

**SIMPLIFIED CASH TENDER OFFER**

FOR THE SHARES OF

**meotic**

INITIATED BY

**MATCH.COM FRANCE LIMITED**

**match.com**<sup>®</sup>

PRESENTED BY



**BNP PARIBAS**

**INFORMATION CONCERNING THE LEGAL, FINANCIAL AND ACCOUNTING  
CHARACTERISTICS OF THE OFFEROR**



This document concerning other information regarding Match.com France Limited was filed with the *Autorité des marchés financiers* ("AMF") on December 10, 2013, in accordance with the provisions of Article 231-28 of the AMF General Regulations and of AMF Instruction No. 2006-07 dated July 25, 2006. This document was prepared under the responsibility of Match.com France Limited.

**This document completes the offer document relating to the simplified cash tender offer approved by the AMF on December 10, 2013 under No. 13-660 according to its clearance decision of the same date.**

**This document is available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and may be obtained free of charge from:**

**BNP Paribas**  
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75002 Paris

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## **1 PRESENTATION OF THE OFFER**

### **1.1 REMINDER OF THE PRINCIPAL CHARACTERISTICS OF THE OFFER**

Pursuant to Section III of Book II and more specifically Article 233-1 1° of the AMF General Regulation, Match.com France Limited, a private company limited by shares, organized and existing under the laws of England and Wales, registered with the Registrar of Companies for England and Wales under number 8571376, having its registered office at 40 Bank Street, Canary Wharf, London E14 5DS, United Kingdom (the "**Offeror**") is making an offer to the holders of shares issued by Meetic, a French *société anonyme* with a share capital of 2,346,392.80 euros divided into 23,463,928 shares with a nominal value of 0.1 euro each, having its registered office at 6 rue Auber, 75009 Paris, registered with the Companies Registry of Paris under number 439 780 339 ("**Meetic**" or the "**Company**"), to purchase pursuant to the terms and conditions set forth below (the "**Offer**") any and all of the shares of the Company that are traded on the NYSE-Euronext regulated market in Paris ("**NYSE Euronext**") (*Compartiment B*) under ISIN code FR0004063097, with the trading symbol "MEET" (the "**Company Shares**").

BNP Paribas, as the presenting bank for the Offer, filed the Offer with the AMF on behalf of the Offeror on November 6, 2013. Pursuant to the provisions of Article 231-13 of the AMF General Regulation, BNP Paribas guarantees the content and the irrevocable nature of the undertakings given by the Offeror in connection with the Offer. The Offer shall be conducted using the simplified procedure in accordance with the provisions of Articles 233-1 *et seq.* of the AMF General Regulation.

The Offeror is a company newly formed for the purpose of the off-market block acquisition described in the following paragraph and the Offer. It is a subsidiary of the Match.com group and indirect subsidiary of IAC/InterActiveCorp ("**IAC**").

On September 25, 2013, the Offeror acquired 1,571,886 Company Shares representing 6.75% of the share capital and 5.78% of the voting rights at a price of 18.75 euros per share pursuant to an off-market block acquisition entered into with Jaïna Capital and Jaïna Ventures, *i.e.* the entire participation still held indirectly by Meetic's founder, Mr. Marc Simoncini, in the Company (the "**Block Acquisition**"). On November 4, 2013, Match.com France Limited contributed its entire interest in Meetic to its subsidiary Match.com Europe Limited which is in charge of managing and developing through its French office the participation of the Match.com group in the Meetic group.

As of the date hereof, the Offeror holds, through its subsidiaries Match.com Europe Limited and Match.com Pegasus Limited, 20,395,839 Company Shares representing 86.92% of the share capital and 88.16% of the voting rights of the Company.

Subject to the terms and conditions of the Offer set out below, the Offer targets any and all outstanding Company Shares not held by the Match.com group (*i.e.* 3,068,089 Company Shares), with the exception of 276,669 free shares duly vested but which remain subject to a lock-up requirement expiring after the closing of the Offer (for which a liquidity agreement was entered into), in application of Articles L. 225-197-1 *et seq.* of the French Commercial Code, for a consideration equal to 18.75 euros per Company Share.

### **1.2 COSTS AND MEANS OF FINANCING OF THE OFFER**

In the event that 100% of the Company Shares not held by the Offeror, excluding the free Company Shares subject to a lock-up requirement expiring after the closing of the Offer, are tendered in the Offer, the total cash consideration to be paid by the Offeror to the holders of Company Shares having tendered their Company Shares in the Offer (excluding fees and related expenses) would amount to approximately 52.3 million euros.

The Offer is to be fully funded by IAC with its own funds.

## **2 PRESENTATION OF THE OFFEROR: MATCH.COM FRANCE LIMITED**

### **2.1 GENERAL INFORMATION CONCERNING THE OFFEROR**

#### **2.1.1 Corporate name**

Match.com France Limited.

#### **2.1.2 Registered office**

The Offeror's registered office is located at c/o Skadden, 40 Bank Street, Canary Wharf, London E14 5DS, United Kingdom.

#### **2.1.3 Legal form and governing law**

The Offeror is a private company limited by shares organized under English law, and in particular subject to the provisions of the English Companies Act 2006.

#### **2.1.4 Trade and companies register**

The Offeror is registered with the Registrar of Companies for England and Wales, under the number 8571376.

#### **2.1.5 Term and date of registration**

The Offeror was incorporated and registered with the Registrar of Companies for England and Wales on June 17, 2013 for an unlimited term.

#### **2.1.6 Corporate purpose**

The corporate purpose of the Offeror is unrestricted as permitted under section 31 of the Companies Act 2006. In practice, the Offeror was registered for the purpose of acquiring the Company Shares transferred pursuant to the Block Acquisition, as well as the Company Shares to be tendered in the Offer.

#### **2.1.7 Fiscal year**

The fiscal year starts on July 1 of each year and ends on June, 30 of the following year.

### **2.2 GENERAL INFORMATION ON THE SHARE CAPITAL OF THE OFFEROR**

#### **2.2.1 Share capital**

The share capital of the Offeror is equal to the sum of 361,943,346 pounds sterling. It is comprised of 361,943,346 shares with a nominal value of one pound each.

#### **2.2.2 Voting rights**

Each share of a nominal value of one pound gives entitlement to one vote at general meetings of the Offeror's shareholders. The quorum for a shareholders' meeting is two shareholders (irrespective of the number of shares they hold) unless the company only has one shareholder as is currently the case.

The vote which takes place at the shareholders' meeting can be made in one of two ways:

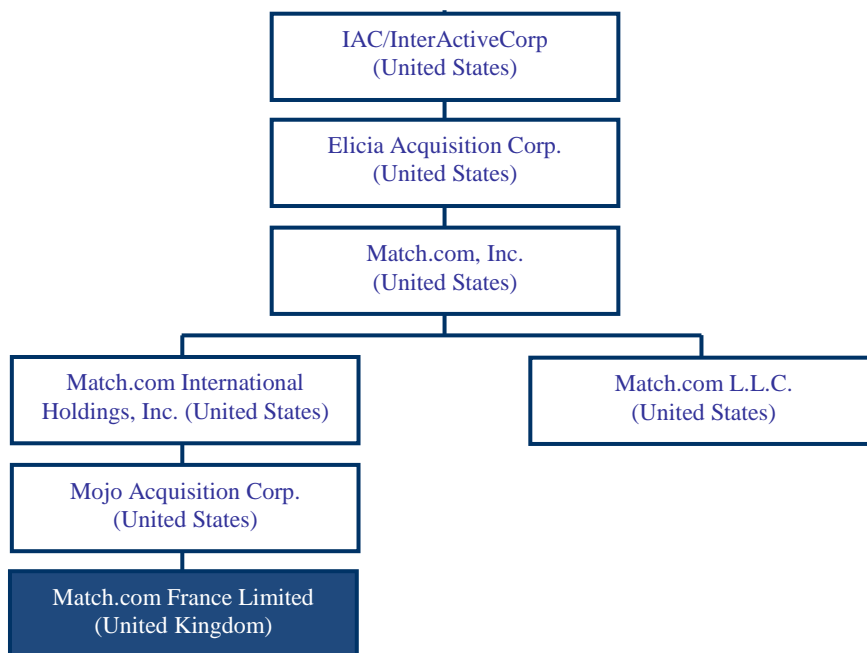
- On a show of hands: every shareholder present at the shareholders' meeting in person is entitled to cast one vote;
- On a poll: every shareholder present at the shareholders' meeting shall be entitled to cast one vote for every share held.

Ordinary resolutions to be adopted at shareholders' meetings are passed by simple majority of the votes cast, whether by a show of hands or on a poll. Special resolutions (such as changes to the Articles of Association) must be passed by a three-quarters majority of the votes cast at the shareholders' meeting.

### **2.2.3 Ownership of the share capital –controlling shareholder**

As of the date hereof, the Offeror is wholly-owned by Mojo Acquisition Corp., a company organized under the laws of the State of Delaware (United States of America) which is itself indirectly wholly-owned by IAC/InterActiveCorp, a leading interactive media and advertising company which is described in Section 3 below.

The organization chart below shows the ownership structure of the Offeror as of the date of this document:



### **2.2.4 Other securities giving access to the share capital**

There are no other securities giving access to the Offeror's share capital.

## **2.3 MANAGEMENT AND STATUTORY AUDITORS OF THE OFFEROR**

### **2.3.1 Management**

The Offeror is managed by its board of directors. All powers not expressly reserved to the shareholder(s) by law fall within the competence of the board of directors.

The current directors are:

- Curtis Bowen Anderson, a US citizen having his professional address at 8300 Douglas Avenue, Suite 800, Dallas, TX 75225 (U.S.A.);
- Stuart Cawthorn, a US citizen having his professional address at 555 West 18th Street, New York, New York 10011 (U.S.A.);
- Jeffrey Dawson, a US citizen having his professional address at 8300 Douglas Avenue, Suite 800, Dallas, TX 75225 (U.S.A.); and
- Kenneth McCallum, a UK citizen having its professional address at 55 The Strand, London Wc2n 5LR (United Kingdom).

Curtis Bowen Anderson, Stuart Cawthorn, and Jeffrey Dawson consented to act and were appointed as the first directors of the Offeror for an unlimited term on June 17, 2013. Kenneth McCallum consented to act and was appointed as director of the Offeror for an unlimited term on October 29, 2013.

### **2.3.2 Statutory auditors**

No statutory auditor has been appointed as of the date hereof.

## **2.4 DESCRIPTION OF THE OFFEROR'S ACTIVITIES**

### **2.4.1 Principal activities**

Match.com France Limited is a company newly formed for the purpose of the Block Acquisition and the subsequent Offer. As a result of intra-group contributions, Match.com France Limited has three wholly-owned subsidiaries: (i) Match.com Europe Limited, (ii) Match.com HK Limited, and (iii) Match.com Japan KK. It has no activity other than acting as a holding company.

On November 4, 2013, Match.com France Limited contributed all of the Company Shares acquired pursuant to the Block Acquisition to its subsidiary Match.com Europe Limited in exchange for shares in Match.com Europe Limited.

### **2.4.2 Exceptional events and material litigation**

None.

There is no governmental, judicial or arbitration proceedings, including any proceedings which the Offeror is aware of, pending or threatening, likely to have or having had over the last 12 months a significant effect on the Offeror's and/or the group's financial condition and profitability.

### **2.4.3 Employees**

As of the date hereof, the Offeror has no employees.

## **2.5 ASSETS – FINANCIAL SITUATION – EARNINGS**

The Offeror was incorporated on June 17, 2013 and its first fiscal year will close on June 30, 2014. The Offeror's unaudited simplified balance sheet as of November 30, 2013, prepared in accordance with US GAAP and expressed in USD dollars, is as follows:

<b>ASSETS</b>	<b>524,415,777.12</b>
Current assets	85,794,113.34
<i>Cash</i>	2,486,022.34
<i>Restricted cash</i>	83,308,091.00
Investments	438,621,663.78
<i>Match Japan KK</i>	437,830.77
<i>Match Europe</i>	388,220,656.47
<i>Match HK</i>	49,963,176.54
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>524,415,777.12</b>
Total liabilities	125,675,750.00
<i>IAC note payable</i>	125,675,750.00
Total shareholders' equity	398,740,027.12
<i>Additional paid-in capital</i>	398,865,719.55
<i>Currency translation adjustment</i>	330,002.82
<i>Net income</i>	(455,695.25)

### **3      PRESENTATION OF IAC/INTERACTIVECORP**

#### **3.1    GENERAL INFORMATION CONCERNING IAC/INTERACTIVECORP**

##### **3.1.1   Corporate name**

IAC/InterActiveCorp.

##### **3.1.2   Registered office**

IAC is headquartered at 555 West 18<sup>th</sup> Street, New York, NY 10011 (U.S.A.).

##### **3.1.3   Legal form and governing law**

IAC is a Delaware corporation organized under the laws of the State of Delaware (United States of America).

##### **3.1.4   Trade and companies register**

IAC is registered with the Division of Corporations of the Delaware Secretary of State Office under file number 2097382.

##### **3.1.5   Term and date of registration**

IAC was incorporated in July 1986 in Delaware under the name Silver King Broadcasting Company, Inc.

##### **3.1.6   Corporate purpose**

The purpose of IAC is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

##### **3.1.7   Fiscal year**

The fiscal year starts on January 1 of each year and ends on December 31 of the same year.

#### **3.2    GENERAL INFORMATION ON THE SHARE CAPITAL OF IAC**

##### **3.2.1   Share capital**

The authorized capital stock of IAC consists of:

- 1,600,000,000 common shares, par value US\$ 0.01 per share;
- 400,000,000 class B common shares, par value US\$ 0.01 per share; and
- 100,000,000 shares of preferred stock, par value \$0.01 per share.

As of October 25, 2013, the total number of outstanding shares of IAC was equal to 83,293,889, consisting of:

- 77,504,390 common shares; and
- 5,789,499 class B common shares.

IAC's common stock is quoted on The Nasdaq Stock Market, or "NASDAQ," under the ticker symbol "IACI." There is no established public trading market for IAC Class B common stock. As of December 4, 2013, the market capitalization of IAC amounted to US\$ 4.73 billion, assuming the conversion of the IAC class B common stock into shares of common stock.

### **3.2.2 Voting rights**

IAC has outstanding shares of common stock, with one vote per share, and Class B common stock, with ten votes per share and which are convertible into common stock on a share for share basis.

Unless applicable law or IAC's organizational documents require(s) that the matter be approved by the holders of a separate class, the presence at a stockholders' 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 constitutes a quorum. Where applicable law or IAC's organizational documents require(s) that the matter be approved by the holders of IAC common stock or holders of Class B common stock voting as a separate class, then the presence at the stockholders' meeting of a majority of the total votes entitled to be cast by holders of IAC common stock or Class B common stock, as applicable, is required for quorum to be met.

Unless applicable law or IAC's organizational documents require(s) that the matter be approved by the holders of a separate class, the adoption of a shareholder proposal generally requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock (common stock and Class B common stock) present at the relevant stockholders' meeting in person or represented by proxy and voting together. Where applicable law requires that the proposal be approved by the holders of separate class, then the adoption of the proposal generally requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC common stock or Class B common stock, as applicable, present at the relevant stockholders' meeting and voting.

Notwithstanding the above, the election of directors requires: (i) the affirmative vote of a plurality of the total number of votes cast by the holders of IAC capital stock (common stock and Class B common stock) for directors elected by holders of IAC common stock and Class B common stock (75% of the total number of directors) and (ii) the affirmative vote of a plurality of the total number of votes cast by holders of IAC common stock for directors elected by holders of IAC common stock as a separate class (25% of the total number of directors).

### **3.2.3 Ownership of the share capital –controlling shareholder**

The following table presents, as of April 23, 2013, 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) the executives in office and (4) all executives and directors of the IAC group as a whole.

Name a of Beneficial Owner	IAC Common Stock		IAC Class B Common Stock		Percentage of votes
	Number of Shares Owned	% of Class Owned	Number of Shares Owned	% of Class Owned	All classes
Vanguard, Inc. 280 Congress Street, Boston, MA 02210	4,569,457	5.5	—	—	3.3
Wellington Management Company, LLP	10,243,565	12.4	—	—	7.3
Barry Diller	6,646,944	7.4	5,789,499	100	41.5
Gregory R. Blatt	1,185,954	1.4	—	—	*
Edgar Bronfman, Jr.	56,306	*	—	—	*
Chelsea Clinton	3,915	*	—	—	*
Sonali De Rycker	3,293	*	—	—	*
Michael D. Eisner.	12,166	*	—	—	*
Victor A. Kaufman	888,577	1.1	—	—	*
Donald R. Keough	119,599	*	—	—	*
Jeffrey W. Kip	11,756	*	—	—	*
Bryan Lourd	24,500	*	—	—	*
Arthur C. Martinez	33,972	*	—	—	*
Thomas J. McInerney	493,598	*	—	—	*
David Rosenblatt	40,118	*	—	—	*
Alan G. Spoon	75,452	*	—	—	*
Alexander von Furstenberg	40,118	*	—	—	*
Gregg Winiarski	375,955	*	—	—	*
Richard F. Zannino	32,936	*	—	—	*
All executive officers and directors as a group (16 persons)	9,551,561	10.5	5,789,499	100	42.4

\* The percentage of shares beneficially owned does not exceed 1% of the class.

### 3.3 MANAGEMENT AND STATUTORY AUDITORS OF IAC

#### 3.3.1 Management

The Company is managed by its board of directors. All powers not expressly reserved to the shareholder(s) by law fall within the competence of the board of directors, who has all powers to carry out and approve all acts and operations consistent with the corporate object.

##### 3.3.1.1 Executive Officers

The named executive officers of IAC are:

<u>Name</u>	<u>Position</u>
Barry Diller	Chairman and Senior Executive
Victor A. Kaufman	Vice Chairman
Gregory R. Blatt	Chief Executive Officer
Jeffrey W. Kip	Executive Vice President and Chief Financial Officer
Gregg Winiarski	Senior Vice President, General Counsel

##### 3.3.1.2 Board of Directors

The Board of Directors of IAC is currently composed of 14 directors each elected by the annual meeting of stockholders held on June 26, 2013 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. The incumbent directors are:

- Gregory R. Blatt
- Edgar Bronfman, Jr.
- Chelsea Clinton
- Sonali De Rycker
- Barry Diller
- Michael D. Eisner
- Victor A. Kaufman
- Donald R. Keough
- Bryan Lourd
- Arthur C. Martinez
- David Rosenblatt
- Alan Spoon
- Alexander von Furstenberg
- Richard F. Zannino

### **3.3.2 Statutory auditors**

The Audit Committee of the Board of Directors of IAC has appointed Ernst & Young LLP as IAC's independent registered public accounting firm for the fiscal year ending December 31, 2013. The appointment of Ernst & Young LLP was ratified by the annual meeting of stockholders of IAC held on June 26, 2013.

## **3.4 DESCRIPTION OF IAC'S ACTIVITIES**

### **3.4.1 Principal activities**

IAC is a leading media and internet company comprised of more than 150 brands and products, including Ask.com, About.com, Match.com, HomeAdvisor.com and Vimeo.com. Focused in the areas of search, applications, online dating, local and media, IAC's family of websites is one of the largest in the world, with more than a billion monthly visits across more than 30 countries. The results of operations of IAC's various businesses are reported within the following five segments: Search and Applications, Match, Local, Media and Other.

#### *Search and Applications*

IAC's Search and Applications segment consists of: (i) websites, including Ask.com, About.com, Dictionary.com, Urbanspoon.com and CityGrid Media, through which IAC provides search services and content and applications, including direct to consumer downloadable applications business (B2C) and partnership operations (B2B), as well as Ask.com, Dictionary.com and Urbanspoon, three downloadable applications.

IAC's B2C operations business develops, markets and distributes a variety of downloadable applications that offer users the ability to access search services, as well engage in a number of other activities online, such as play games, send e-cards, decorate e-mails and web pages and explore select vertical categories. IAC's B2B applications business works closely with partners in the software, media and other industries to design and develop customized browser-based search applications to be bundled and distributed with these partners' products and services.

The search products offered by IAC's websites and applications generate and display sets of hyperlinks to websites deemed relevant to search queries entered by users. In addition to these algorithmic search results, paid listings are also generally displayed in response to search queries. Paid listings are short textual advertisements displayed on search results pages that generally contain a link to an advertiser's website and are displayed based on keywords selected by the advertiser. The paid listings displayed by IAC are furnished by Google Inc. through a services agreement.

### Match

Match.com is a leading provider of subscription-based and ad-supported online personals services in North America, Europe, Latin America, Australia and Asia. It provides these services through websites and applications that it owns and operates, including *Match.com*, *Chemistry.com*, *OurTime.com*, *BlackPeopleMeet.com*, *OKCupid.com*, *Singlesnet.com* and *Twoo.com*. As of December 31, 2012, the entities of the Match.com group collectively provided online personals services to approximately 2.8 million subscribers across all of the sites owned or operated. In addition, the Match.com group owns a 20% interest in Zhenai Inc., a leading provider of online dating and matchmaking services in China.

### Local

IAC's Local segment consists of HomeAdvisor and Felix. HomeAdvisor is a leading online marketplace that matches consumers, by way of patented proprietary technologies, with home services professionals, all of which are pre-screened and the majority of which are customer-rated. Through a majority investment, HomeAdvisor also operates businesses in the online home services space in France and the United Kingdom under various brands.

Felix powers local commerce by connecting consumers to local businesses at the moment they are ready to make a purchase decision. Felix's patented speech recognition technology allows local businesses to only pay for high quality phone calls from consumers interested in doing business with them.

### Media

The Media segment consists primarily of Vimeo, Electus, Connected Ventures, The Daily Beast and DailyBurn.

Vimeo is a leading video hosting platform for creative professionals and consumers, offering video creators tools to create, share, distribute and monetize their content online. Electus is an integrated multimedia entertainment studio that unites producers, creators, advertisers and distributors to produce video content for distribution across a variety of platforms in the United States and various jurisdictions abroad.

Connected Ventures operates CollegeHumor Media, an online entertainment company targeting males ages eighteen to forty-nine through CollegeHumor.com and other websites, as well as Notional, a content production studio which creates long-form content for distribution through traditional media channels.

The Daily Beast is an online media company that operates TheDailyBeast.com, a website dedicated to news, commentary, culture and entertainment that curates and publishes existing and original online content from its own roster of contributors. DailyBurn is a health and fitness property that provides streaming fitness and workout videos across a variety of platforms.

### Other

The Other segment consists primarily of Shoebuy.com and Tutor. Shoebuy.com is a leading internet retailer of footwear and related apparel and accessories. Tutor is an online tutoring solution that was acquired in December 2012.

### 3.4.2 Employees

As of December 31, 2012, IAC and its subsidiaries (including Match.com and Meetic) employed approximately 4,200 full-time employees.

## 3.5 ASSETS – FINANCIAL SITUATION – EARNINGS

### 3.5.1 Selected financial data

The following selected financial data for the three years ended December 31, 2012 should be read in conjunction with the consolidated financial statements and accompanying notes included in IAC's annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2013. The following selected financial data for the nine months ended September 30, 2013 should be read in conjunction with the consolidated financial statements and accompanying notes included in IAC's quarterly report on Form 8-K filed with the SEC on October 29, 2013:

	Year Ended December 31,			Year-on-year change (2011 - 2012)	Nine months ended September 30, 2013
	2010	2011	2012		
<b>(Dollars in thousands, except per share data)</b>					
<b>Statement of Operations Data:</b>					
Revenue	\$1,636,815	\$2,059,444	\$2,800,933	36.0%	\$2,298,532
Operating (loss) income	49,795	197,472	323,568	63.6%	313,251
Earnings (loss) from continuing operations, net of tax	(9,393)	175,569	169,847	-3.3%	202,970
(Loss) earnings from discontinued operations, net of tax	(37,032)	(2,992)	(9,051)	-	1,902
Net (loss) earnings attributable to IAC shareholders	(159,359)	174,233	159,266	-8.6%	208,867
<b>Earnings (loss) per common share from continuing operations attributable to IAC shareholders:</b>					
Basic	\$(0.04)	\$2.05	\$1.95	-4.9%	\$2.47
Diluted	\$(0.04)	\$1.89	\$1.81	-4.2%	\$2.39
<b>Balance Sheet Data at December 31:</b>					
<b>(June 30, for H1 2013)</b>					
Cash and cash equivalents	\$742,099	\$704,153	\$749,977	6.5%	\$741,652
Marketable securities	563,997	165,695	20,604	87.6%	26,340
Total assets	3,329,079	3,409,865	3,805,828	11.6%	3,804,782
Long-term obligations, net of current maturities	95,844	95,844	595,844	-	580,000
Redeemable non-controlling interests	59,869	50,349	58,126	15.4%	32,779
Shareholders' equity	2,430,933	1,960,140	1,707,635	-12.9%	1,787,996
<b>Share price at December 30 or 31:</b> <b>(September 30 for Q3 2013)</b>	\$28.70	\$42.60	\$47.30	11.0%	\$54.67
<b>Number of employees at December 31:</b> <b>(September 30 for Q3 2013)</b>	3,200	3,200	4,200	31.3%	4,401

### **3.5.2 Financial reports**

The financial reports filed by IAC with the SEC, including IAC's annual report on Form 10-K and quarterly reports on Form 10-Q, are available in English on IAC's website (<http://www.iac.com/>).

The press release in English published by IAC on October 29, 2013 in relation to its third quarter 2013 results can be found in Annex A.

**4      PERSON ASSUMING RESPONSIBILITY FOR THIS DOCUMENT**

*"I certify that this document which was filed on December 10, 2013 and will be diffused no later than the trading day preceding the launch of the Offer, contains all of the information required by Article 231-28 of the General Regulations of the French Financial Market Authority and by Instruction 2006-07 for the simplified offer filed by Match.com France Limited concerning the Meetic shares. To the best of my knowledge, this information is accurate and contains no omission liable to alter the scope thereof."*

December 10, 2013

Match.com France Limited,

Represented by Stuart Cawthorn, Director

**Annex A**

IAC Press release regarding Q3 2013 results



IAC REPORTS Q3 RESULTS

NEW YORK— October 29, 2013—IAC (Nasdaq: IACI) released third quarter 2013 results today.

**SUMMARY RESULTS**  
*\$ in millions (except per share amounts)*

	Q3 2013	Q3 2012	Growth
Revenue	\$ 756.9	\$ 714.5	6%
Operating Income Before Amortization	150.0	106.6	41%
Adjusted Net Income	111.4	67.4	65%
Adjusted EPS	1.29	0.71	82%
Operating Income	122.0	78.0	56%
Net Income	96.9	40.7	138%
GAAP Diluted EPS	1.13	0.43	162%

See reconciliations of GAAP to non-GAAP measures beginning on page 9.

- 41% Operating Income Before Amortization growth, the 18<sup>th</sup> consecutive quarter of double-digit growth
- 82% Adjusted EPS growth
- \$324.3 million in cash flow from operating activities attributable to continuing operations
- Quarterly cash dividend of \$0.24 per share declared, payable on December 1, 2013 to IAC stockholders of record as of the close of business on November 15, 2013

**DISCUSSION OF FINANCIAL AND OPERATING RESULTS**

	Q3 2013	Q3 2012	Growth
	\$ in millions		
Revenue			
Search & Applications	\$ 407.3	\$ 370.2	10%
Match	201.1	178.2	13%
Local	62.8	84.3	-26%
Media	51.0	52.7	-3%
Other	35.1	29.1	21%
Intercompany Elimination	(0.4)	(0.1)	-482%
	<u>\$ 756.9</u>	<u>\$ 714.5</u>	<u>6%</u>
Operating Income Before Amortization			
Search & Applications	\$ 94.6	\$ 69.2	37%
Match	68.4	60.0	14%
Local	12.4	7.8	59%
Media	(8.0)	(12.2)	35%
Other	(1.9)	(2.3)	17%
Corporate	(15.6)	(15.9)	2%
	<u>\$ 150.0</u>	<u>\$ 106.6</u>	<u>41%</u>
Operating Income (Loss)			
Search & Applications	\$ 87.8	\$ 69.0	27%
Match	64.8	56.1	16%
Local	9.9	7.3	34%
Media	(8.5)	(13.2)	36%
Other	(2.5)	(2.7)	6%
Corporate	(29.4)	(38.6)	24%
	<u>\$ 122.0</u>	<u>\$ 78.0</u>	<u>56%</u>



## *Search & Applications*

Websites revenue increased primarily due to the contribution from About.com (acquired September 24, 2012) and CityGrid Media (moved from Local to Search & Applications effective July 1, 2013). Applications revenue increased modestly versus the prior year period. Profits increased primarily due to lower cost of acquisition as a percentage of revenue and the contribution from About.com. Operating income in the current year period reflects an increase of \$6.7 million in amortization of intangibles primarily related to the acquisition of About.com.

## *Match*

Core, Meetic and Developing revenues grew 7%, 11% and 58% to \$118.8 million, \$56.3 million and \$26.0 million, respectively. Core and Meetic revenue growth was driven by increased subscribers. Developing revenue growth was driven by increased subscribers and the contribution of Twoo, which was not in the prior year period. Operating Income Before Amortization grew in line with revenues.

## *Local, Media and Other*

Local revenue decreased primarily due to the move of CityGrid Media from Local to Search & Applications. Media revenue decreased due to the impact from the closure of the Newsweek print business (December 2012). Excluding the aforementioned items, revenue for the three segments combined grew 21% primarily due to increased revenue at Electus, Vimeo, Felix and Shoebuy and the contribution from Tutor.com, which was not in the prior year period. Operating Income Before Amortization benefited from the \$8.4 million gain on the sale of Rezbook (July 2013) and \$5.8 million in net gains related to the sale of Newsweek (August 2013) and shutdown costs associated with the print business (December 2012). Local operating income also reflects an increase of \$2.1 million in amortization of intangibles primarily related to HomeAdvisor.

## *Corporate*

Corporate operating loss in 2013 declined due to a decrease in non-cash compensation expense of \$8.9 million primarily due to the vesting of certain awards.

## **OTHER ITEMS**

Interest expense increased due to the 4.75% Senior Notes due 2022, which were issued in December 2012.

Other income, net in Q3 2013 includes an \$18.0 million pre-tax gain related to the sale of certain marketable equity securities.

The effective tax rates for continuing operations in Q3 2013 and Q3 2012 were 28% and 37%, respectively. The effective tax rates for Adjusted Net Income in Q3 2013 and Q3 2012 were 29% and 35%, respectively. The effective tax rates were lower in Q3 2013 primarily due to the realization of certain deferred tax assets in the current period.

## ***LIQUIDITY AND CAPITAL RESOURCES***

As of September 30, 2013, IAC had 83.3 million common and class B common shares outstanding. As of October 25, 2013, the Company had 10.2 million shares remaining in its stock repurchase authorization. IAC may purchase shares over an indefinite period on the open market and in privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

As of September 30, 2013, IAC had \$768.0 million in cash and cash equivalents and marketable securities as well as \$580.0 million in long-term debt. The Company has \$300.0 million in unused borrowing capacity under its revolving credit facility.

**OPERATING METRICS**

	<u>Q3 2013</u>	<u>Q3 2012</u>	<u>Growth</u>
<b><u>SEARCH &amp; APPLICATIONS</u> (in millions)</b>			
Revenue			
Websites (a)	\$ 214.9	\$ 183.0	17%
Applications (b)	192.4	187.2	3%
Total Revenue	<u>\$ 407.3</u>	<u>\$ 370.2</u>	10%
Queries			
Websites (c)	3,707	2,801	32%
Applications (d)	5,348	4,926	9%
Total Queries	<u>9,055</u>	<u>7,726</u>	17%
<b><u>MATCH</u> (in thousands)</b>			
Paid Subscribers			
Core (e)	1,953	1,792	9%
Meetic (f)	841	768	9%
Developing (g)	514	259	99%
Total Paid Subscribers	<u>3,308</u>	<u>2,818</u>	17%
<b><u>HOMEADVISOR</u> (in thousands)</b>			
Domestic Service Requests (h)	1,630	1,710	-5%
Domestic Accepts (i)	1,895	2,141	-12%
International Service Requests (h)	257	208	23%
International Accepts (i)	308	247	24%

- (a) Websites revenue includes Ask.com, About.com, CityGrid Media and Dictionary.com, excluding downloadable applications related revenue.
- (b) Applications revenue includes B2C and B2B, as well as downloadable applications related revenue from Ask.com and Dictionary.com.
- (c) Websites queries include Ask.com, but exclude Ask.com's downloadable applications, About.com, CityGrid Media and Dictionary.com.
- (d) Applications queries include B2C and B2B, as well as downloadable applications queries from Ask.com.
- (e) Core consists of Match.com in the United States, Chemistry and People Media.
- (f) Meetic consists of the publicly traded personals company Meetic S.A., excluding Twoo.
- (g) Developing includes OkCupid, DateHookup, Twoo and Match's international operations, excluding Meetic S.A.
- (h) Fully completed and submitted customer service requests on HomeAdvisor.
- (i) The number of times service requests are accepted by service professionals. A service request can be transmitted to and accepted by more than one service professional.

## *DILUTIVE SECURITIES*

IAC has various tranches of dilutive securities. The table below details these securities as well as potential dilution at various stock prices (shares in millions; rounding differences may occur).

<b>Share Price</b>	<u>Shares</u>	<u>Avg. Exercise Price</u>	<u>As of 10/25/13</u>	<u>Dilution at:</u>				
			\$ 56.29	\$ 60.00	\$ 65.00	\$ 70.00	\$ 75.00	
<b>Absolute Shares as of 10/25/13</b>	<b>83.3</b>		<b>83.3</b>	<b>83.3</b>	<b>83.3</b>	<b>83.3</b>	<b>83.3</b>	
RSUs and Other	1.8		1.8	1.8	1.7	1.6	1.6	
Options	9.1	\$ 35.28	<u>3.4</u>	<u>3.8</u>	<u>4.2</u>	<u>4.5</u>	<u>4.8</u>	
<b>Total Dilution</b>			<b>5.3</b>	<b>5.5</b>	<b>5.9</b>	<b>6.2</b>	<b>6.4</b>	
% Dilution			5.9 %	6.2 %	6.6 %	6.9 %	7.2 %	
<b>Total Diluted Shares Outstanding</b>			<b><u>88.5</u></b>	<b><u>88.8</u></b>	<b><u>89.2</u></b>	<b><u>89.5</u></b>	<b><u>89.7</u></b>	

## *CONFERENCE CALL*

IAC will audiocast its conference call with investors and analysts discussing the Company's Q3 financial results on Tuesday, October 29, 2013, at 4:30 p.m. Eastern Time (ET). This call will include the disclosure of certain information, including forward-looking information, which may be material to an investor's understanding of IAC's business. The live audiocast is open to the public at [www.iac.com/investors.htm](http://www.iac.com/investors.htm).

**GAAP FINANCIAL STATEMENTS**

**IAC CONSOLIDATED STATEMENT OF OPERATIONS**

(\$ in thousands; except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue	\$ 756,872	\$ 714,470	\$ 2,298,532	\$ 2,035,682
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	248,856	262,275	777,527	722,879
Selling and marketing expense	248,282	235,130	738,349	665,168
General and administrative expense	75,977	93,074	275,216	271,185
Product development expense	35,232	27,596	104,401	82,628
Depreciation	13,489	13,150	44,541	37,490
Amortization of intangibles	13,032	5,212	45,247	18,058
Total costs and expenses	<u>634,868</u>	<u>636,437</u>	<u>1,985,281</u>	<u>1,797,408</u>
Operating income	122,004	78,033	313,251	238,274
Equity in losses of unconsolidated affiliates	(3,253)	(3,298)	(4,422)	(28,208)
Interest expense	(7,623)	(1,391)	(22,944)	(4,102)
Other income, net	16,719	447	18,373	2,835
Earnings from continuing operations before income taxes	127,847	73,791	304,258	208,799
Income tax provision	(36,126)	(27,606)	(101,288)	(83,360)
<b>Earnings from continuing operations</b>	91,721	46,185	202,970	125,439
Earnings (loss) from discontinued operations, net of tax	3,914	(5,624)	1,902	(6,581)
<b>Net earnings</b>	95,635	40,561	204,872	118,858
Net loss (earnings) attributable to noncontrolling interests	1,305	156	3,995	(331)
<b>Net earnings attributable to IAC shareholders</b>	<u>\$ 96,940</u>	<u>\$ 40,717</u>	<u>\$ 208,867</u>	<u>\$ 118,527</u>
<b>Per share information attributable to IAC shareholders:</b>				
Basic earnings per share from continuing operations	\$ 1.12	\$ 0.52	\$ 2.47	\$ 1.46
Diluted earnings per share from continuing operations	\$ 1.08	\$ 0.49	\$ 2.39	\$ 1.35
Basic earnings per share	\$ 1.17	\$ 0.46	\$ 2.50	\$ 1.38
Diluted earnings per share	\$ 1.13	\$ 0.43	\$ 2.41	\$ 1.28
Dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.72	\$ 0.48
<b>Non-cash compensation expense by function:</b>				
Cost of revenue	\$ 700	\$ 1,550	\$ 2,001	\$ 4,775
Selling and marketing expense	820	1,386	2,000	3,512
General and administrative expense	11,478	18,850	31,685	52,378
Product development expense	1,367	1,565	3,162	4,593
Total non-cash compensation expense	<u>\$ 14,365</u>	<u>\$ 23,351</u>	<u>\$ 38,848</u>	<u>\$ 65,258</u>

**IAC CONSOLIDATED BALANCE SHEET**  
(\$ in thousands)

	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 741,652	\$ 749,977
Marketable securities	26,340	20,604
Accounts receivable, net	209,949	229,830
Other current assets	151,980	156,339
Total current assets	<u>1,129,921</u>	<u>1,156,750</u>
Property and equipment, net	290,470	270,512
Goodwill	1,672,705	1,616,154
Intangible assets, net	458,371	482,904
Long-term investments	164,170	161,278
Other non-current assets	89,145	118,230
<b>TOTAL ASSETS</b>	<b><u>\$ 3,804,782</u></b>	<b><u>\$ 3,805,828</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Current maturities of long-term debt	\$ —	\$ 15,844
Accounts payable, trade	72,966	98,314
Deferred revenue	161,950	155,499
Accrued expenses and other current liabilities	366,635	355,232
Total current liabilities	<u>601,551</u>	<u>624,889</u>
Long-term debt, net of current maturities	580,000	580,000
Income taxes payable	411,172	479,945
Deferred income taxes	326,109	323,403
Other long-term liabilities	65,175	31,830
Redeemable noncontrolling interests	32,779	58,126
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	251	251
Class B convertible common stock	16	16
Additional paid-in capital	11,585,545	11,607,367
Accumulated deficit	(109,652)	(318,519)
Accumulated other comprehensive loss	(6,625)	(32,169)
Treasury stock	(9,734,479)	(9,601,218)
Total IAC shareholders' equity	<u>1,735,056</u>	<u>1,655,728</u>
Noncontrolling interests	52,940	51,907
Total shareholders' equity	<u>1,787,996</u>	<u>1,707,635</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 3,804,782</u></b>	<b><u>\$ 3,805,828</u></b>

**IAC CONSOLIDATED STATEMENT OF CASH FLOWS**  
(\$ in thousands)

	<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities attributable to continuing operations:</b>		
Net earnings	\$ 204,872	\$ 118,858
Less: earnings (loss) from discontinued operations, net of tax	1,902	(6,581)
<b>Earnings from continuing operations</b>	<b>202,970</b>	<b>125,439</b>
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Non-cash compensation expense	38,848	65,258
Depreciation	44,541	37,490
Amortization of intangibles	45,247	18,058
Excess tax benefits from stock-based awards	(26,430)	(23,486)
Deferred income taxes	(5,939)	5,410
Equity in losses of unconsolidated affiliates	4,422	28,208
Acquisition-related contingent consideration fair value adjustment	6,339	—
Gain on sales of long-term investments	(18,141)	(1,876)
Gain on sales of assets	(14,755)	—
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	10,810	(16,443)
Other current assets	(19,916)	(9,749)
Accounts payable and other current liabilities	(6,159)	18,700
Income taxes payable	48,136	52,965
Deferred revenue	(1,406)	10,575
Other, net	15,763	13,058
<b>Net cash provided by operating activities attributable to continuing operations</b>	<b>324,330</b>	<b>323,607</b>
<b>Cash flows from investing activities attributable to continuing operations:</b>		
Acquisitions, net of cash acquired	(39,457)	(377,123)
Capital expenditures	(64,114)	(32,363)
Proceeds from maturities and sales of marketable debt securities	12,502	79,353
Purchases of marketable debt securities	—	(47,902)
Proceeds from sales of long-term investments	42,286	12,744
Purchases of long-term investments	(26,605)	(10,031)
Other, net	8,904	(12,264)
<b>Net cash used in investing activities attributable to continuing operations</b>	<b>(66,484)</b>	<b>(387,586)</b>
<b>Cash flows from financing activities attributable to continuing operations:</b>		
Purchase of treasury stock	(168,376)	(434,041)
Net proceeds from stock-based award activities	6,456	320,070
Dividends	(58,882)	(43,695)
Excess tax benefits from stock-based awards	26,430	23,486
Purchase of noncontrolling interests	(55,561)	(4,891)
Principal payments on long-term debt	(15,844)	—
Other, net	(3,386)	195
<b>Net cash used in financing activities attributable to continuing operations</b>	<b>(269,163)</b>	<b>(138,876)</b>
<b>Total cash used in continuing operations</b>	<b>(11,317)</b>	<b>(202,855)</b>
<b>Total cash provided by (used in) discontinued operations</b>	<b>2,257</b>	<b>(1,866)</b>
Effect of exchange rate changes on cash and cash equivalents	735	2,347
<b>Net decrease in cash and cash equivalents</b>	<b>(8,325)</b>	<b>(202,374)</b>
Cash and cash equivalents at beginning of period	749,977	704,153
<b>Cash and cash equivalents at end of period</b>	<b>\$ 741,652</b>	<b>\$ 501,779</b>

## RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES

### IAC RECONCILIATION OF OPERATING CASH FLOW FROM CONTINUING OPERATIONS TO FREE CASH FLOW

(\$ in millions; rounding differences may occur)

	Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities attributable to continuing operations	\$ 324.3	\$ 323.6
Capital expenditures	(64.1)	(32.4)
Tax refunds related to sales of a business and an investment	(0.6)	(1.9)
<b>Free Cash Flow</b>	<b>\$ 259.6</b>	<b>\$ 289.3</b>

For the nine months ended September 30, 2013, consolidated Free Cash Flow decreased \$29.7 million from the prior year period due to higher capital expenditures.

### IAC RECONCILIATION OF GAAP EPS TO ADJUSTED EPS

(in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Net earnings attributable to IAC shareholders</b>	\$ 96,940	\$ 40,717	\$ 208,867	\$ 118,527
Non-cash compensation expense	14,365	23,351	38,848	65,258
Amortization of intangibles	13,032	5,212	45,247	18,058
Acquisition-related contingent consideration fair value adjustment	632	—	6,339	—
News_Beast re-measurement loss	—	3,000	—	21,629
Gain on sale of VUE interests and related effects	1,015	1,044	3,032	2,579
Discontinued operations, net of tax	(3,914)	5,624	(1,902)	6,581
Impact of income taxes and noncontrolling interests	(10,629)	(11,499)	(33,377)	(35,767)
<b>Adjusted Net Income</b>	<b>\$ 111,441</b>	<b>\$ 67,449</b>	<b>\$ 267,054</b>	<b>\$ 196,865</b>
<b>GAAP Basic weighted average shares outstanding</b>	<b>83,094</b>	<b>88,296</b>	<b>83,636</b>	<b>85,766</b>
Options, warrants and RSUs, treasury method	2,978	6,394	3,032	7,026
<b>GAAP Diluted weighted average shares outstanding</b>	<b>86,072</b>	<b>94,690</b>	<b>86,668</b>	<b>92,792</b>
Impact of RSUs	530	867	442	2,430
<b>Adjusted EPS shares outstanding</b>	<b>86,602</b>	<b>95,557</b>	<b>87,110</b>	<b>95,222</b>
<b>Diluted earnings per share</b>	<b>\$ 1.13</b>	<b>\$ 0.43</b>	<b>\$ 2.41</b>	<b>\$ 1.28</b>
<b>Adjusted EPS</b>	<b>\$ 1.29</b>	<b>\$ 0.71</b>	<b>\$ 3.07</b>	<b>\$ 2.07</b>

For Adjusted EPS purposes, the impact of RSUs on shares outstanding is based on the weighted average number of RSUs outstanding, including performance-based RSUs outstanding that the Company believes are probable of vesting. For GAAP diluted EPS purposes, RSUs, including performance-based RSUs for which the performance criteria have been met, are included on a treasury method basis.

## IAC RECONCILIATION OF SEGMENT NON-GAAP MEASURE TO GAAP MEASURE

(\$ in millions; rounding differences may occur)

	For the three months ended September 30, 2013				
	Operating Income Before Amortization	Non-cash compensation expense	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustment	Operating income (loss)
Search & Applications (a)	\$ 94.6	\$ —	\$ (6.9)	\$ —	\$ 87.8
Match	68.4	(0.3)	(2.7)	(0.6)	64.8
Local	12.4	—	(2.6)	—	9.9
Media	(8.0)	(0.2)	(0.3)	—	(8.5)
Other	(1.9)	—	(0.6)	—	(2.5)
Corporate	(15.6)	(13.8)	—	—	(29.4)
<b>Total</b>	<b>\$ 150.0</b>	<b>\$ (14.4)</b>	<b>\$ (13.0)</b>	<b>\$ (0.6)</b>	<b>\$ 122.0</b>

(a) Includes the results of The About Group

The About Group	\$ 12.1	\$ —	\$ (6.5)	\$ —	\$ 5.6
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### Supplemental: Depreciation

Search & Applications	\$ 3.9
Match	5.0
Local	1.3
Media	0.5
Other	0.4
Corporate	2.4
<b>Total depreciation</b>	<b>\$ 13.5</b>

	For the three months ended September 30, 2012			
	Operating Income Before Amortization	Non-cash compensation expense	Amortization of intangibles	Operating income (loss)
Search & Applications	\$ 69.2	\$ —	\$ (0.1)	\$ 69.0
Match	60.0	(0.6)	(3.3)	56.1
Local	7.8	—	(0.5)	7.3
Media	(12.2)	(0.1)	(0.9)	(13.2)
Other	(2.3)	(0.1)	(0.4)	(2.7)
Corporate	(15.9)	(22.7)	—	(38.6)
<b>Total</b>	<b>\$ 106.6</b>	<b>\$ (23.4)</b>	<b>\$ (5.2)</b>	<b>\$ 78.0</b>

### Supplemental: Depreciation

Search & Applications	\$ 3.3
Match	4.5
Local	2.5
Media	0.4
Other	0.3
Corporate	2.1
<b>Total depreciation</b>	<b>\$ 13.1</b>



## IAC RECONCILIATION OF SEGMENT NON-GAAP MEASURE TO GAAP MEASURE

(\$ in millions; rounding differences may occur)

	For the nine months ended September 30, 2013				
	Operating Income Before Amortization	Non-cash compensation expense	Amortization of intangibles	Acquisition- related contingent consideration fair value adjustment	Operating income (loss)
Search & Applications (b)	\$ 284.3	\$ —	\$ (20.2)	\$ —	\$ 264.1
Match	182.4	(0.5)	(11.3)	(6.3)	164.2
Local	13.4	—	(10.9)	—	2.5
Media	(19.9)	(0.6)	(0.8)	—	(21.3)
Other	(7.8)	—	(2.0)	—	(9.8)
Corporate	(48.7)	(37.6)	—	—	(86.3)
<b>Total</b>	<b>\$ 403.7</b>	<b>\$ (38.8)</b>	<b>\$ (45.2)</b>	<b>\$ (6.3)</b>	<b>\$ 313.3</b>

(b) Includes the results of  
The About Group

The About Group	\$ 40.5	\$ —	\$ (19.4)	\$ —	\$ 21.1
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### Supplemental: Depreciation

Search & Applications	\$ 14.1
Match	14.4
Local	6.4
Media	1.6
Other	1.0
Corporate	7.0
<b>Total depreciation</b>	<b>\$ 44.5</b>

	For the nine months ended September 30, 2012			
	Operating Income Before Amortization	Non-cash compensation expense	Amortization of intangibles	Operating income (loss)
Search & Applications	\$ 216.8	\$ —	\$ (0.2)	\$ 216.6
Match	160.0	(2.0)	(14.8)	143.1
Local	23.6	—	(0.8)	22.8
Media	(25.4)	(0.6)	(1.2)	(27.2)
Other	(5.4)	(0.1)	(1.1)	(6.6)
Corporate	(47.9)	(62.6)	—	(110.5)
<b>Total</b>	<b>\$ 321.6</b>	<b>\$ (65.3)</b>	<b>\$ (18.1)</b>	<b>\$ 238.3</b>

### Supplemental: Depreciation

Search & Applications	\$ 10.0
Match	11.8
Local	7.7
Media	0.9
Other	0.8
Corporate	6.3
<b>Total depreciation</b>	<b>\$ 37.5</b>

## ***IAC'S PRINCIPLES OF FINANCIAL REPORTING***

IAC reports Operating Income Before Amortization, Adjusted Net Income, Adjusted EPS and Free Cash Flow, all of which are supplemental measures to GAAP. These measures are among the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. IAC endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which are included in this release. Interim results are not necessarily indicative of the results that may be expected for a full year.

### ***Definitions of Non-GAAP Measures***

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

Adjusted Net Income generally captures all items on the statement of operations that have been, or ultimately will be, settled in cash and is defined as net earnings attributable to IAC shareholders excluding, net of tax effects and noncontrolling interests, if applicable: (1) non-cash compensation expense, (2) amortization and impairment of intangibles, (3) goodwill impairment, (4) acquisition-related contingent consideration fair value adjustments, (5) income or loss effects related to IAC's former passive ownership in VUE, (6) the re-measurement loss recorded upon acquiring control of News\_Beast, (7) one-time items and (8) discontinued operations. We believe Adjusted Net Income is useful to investors because it represents IAC's consolidated results, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other charges that are not allocated to the operating businesses such as interest expense, income taxes and noncontrolling interests, but excluding the effects of any other non-cash expenses.

Adjusted EPS is defined as Adjusted Net Income divided by fully diluted weighted average shares outstanding for Adjusted EPS purposes. We include dilution from options and warrants in accordance with the treasury stock method and include all restricted stock units ("RSUs") in shares outstanding for Adjusted EPS, with performance-based RSUs included based on the number of shares that the Company believes are probable of vesting. This differs from the GAAP method for including RSUs, which are treated on a treasury method, and performance-based RSUs, which are included for GAAP purposes only to the extent the performance criteria have been met (assuming the end of the reporting period is the end of the contingency period). Shares outstanding for Adjusted EPS purposes are therefore higher than shares outstanding for GAAP EPS purposes. We believe Adjusted EPS is useful to investors because it represents, on a per share basis, IAC's consolidated results, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other charges which are not allocated to the operating businesses such as interest expense, income taxes and noncontrolling interests, but excluding the effects of any other non-cash expenses. Adjusted Net Income and Adjusted EPS have the same limitations as Operating Income Before Amortization, and in addition Adjusted Net Income and Adjusted EPS do not account for IAC's former passive ownership in VUE. Therefore, we think it is important to evaluate these measures along with our consolidated statement of operations.

Free Cash Flow is defined as net cash provided by operating activities, less capital expenditures. In addition, Free Cash Flow excludes, if applicable, tax payments and refunds related to the sales of certain businesses and investments, including IAC's interests in VUE, an internal restructuring and dividends received that represent a return of capital due to the exclusion of the proceeds from these sales and dividends from cash provided by operating activities. We believe Free Cash Flow is useful to investors because it represents the cash that our operating businesses generate, before taking into account non-operational cash movements. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. For example, it does not take into account stock repurchases. Therefore, we think it is important to evaluate Free Cash Flow along with our consolidated statement of cash flows.

### **One-Time Items**

Operating Income Before Amortization and Adjusted Net Income are presented before one-time items, if applicable. These items are truly one-time in nature and non-recurring, infrequent or unusual, and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. GAAP results include one-time items. For the periods presented in this release, there are no adjustments for one-time items.

### **Non-Cash Expenses That Are Excluded From Our Non-GAAP Measures**

Non-cash compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions, of stock options, restricted stock units and performance-based RSUs. These expenses are not paid in cash, and we include the related shares in our fully diluted shares outstanding which, for stock options and restricted stock units are included on a treasury method basis, and for performance-based RSUs are included on a treasury method basis once the performance conditions are met. We view the true cost of our restricted stock units and performance-based RSUs as the dilution to our share base, and such units are included in our shares outstanding for Adjusted EPS purposes as described above under the definition of Adjusted EPS. Upon the exercise of certain stock options and vesting of restricted stock units and performance-based RSUs, the awards are settled, at the Company's discretion, on a net basis, with the Company remitting the required tax-withholding amount from its current funds.

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

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

Income or loss effects related to IAC's former passive ownership in VUE are excluded from Adjusted Net Income and Adjusted EPS because IAC had no operating control over VUE, which was sold for a gain in 2005, had no way to forecast this business, and did not consider the results of VUE in evaluating the performance of IAC's businesses.

## **Free Cash Flow**

We look at Free Cash Flow as a measure of the strength and performance of our businesses, not for valuation purposes. In our view, applying "multiples" to Free Cash Flow is inappropriate because it is subject to timing, seasonality and one-time events. We manage our business for cash and we think it is of utmost importance to maximize cash — but our primary valuation metrics are Operating Income Before Amortization and Adjusted EPS.

## ***OTHER INFORMATION***

### **Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

This press release and our conference call, which will be held at 4:30 p.m. Eastern Time on October 29, 2013, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "intends," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: IAC's future financial performance, IAC's business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: changes in senior management at IAC and/or its businesses, changes in our relationship with, or policies implemented by, Google, adverse changes in economic conditions, either generally or in any of the markets in which IAC's businesses operate, adverse trends in the online advertising industry or the advertising industry generally, our ability to convert visitors to our various websites into users and customers, our ability to offer new or alternative products and services in a cost-effective manner and consumer acceptance of these products and services, operational and financial risks relating to acquisitions, changes in industry standards and technology, our ability to expand successfully into international markets and regulatory changes. Certain of these and other risks and uncertainties are discussed in IAC's filings with the Securities and Exchange Commission ("SEC"). Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC management as of the date of this press release. IAC does not undertake to update these forward-looking statements.

### **About IAC**

IAC (NASDAQ: IACI) is a leading media and internet company comprised of more than 150 brands and products, including Ask.com, About.com, Match.com, HomeAdvisor.com and Vimeo.com. Focused in the areas of search, applications, online dating, local and media, IAC's family of websites is one of the largest in the world, with more than a billion monthly visits across more than 30 countries. The Company is headquartered in New York City with offices in various locations throughout the U.S. and internationally. To view a full list of IAC's companies, please visit our website at [www.iac.com](http://www.iac.com).

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