (%)	Risk Free Interest Rate (%)	Expected Term (years)
Barry Diller	33.30	3.41	10.00
All other named executive officers	30.29	2.85	7.00

Table of Contents**Outstanding Equity Awards at 2011 Fiscal Year-End**

The table below provides information regarding IAC equity awards held by our named executives on December 31, 2011. The market value of all IAC RSU awards is based on the closing price of IAC common stock on December 30, 2011 (\$42.60).

Name	Option Awards				Stock Awards	
	Number of securities underlying unexercised options (#)(1)	Number of securities underlying unexercised options (#)(1)	Option exercise price (\$)(1)	Option expiration date(1)	Number of shares or units of stock that have not vested (#)(2)	Market value of shares or units of stock that have not vested (\$)(2)
Barry Diller	5,788		\$ 31.06	6/7/15		
	699,946		\$ 41.81	6/7/15		
		300,000(3)	\$ 31.89	4/20/21		
Gregory R. Blatt(4)	100,587	33,528(5)	\$ 20.08	4/9/18		
	100,587	33,528(5)	\$ 22.70	4/9/18		
	100,587	33,528(5)	\$ 25.31	4/9/18		
	100,587	33,528(6)	\$ 16.28	12/17/18		
		750,000(7)	\$ 32.00	12/22/20		
					381,910	\$ 16,269,366
Victor A. Kaufman	143,228	47,744(5)	\$ 20.08	4/9/18		
	143,228	47,744(5)	\$ 22.70	4/9/18		
	143,227	47,744(5)	\$ 25.31	4/9/18		
	125,000	125,000(6)	\$ 16.28	12/17/18		
	87,500	262,500(8)	\$ 21.60	2/16/20		
		200,000(3)	\$ 30.90	3/30/21		
					6,910	\$ 294,366
Thomas J. McInerney		47,744(5)	\$ 20.08	4/9/18		
		47,744(5)	\$ 22.70	4/9/18		
		47,744(5)	\$ 25.31	4/9/18		
	125,000	125,000(6)	\$ 16.28	12/17/18		
		262,500(8)	\$ 21.60	2/16/20		
		300,000(3)	\$ 30.90	3/30/21		
					6,910	\$ 294,366
Gregg Winiarski	34,374	11,459(5)	\$ 20.05	1/31/18		
	56,250	18,750(6)	\$ 16.28	12/17/18		
	25,000	25,000(9)	\$ 16.19	4/20/19		
	25,000	75,000(8)	\$ 21.60	2/16/20		
		200,000(3)	\$ 30.90	3/30/21		
					720	\$ 30,672

(1)

As a result of spin-off transactions completed by the Company in August 2008 and August 2005, and by Expedia, Inc. ("Expedia") in December 2010, on December 31, 2011, Messrs. Diller and McInerney held the following options to purchase common stock of HSN, Inc. ("HSNi"), Interval Leisure Group, Inc. ("Interval"), Live Nation Entertainment, Inc. (previously known as

Table of Contents

Ticketmaster Entertainment and Ticketmaster ("Live Nation"), Tree.com, Inc. ("Tree.com"), Expedia and TripAdvisor, Inc. ("TripAdvisor"):

Name	Option Expiration Date	Number of Options (#)	Option Exercise Price (\$)
Barry Diller			
<i>HSNi</i>	6/7/15	479,963	\$ 25.50
	6/7/15	279,978	\$ 34.32
<i>Interval</i>	6/7/15	479,963	\$ 28.55
	6/7/15	279,978	\$ 38.43
<i>Live Nation</i>	6/7/15	707,644	\$ 29.68
	6/7/15	412,791	\$ 39.95
<i>Tree.com</i>	6/7/15	79,986	\$ 15.01
	6/7/15	46,658	\$ 20.20
Thomas J. McInerney			
<i>HSNi</i>	3/19/2012	5,609	\$ 23.74
<i>Interval</i>	3/19/2012	5,609	\$ 26.58
<i>Live Nation</i>	3/19/2012	8,268	\$ 27.63
<i>Tree.com</i>	3/19/2012	933	\$ 13.97
<i>Expedia</i>	3/19/2012	8,741	\$ 25.09
<i>TripAdvisor</i>	3/19/2012	8,741	\$ 28.11

Any value realized upon the exercise of HSNi, Interval, Live Nation and Tree.com stock options (and, in the case of Mr. McInerney only, the exercise of Expedia and TripAdvisor 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 these stock options (and any exercises thereof) is reportable in the Company's proxy statement. In the case of Expedia and TripAdvisor stock options held by Mr. Diller, any value realized upon the exercise of these stock options is not treated for tax purposes as compensation payable to him in his capacity as Chairman and Senior Executive of the Company given his role as Chairman and Senior Executive of Expedia and Chairman and Senior Executive of TripAdvisor. Accordingly, information regarding these stock options (or any exercises thereof) is not reportable in the Company's proxy statement.

Messrs. Blatt, Kaufman and Winiarski did not hold any HSNi, Interval, Live Nation, Tree.com, Expedia or TripAdvisor stock options on December 31, 2011.

(2)

The table below provides the following information regarding IAC RSUs held by our named executives on December 31, 2011: (i) the grant date of each award; (ii) the number of IAC RSUs outstanding (on an aggregate and grant-by-grant basis); (iii) the market value of IAC RSUs outstanding as of December 31, 2011 (on an aggregate and grant-by-grant basis); (iv) the vesting schedule for each award and (v) the total number of IAC RSUs that vested/are scheduled to vest in each of the fiscal years ending December 31, 2012, 2013 and 2014. Pursuant to the terms of the related award agreements, unvested RSUs held by named executives are credited with cash for ordinary cash dividends (in an amount equal to the number of unvested RSUs outstanding on the

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Table of Contents

applicable record date, multiplied by the applicable dividend rate). These amounts are paid upon the vesting of the underlying RSUs.

Name and Grant Date	Number of Unvested IAC RSUs as of 12/31/11 (#)	Market Value of Unvested IAC RSUs as of 12/31/11 (\$)	Vesting Schedule (#)		
			2012	2013	2014
Barry Diller					
Gregory R. Blatt					
4/9/08(a)	6,910	\$ 294,366	6,910		
12/22/10(b)	375,000	\$ 15,975,000	187,500	93,750	93,750
<i>Total</i>	381,910	\$ 16,269,366	194,410	93,750	93,750
Victor A. Kaufman					
4/9/08(a)	6,910	\$ 294,366	6,910		
Thomas J. McInerney					
4/9/08(a)(c)	6,910	\$ 294,366	6,910		
Gregg Winiarski					
2/16/07(d)	720	\$ 30,672	720		

- (a) These IAC RSUs vested on January 31, 2012.
- (b) The number of IAC RSUs in the table above is equal the maximum number of IAC RSUs that could vest pursuant to the terms of this award. The actual number of IAC RSUs to be earned and vested on each vesting date will be based on the average of our stock price over the twenty trading days preceding the applicable vesting date (subject to a maximum of \$45.00 and a minimum of \$15.00), divided by our stock price on the grant date (\$29.97), with the total number of IAC RSUs ultimately earned and vested to be no less than 125,000 and no more 375,000. We refer to these IAC RSUs in this proxy statement as the "2010 IAC RSUs." 50%, 25% and 25% of the 2010 IAC RSUs are scheduled to vest on December 1, 2012, December 1, 2013 and December 1, 2014, respectively.
- (c) Excludes 1,168 IAC restricted stock purchase rights held by Mr. McInerney on December 31, 2011, which had a market value of approximately \$49,733 on such date and which were exercisable by Mr. McInerney during the period from January 1, 2012 through March 19, 2012. On December 31, 2011, Mr. McInerney also held 467 HSNi and Interval restricted stock purchase rights, 688 Live Nation restricted stock purchase rights, 77 Tree.com restricted stock purchase rights and 1,165 Expedia and TripAdvisor restricted stock purchase rights, all of which are exercisable by Mr. McInerney in the same manner as his IAC restricted stock purchase rights and which had a market value of approximately \$16,924, \$6,347, \$5,683, \$430, \$33,797 and \$29,347, respectively, on such date.
- (d) These IAC RSUs vested on February 16, 2012.
- (3) These IAC stock options vested/vest in equal installments on February 15, 2012, 2013, 2014 and 2015, subject to continued employment.
- (4) Excludes Match Options held by Mr. Blatt on December 31, 2011, all of which were unvested. As of December 31, 2011: (i) the 2009 Match Options consisted of options to purchase 100 and 50 shares of common stock of Match with exercise prices equal to fair market value and 200% of fair market value on the grant date, respectively, which vested on February 18, 2012, and (ii) the 2010 Match

Table of Contents

Options consisted of options to purchase 32 shares of common stock of Match with an exercise price equal to fair market value on the grant date, which vest in one lump sum installment on February 16, 2013. As described in footnote 3 to the 2011 Option Exercises and Stock Vested table below, certain of the 2009 Match Options were exercised and settled in 2011.

- (5) These IAC stock options vested in full on January 31, 2012.
- (6) These IAC stock options vest in full on December 17, 2012, subject to continued employment.
- (7) These IAC stock options vest as follows: 50% on December 1, 2012, 25% on December 1, 2013 and 25% on December 1, 2014, subject to continued employment. We refer to these IAC stock options in this proxy statement as the "2010 IAC Stock Options."
- (8) These IAC stock options vested/vest in equal installments on February 16, 2012, 2013 and 2014, subject to continued employment.
- (9) These IAC stock options vested/vest in equal installments on February 19, 2012 and 2013, subject to continued employment.

2011 Option Exercises and Stock Vested

The table below provides information regarding the number of shares acquired by our named executives upon the exercise of stock options and the vesting of IAC RSU awards in 2011 and the related value realized, excluding the effect of any applicable taxes.

Name	Number of Shares Acquired Upon Exercise (#)	Value Realized Upon Exercise (\$)(1)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting (\$)(2)
Barry Diller	1,194,121	\$ 5,084,925		
Gregory R. Blatt(3)			89,257	\$ 2,699,789
Victor A. Kaufman	250,000	\$ 4,544,925	6,910	\$ 194,793
Thomas J. McInerney(4)	815,063	\$ 17,752,999	93,375	\$ 2,825,058
Gregg Winiarski			16,118	\$ 460,251

- (1) Represents the difference between the exercise price of the IAC stock options and the fair market value per share (as defined in the applicable stock and annual incentive plan) of IAC common stock at the time of exercise.
- (2) Represents the closing price of IAC common stock on the vesting date multiplied by the number of RSUs so vesting.
- (3) In February 2011, Mr. Blatt exercised his then vested 2009 Match Options, receiving approximately \$15.5 million of Company stock, representing the fair market value of these options as determined by the Compensation and Human Resources Committee following the receipt of advice from an independent investment bank. This transaction was agreed to by the Company and Mr. Blatt at the time he was appointed Chief Executive Officer, in part to better align his compensation with the interests of the Company's stockholders by reducing his concentration in a Company subsidiary.
- (4) Mr. McInerney exercised Interval, Tree.com and Expedia stock options in 2011, in connection with which he received gross proceeds of \$1,611, \$1,172 and \$262,229, respectively. In all cases, these amounts represent the difference between the exercise price of the applicable options and the fair market value per share (as defined in the applicable stock and annual incentive plan) of the applicable common stock underlying such options at the time of exercise.

Table of Contents

Estimated Potential Payments Upon Termination or Change in Control of IAC

Certain of our employment agreements, equity award agreements and/or omnibus stock and annual incentive plans entitle our named executives to continued base salary payments, the acceleration of the vesting of IAC equity awards and/or extended post-termination exercise periods for IAC stock options upon certain terminations of the named executive's employment or in the event of a change in control of IAC. These arrangements are described below as they apply to each named executive.

Certain amounts that would become payable to our named executives upon the events described above (as and if applicable), assuming that the relevant event occurred on December 31, 2011, are described and quantified in the table below. These amounts, which exclude the effect of any applicable taxes, are based on the named executive's base salary and the number of IAC RSU and/or stock option awards outstanding on December 31, 2011 and the closing price of IAC common stock (\$42.60) on December 30, 2011. In addition to these amounts, certain other amounts and benefits generally payable and made available to other Company employees upon a termination of employment, including payments for accrued vacation time and outplacement services, will generally be payable to named executives.

Mr. Diller

Upon a termination without cause or due to death or disability or a resignation for good reason on December 31, 2011, in accordance with the agreement governing Mr. Diller's 2005 stock options, all of Mr. Diller's vested and outstanding stock options governed by such agreement (705,734 IAC stock options, 759,941 HSNi stock options and Interval stock options, 1,120,435 Live Nation stock options and 126,644 Tree.com stock options) would have remained outstanding and exercisable through December 31, 2012. For Mr. Diller, "good reason" is defined as a reduction in base salary, a relocation outside of the metropolitan New York City area or a material and demonstrable adverse change in the nature and scope of his duties from those in effect on June 7, 2005, in each case, without his written consent.

Upon a termination without cause or resignation for good reason following a change in control of IAC on December 31, 2011, in accordance with the applicable omnibus stock and incentive plan and his stock option agreement, the vesting of all 300,000 stock options granted to Mr. Diller on April 20, 2011 would have been accelerated. The amount that would have become payable to Mr. Diller as a result of this acceleration is \$3,213,000.

Under the Equity and Bonus Compensation Agreement, dated August 24, 1995, between IAC and Mr. Diller, we agreed that to the extent any payment or distribution by IAC to or for the benefit of Mr. Diller (whether under the terms of the related agreement or otherwise) would be subject to the excise tax imposed by §4999 of the Internal Revenue Code, or any interest or penalties are incurred by Mr. Diller with respect to such excise tax, then Mr. Diller would be entitled to a gross-up payment covering the excise taxes and related interest and penalties. Given the payments Mr. Diller would receive upon an assumed change in control at the end of 2011, the Company does not believe that any excise tax would be imposed or that any gross-up would be required.

Table of Contents

Mr. Blatt

Upon a termination without cause or resignation for good reason on December 31, 2011, pursuant to the terms of his employment agreement, Mr. Blatt would have been entitled to:

receive base salary for the remainder of the term of his employment agreement (through December 1, 2013), subject to compliance with post-termination confidentiality, non-competition (12 months), non-solicitation of employees (18 months), non-solicitation of business partners (12 months) and assignment of certain employee developments covenants, and subject to offset for any amounts earned from other employment during the severance period;

in the case of all IAC RSU and IAC stock option awards outstanding on November 30, 2010:

the full vesting of all such IAC RSU and IAC stock option awards that were outstanding and unvested as of the date of such termination of employment; and

continue to have the ability to exercise his vested IAC stock options through June 30, 2013;

in the case of the 2010 IAC RSUs, the vesting of a number of RSUs equal to 125,000 times the Market Ratio (as defined below);

in the case of the 2010 IAC Stock Options, the vesting of 50% (375,000) of such options and to continue to have the ability to exercise such stock options through June 30, 2013;

in the case of the 2009 Match Options, the full vesting of all such options that were outstanding and unvested as of the date of such termination of employment; and

in the case of the 2010 Match Options, the vesting of two-thirds of such options.

For purposes of the acceleration rights described above, "Market Ratio" means the average of the closing prices of IAC common stock on the twenty trading days immediately preceding the applicable vesting date (subject to a maximum of \$45.00 and a minimum of \$15.00), divided by \$29.97.

Upon a change in control of IAC on December 31, 2011, in accordance with our omnibus stock and annual incentive plans and his equity award agreements, the vesting of all then outstanding IAC RSU and stock option awards (other than the 2010 IAC RSUs and 2010 IAC Stock Options) held by Mr. Blatt would have been accelerated. In addition, pursuant to Mr. Blatt's employment agreement, upon a termination without cause or resignation for good reason following a change in control of IAC on December 31, 2011, Mr. Blatt would have been entitled to the vesting of a number of 2010 IAC RSUs equal to 250,000 times the Market Ratio and all unvested 2010 IAC Stock Options. In addition, the agreements governing the Match Options provide for the acceleration of the vesting of all such options upon the earlier of a change in control of Match or a change in control of IAC at a time during which Match is a controlled subsidiary of IAC.

For Mr. Blatt, "good reason" means actions taken by the Company resulting in a material negative change in the employment relationship, which include: (i) requiring Mr. Blatt to report to any person other than Barry Diller (in his capacity as IAC's Chairman and Senior Executive) or IAC's Board of Directors; (ii) a material reduction in title or the assignment of duties and responsibilities to, or limitation on duties of, Mr. Blatt inconsistent with his position as Chief Executive Officer; (iii) Mr. Blatt ceasing to be the Chief Executive Officer of the ultimate parent entity in IAC's affiliated group of companies (other than pursuant to a termination of his employment due to death, disability or cause or a resignation for good reason); (iv) any material reduction in base salary; (v) the relocation of Mr. Blatt's principal place of employment outside of Dallas, Texas or New York, NY; (vi) the failure of IAC to nominate Mr. Blatt to stand for election to the Company's Board of Directors or his removal from the Company's Board of Directors (other than pursuant to a termination of his employment due to death, disability or cause or a resignation for good reason); or (iv) any other action or inaction that

Table of Contents

constitutes a material breach by IAC of the employment agreement or any of the agreements relating to Mr. Blatt's 2010 IAC RSUs, 2010 IAC Stock Options or the Match Options.

In addition, upon a termination of Mr. Blatt's employment due to his death or disability on December 31, 2011, Mr. Blatt would have been entitled to the vesting of: (i) 25% (187,500) of the 2010 IAC Stock Options and (ii) a number of 2010 IAC RSUs equal to 62,500 times the Market Ratio. The total amount that would have become payable to Mr. Blatt as a result of these accelerations is \$5,713,381 (\$1,987,500 of which relates to the 2010 IAC Stock Options and \$3,725,881 of which relates to the 2010 IAC RSUs).

Mr. Kaufman

Upon a termination without cause or resignation for good reason on December 31, 2011, pursuant to the terms of his amended employment agreement, Mr. Kaufman would have been entitled to:

the partial vesting of IAC RSU and IAC stock option awards in amounts equal to the number that would have otherwise vested in accordance with the terms of such awards during the twelve-month period following such termination of employment; and

continue to have the ability to exercise his vested IAC stock options through June 30, 2013.

Upon a change in control of IAC on December 31, 2011, in accordance with our omnibus stock and annual incentive plans and his equity award agreements, the vesting of all then outstanding IAC RSUs and IAC stock options held by Mr. Kaufman (except 200,000 stock options granted to him on March 30, 2011) would have been accelerated. Upon a termination without cause or resignation for good reason following a change in control of IAC on December 31, 2011, in accordance with our omnibus stock and annual incentive plans and his equity award agreements, the vesting of all then outstanding IAC RSUs and IAC stock options held by Mr. Kaufman would have been accelerated. For Mr. Kaufman, "good reason" means a material breach of his employment agreement by the Company that it fails to remedy.

Messrs. McInerney and Winiarski

Mr. McInerney. Upon a termination without cause, resignation for good reason or voluntary resignation without good reason on December 31, 2011, pursuant to the terms of his employment agreement, Mr. McInerney would have been entitled to:

receive twelve months of his base salary, subject to the execution and non-revocation of a release and compliance with post-termination confidentiality, non-solicitation of employees (18 months), non-solicitation of business partners (12 months) and assignment of certain employee developments covenants;

the full vesting of all IAC RSU and IAC stock option awards (except 300,000 IAC stock options granted to him on March 30, 2011) that were outstanding and unvested as of the date of such termination of employment; and

continue to have the ability to exercise his vested IAC stock options through June 30, 2013.

Pursuant to the terms of his employment agreement, Mr. McInerney received the benefits described upon his voluntary resignation from his position as the Company's Chief Executive Officer, effective March 31, 2012.

Mr. Winiarski. Upon a termination without cause or resignation for good reason on December 31, 2011, pursuant to the terms of his employment agreement, Mr. Winiarski would have been entitled to:

receive twelve months of his base salary, subject to the execution and non-revocation of a release and compliance with post-termination confidentiality, non-solicitation of employees

Table of Contents

(18 months), non-solicitation of business partners (12 months) and assignment of certain employee developments covenants, and subject to offset for any amounts earned from other employment during the severance period;

the partial vesting of IAC RSU and IAC stock option awards in amounts equal to the number that would have otherwise vested in accordance with the terms of such awards during the twelve-month period following such termination of employment; and

continue to have the ability to exercise his vested IAC stock options through June 30, 2013.

Upon a change in control of IAC on December 31, 2011, in accordance with our omnibus stock and annual incentive plans and their equity award agreements, the vesting of all then unvested and outstanding IAC RSU and IAC stock option awards held by Mr. McInerney and Mr. Winiarski (except 300,000 and 200,000 stock options granted to Mr. McInerney and Mr. Winiarski, respectively, on March 30, 2011) would have been accelerated. Upon a termination without cause or resignation for good reason following a change in control of IAC on December 31, 2011, in accordance with our omnibus stock and annual incentive plans and their respective equity award agreements, the vesting of all then outstanding IAC RSUs and IAC stock options held by Messrs. McInerney and Winiarski would have been accelerated.

For Messrs. McInerney and Winiarski, in all cases, "good reason" includes: (i) a material reduction (or in the case of Mr. Winiarski, a material adverse change) in title, duties or level of responsibilities; (ii) a material reduction in base salary; (iii) a material relocation of the principal place of employment outside of the New York City metropolitan area; and (iv) the failure to report to the Company's Chief Executive Officer (or any successor to such person) and/or the Vice Chairman of the Company (or, in the case of Mr. Winiarski, a material adverse change in reporting structure such that he is no longer reporting to a Company officer with a title of Executive Vice President or above that reports to the Company's Chairman or Vice Chairman), in each case, without the written consent of the named executive or that is not cured promptly after notice.

Table of Contents

Name and Benefit	Termination of Employment Without Cause or Resignation for Good Reason(1)	Change in Control of IAC	Termination of Employment Without Cause or Resignation for Good Reason During the Two Year Period Following a Change in Control of IAC
Gregory R. Blatt(2)			
Continued Salary	\$ 1,916,667		\$ 1,916,667
Market Value of IAC RSUs that would vest	\$ 7,746,128(3)	\$ 294,366(4)	\$ 15,197,933(5)
Market Value of IAC stock options that would vest(6)	\$ 6,859,914(3)	\$ 2,884,414(4)	\$ 10,834,414(5)
Total Estimated Incremental Value	\$ 16,522,709	\$ 3,178,780	\$ 27,949,014
Victor A. Kaufman			
Market Value of IAC RSUs that would vest	\$ 294,366(7)	\$ 294,366(8)	\$ 294,366(9)
Market Value of IAC stock options that would vest(6)	\$ 7,978,295(7)	\$ 11,653,295(8)	\$ 13,993,295(9)
Total Estimated Incremental Value	\$ 8,272,661	\$ 11,947,661	\$ 14,287,661
Thomas J. McInerney			
Continued Salary	\$ 650,000		\$ 650,000
Market Value of IAC RSUs that would vest	\$ 294,366(8)	\$ 294,366(8)	\$ 294,366(9)
Market Value of IAC stock options that would vest(6)	\$ 11,653,295(8)	\$ 11,653,295(8)	\$ 15,163,295(9)
Total Estimated Incremental Value	\$ 12,579,661	\$ 11,947,661	\$ 16,107,661
Gregg Winiarski			
Continued Salary	\$ 450,000		\$ 450,000
Market Value of IAC RSUs that would vest	\$ 30,672(7)	\$ 30,672(8)	\$ 30,672(9)
Market Value of IAC stock options that would vest(6)	\$ 1,607,025(7)	\$ 2,987,150(8)	\$ 5,327,150(9)
Total Estimated Incremental Value	\$ 2,087,697	\$ 3,017,822	\$ 5,807,822

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- (1) In the case of Mr. McInerney only, these amounts would have also become payable upon a voluntary resignation without good reason on December 31, 2011.
- (2) No estimated value for the Match Options that would be accelerated upon a termination of employment or a change in control of IAC (or a change in control of Match) is presented in the table above, as the value would be determined through a valuation process pursuant to the terms of the awards, which did not occur. However, based on a valuation of Match prepared in connection with the grant of Match options to certain other Match executives in February 2012, the estimated amount that Mr. Blatt would have received upon the acceleration of the Match Options assuming a termination of employment and/or change in control of IAC (or a change in control of Match) on December 31, 2011 is approximately \$21.3 million and \$22.3 million, respectively.
- (3) Represents the accelerated vesting, as of December 31, 2011, of: (i) all IAC RSUs and IAC stock options granted to Mr. Blatt prior to December 1, 2010, (ii) 174,924 of the 2010 IAC RSUs and

Table of Contents

(iii) 375,000 of the 2010 IAC Options, in each case, that were unvested and outstanding on December 31, 2011.

- (4) Represents the accelerated vesting, as of December 31, 2011, of all IAC RSUs and IAC stock options granted to Mr. Blatt prior to December 1, 2010 that were unvested and outstanding on December 31, 2011.
- (5) Represents the accelerated vesting, as of December 31, 2011, of: (i) all IAC RSUs and IAC stock options granted to Mr. Blatt prior to December 1, 2010, (ii) 349,849 of the 2010 IAC RSUs and (iii) all of the 2010 IAC Options, in each case, that were unvested and outstanding on December 31, 2011.
- (6) Represents the difference between the closing price of IAC common stock (\$42.60) on December 31, 2011 and the exercise prices of all in-the-money IAC stock options accelerated upon the occurrence of the relevant event specified above, multiplied by the number of stock options so accelerated.
- (7) Represents the value of IAC RSUs and IAC stock options that would have otherwise vested upon a termination of employment without cause or resignation for good reason in accordance with the terms of these awards during the twelve-month period following the relevant event.
- (8) Represents the accelerated vesting, as of December 31, 2011, of all IAC RSUs and IAC stock options (except IAC stock options granted to these named executives on March 30, 2011), as applicable, that were unvested and outstanding on December 31, 2011.
- (9) Represents the accelerated vesting, as of December 31, 2011, of all IAC RSUs and IAC stock options, as applicable, that were unvested and outstanding on December 31, 2011.

Equity Compensation Plan Information

Securities Authorized for Issuance Under Equity Compensation Plans. The following table summarizes information, as of December 31, 2011, regarding IAC equity compensation plans pursuant to which grants of IAC stock options, IAC RSUs or other rights to acquire shares may be granted from time to time.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(1) (A)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by security holders(2)	15,430,817(3) \$	24.97	9,336,195
Equity compensation plans not approved by security holders			
Total	15,430,817(3) \$	24.97	9,336,195

- (1) Information excludes: (i) 281,009 shares issuable upon the exercise of outstanding IAC stock options with a weighted-average exercise price of \$21.75, which were granted pursuant to plans assumed by IAC in connection with acquisitions and under which no securities remain available for future issuance, and (ii) 2,228,920 shares that may be issuable in settlement of certain subsidiary-level equity-based awards, based on the estimated values of such subsidiaries as of December 31, 2011.

Table of Contents

- (2) These plans primarily include the 2008, 2005 and 2000 Amended and Restated Stock and Annual Incentive Plans, as well as director deferred compensation plans.
- (3) Includes an aggregate of: (i) up to 5,101,072 shares issuable upon the vesting of IAC RSUs (the majority of which are performance-based RSU awards, with the total number of shares included above generally assuming the achievement of the maximum performance hurdles); (ii) 86,145 shares underlying share units credited to accounts as of December 31, 2011 under IAC's Deferred Compensation Plans for Non-Employee Directors and (iii) 10,243,600 shares issuable upon the exercise of outstanding IAC stock options.

DIRECTOR COMPENSATION

Non-Employee Director Compensation Arrangements. The Nominating Committee has primary responsibility for establishing non-employee director compensation arrangements, which have been designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of Company stock to further align directors' interests with those of our stockholders. Arrangements in effect during 2011 provide that: (i) each member of the Board receive an annual retainer in the amount of \$50,000, (ii) each member of the Audit and Compensation and Human Resources Committees (including their respective Chairpersons) receive an additional annual retainer in the amount of \$10,000 and \$5,000, respectively, and (iii) the Chairpersons of each of the Audit and Compensation and Human Resources Committees receive an additional annual chairperson retainer in the amount of \$20,000, with all amounts being paid quarterly, in arrears.

In addition, these arrangements also provide that each non-employee director receive a grant of IAC RSUs with a dollar value of \$250,000 upon his or her initial election to the Board and annually thereafter upon re-election on the date of IAC's annual meeting of stockholders, the terms of which provide for: (i) vesting in three equal annual installments commencing on the first anniversary of the grant date, (ii) cancellation and forfeiture of unvested units in their entirety upon termination of Board service and (iii) full acceleration of vesting upon a change in control of IAC. The Company also reimburses non-employee directors for all reasonable expenses incurred in connection with attendance at IAC Board and Board Committee meetings.

Deferred Compensation Plan for Non-Employee Directors. Under IAC's Deferred Compensation Plan for Non-Employee Directors, non-employee directors may defer all or a portion of their Board and Board Committee fees. Eligible directors who defer all or any portion of these fees can elect to have such deferred fees applied to the purchase of share units, representing the number of shares of IAC common stock that could have been purchased on the relevant date, or credited to a cash fund. If any dividends are paid on IAC common stock, dividend equivalents will be credited on the share units. The cash fund will be credited with deemed interest at an annual rate equal to the weighted average prime lending rate of JPMorgan Chase Bank. After a director ceases to be a member of the Board, he or she will receive: (i) with respect to share units, such number of shares of IAC common stock as the share units represent and (ii) with respect to the cash fund, a cash payment in an amount equal to deferred amounts, plus accrued interest. These payments are generally made in one lump sum installments.

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Table of Contents

2011 Non-Employee Director Compensation. The table below provides the amount of: (i) fees earned by non-employee directors for services performed during 2011 and (ii) the grant date fair value of IAC RSU awards granted in 2011.

Name	Fees Earned		Stock Awards\$(2)	Total\$(3)
	Fees Paid in Cash (\$)	Fees Deferred \$(1)		
Edgar Bronfman, Jr.(4)		\$ 50,000	\$ 249,973	\$ 299,973
Chelsea Clinton(4)	\$ 12,500		\$ 249,989	\$ 262,489
Sonali De Rycker(4)	\$ 12,500		\$ 249,989	\$ 262,489
Michael D. Eisner(4)	\$ 41,667		\$ 499,954	\$ 541,621
Donald R. Keough(4)		\$ 55,000	\$ 249,973	\$ 304,973
Bryan Lourd(4)		\$ 60,000	\$ 249,973	\$ 309,973
Arthur C. Martinez(4)	\$ 75,000		\$ 249,973	\$ 324,973
David Rosenblatt(4)	\$ 55,000		\$ 249,973	\$ 304,973
Alan G. Spoon(4)		\$ 80,000	\$ 249,973	\$ 329,973
Alexander von Furstenberg(4)		\$ 50,000	\$ 249,973	\$ 299,973
Richard F. Zannino(4)	\$ 60,000		\$ 249,973	\$ 309,973

- (1) Represents the dollar value of fees deferred in the form of share units by the relevant director under the Company's Deferred Compensation Plan for Non-Employee Directors. Pursuant to the terms of the plan, share units are credited with the number of share units that could have been purchased with the amount of ordinary cash dividends payable on the number of share units outstanding, with each share unit being treated as if it was one share of IAC common stock. These share units are settled at the same time as the underlying share units (after the relevant director leaves the Board). As a result of a quarterly cash dividend of \$0.12 per share of common stock and Class B common stock paid on December 1, 2011, share units held by Messrs. Bronfman, Keough, Lourd, Rosenblatt, Spoon and von Furstenberg were credited with share units with a value of approximately \$2,100, \$2,700, \$1,900, \$600, \$2,600 and \$125, respectively.
- (2) Amounts presented represent the grant date fair value of the relevant IAC RSU award(s), which was calculated using the closing price of IAC common stock on the NASDAQ Stock Market on the grant date.
- (3) The differences in the amounts shown above among directors reflect length of Board service and, if applicable, Committee service, which varies among directors.

Table of Contents

- (4) The following table provides the number of IAC RSUs and IAC stock options held by each current director/director nominee on December 31, 2011:

Director	RSUs(a)	Options
Edgar Bronfman, Jr.	19,390	2,499(b)
Chelsea Clinton	6,214	
Sonali De Rycker	6,214	
Michael D. Eisner	15,484	
Donald R. Keough	19,390	2,499(c)
Bryan Lourd	19,390	
Arthur C. Martinez	19,390	
David Rosenblatt	19,390	
Alan G. Spoon	19,390	4,674(d)
Alexander von Furstenberg	19,390	
Richard F. Zannino	19,496	

- (a) Pursuant to the terms of the related award agreements, unvested RSUs granted prior to 2012 held by directors are credited with cash for ordinary cash dividends (in an amount equal to the number of unvested RSUs outstanding on the applicable record date, multiplied by the applicable dividend rate). These amounts are paid upon the vesting of the underlying RSUs. As a result of a quarterly cash dividend of \$0.12 per share of common stock and Class B common stock paid on December 1, 2011, Messrs. Rosenblatt and von Furstenberg each received \$300 upon the vesting of certain RSUs in December 2011.
- (b) Mr. Bronfman also held 999 HSNi and Interval options, 1,472 Live Nation options, 166 Tree.com options and 2,493 Expedia and TripAdvisor options on December 31, 2011.
- (c) Mr. Keough also held 999 HSNi and Interval options, 1,472 Live Nation options, 166 Tree.com options and 2,493 Expedia and TripAdvisor options on December 31, 2011.
- (d) Mr. Spoon also held 1,869 HSNi and Interval options, 2,755 Live Nation options, 311 Tree.com options and 4,662 Expedia and TripAdvisor options on December 31, 2011.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents, as of April 26, 2012, information relating to the beneficial ownership of IAC common stock and IAC Class B common stock by: (1) each person known by IAC to own beneficially more than 5% of the outstanding shares of IAC common stock and Class B common stock, (2) each current director and director nominee, (3) each of the Chief Financial Officer and the Company's other named executives and (4) all current named executives and directors of IAC as a group. As of April 26, 2012, there were 78,293,599 and 5,789,499 shares of IAC common stock and Class B common stock, respectively, outstanding.

Unless otherwise indicated, the beneficial owners listed below may be contacted at IAC's corporate headquarters located at 555 West 18th Street, New York, New York 10011. For each listed person, the number of shares of IAC common stock and percent of such class listed assumes the conversion or exercise of any IAC equity securities owned by such person that are or will become convertible or exercisable, and the vesting of any IAC RSUs and/or IAC stock options that will vest, within 60 days of April 26, 2012, but does not assume the conversion, exercise or vesting of any such equity securities owned by any other person. Shares of IAC Class B common stock may at the option of the holder be converted on a one-for-one basis into shares of IAC common stock. The percentage of votes for all

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Table of Contents

- (2) Includes warrants exercisable for 5,022,384 shares of IAC common stock and options to purchase 21,100 shares of IAC common stock. Susquehanna Advisors Group, Inc. is the investment manager to Capital Ventures International and in this capacity may exercise voting and dispositive power over 5,022,384 of these shares. Susquehanna Capital Group, Susquehanna Investment Group and Susquehanna Securities are affiliated independent broker dealers who, together with Capital Ventures International and Susquehanna Advisors Group, Inc., may be deemed a group. Each member of the group disclaims beneficial ownership of shares held directly by all other reporting persons.
- (3) Consists of: (i) 5,789,499 shares of IAC Class B common stock (which are convertible on a one-for-one basis into shares of IAC common stock) owned by Mr. Diller, (ii) 1,711 shares of IAC common stock held by a private foundation as to which Mr. Diller disclaims beneficial ownership and (iii) vested options to purchase 780,734 shares of IAC common stock.
- (4) Consists of: (i) 183,240 shares of IAC common stock held directly by Mr. Blatt and (ii) options to purchase 502,932 shares of IAC common stock.
- (5) Consists of: (i) 43,344 shares held directly by Mr. Bronfman, (ii) 5,375 shares of IAC common stock held for the benefit of Mr. Bronfman in an individual retirement account, (iii) 2,125 shares of IAC common stock held by Mr. Bronfman in his capacity as custodian for his minor children and (iv) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days. Mr. Bronfman disclaims beneficial ownership of the shares of IAC common stock described in (iii) above.
- (6) Consists of: (i) 2,768 shares of IAC common stock held directly by Mr. Eisner and (ii) 2,393 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.
- (7) Consists of: (i) 80,198 shares of IAC common stock held directly by Mr. Kaufman and (ii) options to purchase 654,687 shares of IAC common stock.
- (8) Consists of: (i) 100,258 shares of IAC common stock held directly by Mr. Keough, (ii) 500 shares of IAC common stock held by Mr. Keough's spouse and (iii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days. Excludes shares of IAC common stock beneficially owned by Allen & Company LLC and/or its affiliates. Mr. Keough disclaims beneficial ownership of the shares of IAC common stock described in (ii) above and all shares of IAC common stock beneficially owned by Allen & Company LLC and/or its affiliates.
- (9) Consists of: (i) 22,373 shares of IAC common stock held directly by Mr. Lourd and (ii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.
- (10) Consists of: (i) 15,131 shares of IAC common stock held directly by Mr. Martinez and (ii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.
- (11) Consists of: (i) 244,902 shares of IAC common stock held directly by Mr. McInerney and (ii) options to purchase 730,729 shares of IAC common stock.
- (12) Consists of: (i) 21,277 shares of IAC common stock held directly by Mr. Rosenblatt and (ii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.
- (13) Consists of: (i) 56,611 shares of IAC common stock held directly by Mr. Spoon and (ii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.
- (14)

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Consists of: (i) 21,277 shares of IAC common stock held directly by Mr. von Furstenberg and (ii) 11,056 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.

Table of Contents

- (15) Consists of: (i) 21,372 shares of IAC common stock held directly by Mr. Winiarski and (ii) options to purchase 239,583 shares of IAC common stock.
- (16) Consists of: (i) 13,989 shares of IAC common stock held directly by Mr. Zannino and (ii) 11,162 shares of IAC common stock to be received upon the vesting of IAC RSUs in the next 60 days.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of common stock and other equity securities of the Company with the SEC. Officers, directors and greater than 10% beneficial owners are required by SEC rules to furnish the Company with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to the Company, and/or written representations that no additional forms were required, the Company believes that its officers, directors and greater than 10% beneficial owners complied with these filing requirements in 2011.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Review of Related Person Transactions

The Audit Committee has a formal, written policy that requires an appropriate review of all related person transactions by the Audit Committee, as required by Marketplace Rules governing conflict of interest transactions. For purposes of this policy, as amended, consistent with the Marketplace Rules, the terms "related person" and "transaction" are determined by reference to Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended ("Item 404"). During 2011, in accordance with this policy, Company management was required to determine whether any proposed transaction, arrangement or relationship with a related person fell within the definition of "transaction" set forth in Item 404, and if so, review such transaction with the Audit Committee. In connection with such determinations, Company management and the Audit Committee consider: (i) the parties to the transaction and the nature of their affiliation with IAC and the related person, (ii) the dollar amount involved in the transaction, (iii) the material terms of the transaction, including whether the terms of the transaction are ordinary course and/or otherwise negotiated at arms' length, (iv) whether the transaction is material, on a quantitative and/or qualitative basis, to IAC and/or the related person and (v) any other facts and circumstances that management or the Audit Committee deems appropriate.

Relationships Involving Significant Stockholders, Named Executive Officers and Directors

Relationships Involving Mr. Diller. Pursuant to an agreement between Mr. Diller and IAC, certain transfer restrictions apply to 1.5 million shares of IAC Class B common stock acquired by Mr. Diller in 2011, including a requirement that, until December 1, 2015 and except for transfers to certain permitted transferees, these shares must first be converted into IAC common stock in order to be transferred.

In addition, pursuant to an amended and restated governance agreement between IAC and Mr. Diller, for so long as Mr. Diller serves as IAC's Chairman and Senior Executive, he generally has the right to consent to limited matters in the event that IAC's ratio of total debt to EBITDA (as defined in the governance agreement) equals or exceeds four to one over a continuous twelve-month period.

Table of Contents

In 2001, IAC and Mr. Diller entered into an agreement with respect to the construction of a screening room on Mr. Diller's property to assist Mr. Diller in connection with Company-related activities. Construction costs of approximately \$1.8 million were paid by the Company and the agreement provides that under certain circumstances, including upon Mr. Diller's termination of employment by IAC or its affiliates, Mr. Diller shall have the option to pay to IAC an amount equal to the depreciated book value of the construction costs to acquire the facilities.

As discussed in the Compensation Discussion and Analysis on page 23, 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. Mr. Diller reimbursed IAC approximately \$243,000 for personal use of Company-chartered aircraft in 2011.

Relationships Involving Other Directors. During 2011, an IAC business made payments to infoGroup, Inc. ("infoGroup") in the aggregate amount of approximately \$270,000 for data licensing services. infoGroup is a portfolio company of CCMP Capital Advisors, LLC, of which Mr. Zannino is a Managing Director and member of the firm's Investment Committee. The agreement pursuant to which the IAC business made these payments was entered into by the parties before Mr. Zannino began serving on the Board and before CCMP acquired infoGroup.

In 2010, Mr. Bronfman was part of a trial in the Trial Court in Paris involving six other individuals, including the former Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of Vivendi Universal. The six other individuals faced various criminal charges and civil claims relating to Vivendi, including Vivendi's financial disclosures, the appropriateness of executive compensation, and trading in Vivendi stock. Mr. Bronfman previously served as the Vice Chairman of Vivendi and faced a charge and claims relating to certain trading in Vivendi stock in January 2002. At the trial, the public prosecutor and the lead civil claimant both took the position that Mr. Bronfman should be acquitted. In 2011, the court found Mr. Bronfman guilty of the charge relating to his trading in Vivendi stock, found him not liable to the civil claimants and imposed a fine of five million euros and a suspended sentence of fifteen months. Mr. Bronfman has appealed the judgment and believes that his trading in Vivendi stock was proper. The civil claimants have filed an appeal as to their civil claims. The proceeding in the appellate court will commence in October 2013. Under French law, the penalty is suspended pending the final outcome of the case.

Relationships Involving IAC and Expedia

Overview. Since the completion of the spin-off of Expedia in August 2005 (the "Expedia Spin-Off"), IAC and Expedia have been related parties since they are under common control. In connection with and following the Expedia Spin-Off, IAC and Expedia entered into certain arrangements, including arrangements regarding the sharing of certain costs, the use and ownership of certain aircraft and various commercial agreements, certain of which are generally described below.

Cost Sharing Arrangements. Mr. Diller currently serves as Chairman and Senior Executive of both IAC and Expedia. In connection with the Expedia Spin-Off, IAC and Expedia had agreed, in light of Mr. Diller's senior role at both companies and his anticipated use of certain resources to the benefit of both companies, to share certain expenses associated with such usage, as well as certain costs incurred by IAC in connection with the provision of certain benefits to Mr. Diller. These cost sharing arrangements currently provide that IAC and Expedia cover 65% and 35% of these costs, respectively, which both companies agree best reflects the allocation of actual time spent by Mr. Diller among the two companies. Expenses include costs for personal use of cars and equipment dedicated to Mr. Diller's use and expenses relating to Mr. Diller's support staff. During 2011, total payments in the amount of approximately \$426,000 were made by Expedia to IAC pursuant to these arrangements.

Table of Contents

Aircraft Arrangements. Each of IAC and Expedia has a 50% ownership interest in an aircraft that may be used by both companies. IAC and Expedia entered into an operating agreement that allocates the costs of operating and maintaining the aircraft between the parties based on the actual usage by each company, which costs are generally paid by each company to third parties in accordance with the terms of the operating agreement. Annually, or at any time when Mr. Diller ceases to serve as Chairman of either IAC or Expedia, IAC will have a call right and Expedia will have a put right with respect to Expedia's interest in the aircraft, in each case, at fair market value. IAC has the right to sell the aircraft on behalf of both parties.

Members of this aircraft's flight crew are employed by an entity in which each of IAC and Expedia has a 50% ownership interest. IAC and Expedia have agreed to share costs relating to flight crew compensation and benefits pro rata according to each company's respective usage of the aircraft, for which they are separately billed by the entity described above. During 2011, total payments in the amount of approximately \$391,000 were made to this entity by IAC.

Commercial Agreements. In connection with and following the Expedia Spin-Off, certain IAC businesses entered into commercial agreements with certain Expedia businesses. IAC believes that these arrangements are ordinary course and have been negotiated on an arm's length basis. In addition, IAC believes that these arrangements, whether taken individually or in the aggregate, do not constitute a material contract to IAC. Those agreements that, individually or together with similar agreements, involved revenues to (or payments from) IAC and its businesses in excess of \$120,000 in 2011 are discussed below.

During 2011, certain IAC businesses provided advertising services to certain Expedia businesses, primarily in the form of display and search advertising pursuant to services agreements. Services agreements generally provide for the payment of fees on a fixed or commission basis to the advertiser. Aggregate revenues received by IAC businesses from Expedia businesses for these services in 2011 were approximately \$450,000. During 2011, certain Expedia businesses provided travel services to IAC and its businesses. Aggregate payments made by the IAC business to the Expedia businesses for these services in 2011 were approximately \$180,000.

Table of Contents

ANNUAL REPORTS

Upon written request to the Corporate Secretary, IAC/InterActiveCorp, 555 West 18th Street, New York, New York 10011, IAC will provide without charge to each person solicited a printed copy of IAC's 2011 Annual Report on Form 10-K, including the financial statements and financial statement schedule filed therewith. Copies are also available on our website, *www.iac.com*. IAC will furnish requesting stockholders with any exhibit to its 2011 Annual Report on Form 10-K upon payment of a reasonable fee.

PROPOSALS BY STOCKHOLDERS FOR PRESENTATION AT THE 2013 ANNUAL MEETING

Stockholders who intend to have a proposal considered for inclusion in IAC's proxy materials for presentation at the 2013 Annual Meeting of Stockholders must submit the proposal to IAC at its corporate headquarters no later than January 10, 2013, which proposal must be made in accordance with the provisions of Rule 14a-8 of the Exchange Act. Stockholders who intend to present a proposal at the 2013 Annual Meeting of Stockholders without inclusion of the proposal in IAC's proxy materials are required to provide notice of such proposal to IAC no later than March 26, 2013. IAC reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

HOUSEHOLDING

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to send one Notice or set of printed proxy materials to any household at which two or more stockholders reside if they appear to be members of the same family or have given their written consent (each stockholder continues to receive a separate proxy card). This process, which is commonly referred to as "householding," reduces the volume of duplicate copies of materials stockholders receive and reduces printing and mailing costs. Only one copy of the Notice or one set of our printed proxy materials, as applicable, will be sent to stockholders eligible for householding unless contrary instructions have been provided.

Once you have received notice that your broker or IAC will be householding your materials, householding will continue until you are notified otherwise or you revoke your consent. You may request a separate copy of the Notice and/or our printed proxy materials by sending a written request to Investor Relations, IAC/InterActiveCorp, 555 West 18th Street, New York, New York 10011, or by calling 1.212.314.7300.

If, at any time: (i) you no longer wish to participate in householding and would prefer to receive a separate Notice or set of printed proxy materials or (ii) you and another stockholder sharing the same address wish to participate in householding and prefer to receive one Notice or set of printed proxy materials, please notify your broker if you hold your shares in street name or IAC if you are a stockholder of record. You can notify us by sending a written request to Investor Relations, IAC/InterActiveCorp, 555 West 18th Street, New York, New York 10011, or by calling 1.212.314.7300.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on June 20, 2012.

The Proxy Statement and 2011 Annual Report on Form 10-K are available at <http://www.proxyvote.com> beginning on May 10, 2012.

New York, New York
May 10, 2012

