HOME FEDERAL BANCORP, INC. OF LOUISIANA
Form 8-K
November 04, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)	November 4, 2009

Home Federal Bancorp, Inc. of Louisiana
(Exact name of registrant as specified in its charter)

Federal	000-51117	86-1127166
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

624 Market Street, Shreveport, Louisiana	71101
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code	(318) 222-1145

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR

240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On November 4, 2009, Home Federal Bancorp, Inc. of Louisiana (the "Company") reported its results of operations for the quarter ended September 30, 2009.

For additional information, reference is made to the Company's press release dated November 4, 2009, which is included as Exhibit 99.1 hereto and is incorporated herein by reference thereto. The press release attached hereto is being furnished to the SEC and shall not be deemed to be "filed" for any purpose except as otherwise provided herein.

Item 9.01 Financial Statements and Exhibits

(a) Not applicable.
(b) Not applicable.
(c) Not applicable.
(d) Exhibits

The following exhibit is filed herewith.

Exhibit Number	Description
99.1	Press release dated November 4, 2009

SIGNATURES

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

HOME FEDERAL BANCORP, INC. OF LOUISIANA

Date: November 4, 2009	By:	/s/Clyde D. Patterson Clyde D. Patterson Executive Vice President (Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated November 4, 2009

;padding-right:2px;">

Search & Applications
$
69,192

$
46,280

$
216,771

$
145,742

Match
59,980

40,207

159,953

107,530

Local
7,817

7,767

23,599

23,836

Media
(12,236
)

(2,651
)

(25,426
)

(10,301
)
Other
(2,259
)

(1,339
)

(5,412
)

(2,970
)
Corporate
(15,898
)

(16,101
)

(47,895
)

(46,282
)
Total
$
106,596

$
74,163

$
321,590

$
217,555

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands)			
Depreciation:				
Search & Applications	$3,343	$9,824	$10,019	$21,389
Match	4,502	2,481	11,781	7,059
Local	2,463	2,738	7,739	7,325
Media	424	153	898	546
Other	286	209	787	623
Corporate	2,132	2,079	6,266	6,431
Total	$13,150	$17,484	$37,490	$43,373

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands)			
Revenue:				
United States	$499,409	$393,398	$1,417,622	$1,150,895
All other countries	215,061	123,486	618,060	311,606
Total	$714,470	$516,884	$2,035,682	$1,462,501

	September 30, 2012	December 31, 2011
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$257,150	$246,550
All other countries	15,167	13,038
Total	$272,317	$259,588

The Company's primary metric is Operating Income Before Amortization, which is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization and impairment of intangibles, (3) goodwill impairment, and (4) one-time items. The Company believes this measure is useful to investors because it represents the operating results from IAC's segments, taking into account depreciation, which it believes is an ongoing cost of doing business,

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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. IAC endeavors to compensate for the limitations of the non-U.S. GAAP measure presented by providing the comparable U.S. GAAP measure with equal or greater prominence, financial statements prepared in accordance with U.S. GAAP, and descriptions of the reconciling items, including quantifying such items, to derive the non U.S. GAAP measure.

The following tables reconcile Operating Income Before Amortization to operating income (loss) for the Company's reportable segments:

	Three Months Ended September 30, 2012			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$69,192	$(9)	$(147)	$69,036
Match	59,980	(560)	(3,342)	56,078
Local	7,817	—	(474)	7,343
Media	(12,236)	(62)	(880)	(13,178)
Other	(2,259)	(57)	(369)	(2,685)
Corporate	(15,898)	(22,663)	—	(38,561)
Total	$106,596	$(23,351)	$(5,212)	$78,033

	Three Months Ended September 30, 2011			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$46,280	$(4)	$(768)	$45,508
Match	40,207	(423)	(3,107)	36,677
Local	7,767	—	(443)	7,324
Media	(2,651)	(186)	—	(2,837)
Other	(1,339)	(89)	(220)	(1,648)
Corporate	(16,101)	(22,183)	—	(38,284)
Total	$74,163	$(22,885)	$(4,538)	$46,740

	Nine Months Ended September 30, 2012			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$216,771	$(26)	$(152)	$216,593
Match	159,953	(2,023)	(14,847)	143,083
Local	23,599	—	(797)	22,802
Media	(25,426)	(566)	(1,160)	(27,152)
Other	(5,412)	(67)	(1,102)	(6,581)
Corporate	(47,895)	(62,576)	—	(110,471)
Total	$321,590	$(65,258)	$(18,058)	$238,274

	Nine Months Ended September 30, 2011			
	Operating Income Before Amortization	Non-Cash Compensation Expense	Amortization of Intangibles	Operating Income (Loss)
	(In thousands)			
Search & Applications	$145,742	$210	$(1,172)	$144,780
Match	107,530	(423)	(6,002)	101,105
Local	23,836	—	(1,352)	22,484
Media	(10,301)	(241)	(3)	(10,545)
Other	(2,970)	(255)	(666)	(3,891)
Corporate	(46,282)	(65,344)	—	(111,626)
Total	$217,555	$(66,053)	$(9,195)	$142,307

NOTE 10—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Property and equipment, net

	September 30, 2012	December 31, 2011
	(In thousands)	
Buildings and leasehold improvements	$235,275	$235,737
Computer equipment and capitalized software	206,210	186,016
Furniture and other equipment	43,813	43,156
Projects in progress	17,677	7,643
Land	5,117	5,117
	508,092	477,669
Less: accumulated depreciation and amortization	(235,775)	(218,081)
Property and equipment, net	$272,317	$259,588

Accumulated other comprehensive loss

	September 30, 2012	December 31, 2011
	(In thousands)	
Foreign currency translation adjustment, net of tax	$(29,306)	$(25,174)
Unrealized gains on available-for-sale securities, net of tax	17,415	12,731
Accumulated other comprehensive loss	$(11,891)	$(12,443)

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Other (expense) income, net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands)			
Interest income	$789	$1,224	$2,849	$3,676
Interest expense	(1,391)	(1,425)	(4,102)	(4,135)
Gain on sales of investments	217	317	1,876	1,861
Non-income tax refunds related to Match Europe, which was sold in 2009	—	—	—	4,630
Foreign currency exchange (losses) gains, net	(526)	3,748	(1,564)	4,050
Other	(33)	444	(326)	615
Other (expense) income, net	$(944)	$4,308	$(1,267)	$10,697

NOTE 11—CONTINGENCIES

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

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

GENERAL

Management Overview

IAC is a leading media and internet company comprised of more than 150 brands and products, including Match.com, Ask.com, CollegeHumor.com, and CityGrid Media. Focused in the areas of search, personals, local and media, IAC's family of websites is one of largest in the world, with 1.2 billion monthly visits across more than 30 countries.

For a more detailed description of the Company's operating businesses, see the Company's annual report on Form 10-K for the year ended December 31, 2011.

Results of Operations for the three and nine months ended September 30, 2012 compared to the three and nine months ended September 30, 2011

Revenue

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	$ Change	% Change	2011	2012	$ Change	% Change	2011
	(Dollars in thousands)							
Search & Applications	$370,227	$111,352	43%	$258,875	$1,062,187	$331,133	45%	$731,054
Match	178,190	45,862	35%	132,328	530,883	170,529	47%	360,354
Local	84,314	4,190	5%	80,124	245,938	14,473	6%	231,465
Media	52,736	34,044	182%	18,692	107,015	55,204	107%	51,811
Other	29,064	2,041	8%	27,023	89,899	1,457	2%	88,442
Inter-segment elimination	(61)	97	62%	(158)	(240)	385	62%	(625)
Total	$714,470	$197,586	38%	$516,884	$2,035,682	$573,181	39%	$1,462,501

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

Revenue in 2012 increased from 2011 primarily as a result of increases of $111.4 million from Search & Applications, $45.9 million from Match and $34.0 million from Media.

Search & Applications revenue increased 43% to $370.2 million, reflecting strong growth from both Websites (which includes Ask.com, Pronto and Dictionary.com, excluding downloadable applications related to the aforementioned sites) and Applications (which includes our direct to consumer applications business (B2C) and our partnership operations (B2B), as well as downloadable applications related to Ask.com and Dictionary.com). Websites revenue grew 49% to $183.0 million, reflecting strong query gains of 52%. Applications revenue grew 38% to $187.2 million, driven by 20% query growth and year over year monetization gains driven by increased contributions from existing and new partners and products.

Match revenue increased 35% to $178.2 million benefiting from the full quarter contribution of $50.9 million from Meetic as compared to the prior year period contribution of $11.1 million, and growth within our Core operations (consisting of Match.com in the U.S., Chemistry and People Media). Meetic revenue in the prior year period (consolidated with effect from September 1, 2011) was negatively impacted by the write-off of $9.6 million of deferred revenue in connection with its acquisition. Core revenue increased 8% to $110.8 million driven by an 8% increase in subscribers.

Media revenue increased 182% to $52.7 million primarily due to the impact of The Newsweek/Daily Beast Company ("Newsweek Daily Beast"), consolidated beginning June 1, 2012 following the Company's acquisition of a controlling interest,

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as well as strong growth from Electus and Vimeo.

A substantial portion of the Company's revenue is derived from online advertising. Most of the Company's online advertising revenue is attributable to a paid listing supply agreement with Google Inc. ("Google"), which expires on March 31, 2016. For the three months ended September 30, 2012 and 2011, revenue earned from Google was $357.2 million and $242.9 million, respectively. This revenue was earned by the businesses comprising the Search & Applications segment.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

Revenue in 2012 increased from 2011 primarily as a result of increases of $331.1 million from Search & Applications, $170.5 million from Match, $55.2 million from Media and $14.5 million from Local.

Search & Applications revenue increased 45% to $1.1 billion. Applications and Websites revenue increased 48% and 43%, respectively, to $548.8 million and $513.3 million, respectively, due primarily to the factors described above in the three month discussion. Websites revenue grew more slowly than queries due to the prior year period benefiting from $21.5 million of revenue related to our direct sponsored listings business, which was sold in 2011, and modest revenue growth at Pronto and Dictionary.com.

Match revenue increased 47% to $530.9 million benefiting from the contribution of Meetic and growth within our Core operations, partially offset by a decrease in Developing revenue. Core revenue increased 12% to $329.1 million driven by an increase in subscribers. Meetic revenue in 2012 and 2011 of $152.2 million and $11.1 million, respectively, were negatively impacted by the write-off of $5.2 million and $9.6 million, respectively, of deferred revenue in connection with its acquisition. Revenue from Developing (which includes OkCupid, DateHookup and Match's non-Meetic international operations) decreased 11% to $49.5 million, despite strong growth from OkCupid, due to lower subscription revenue from Singlesnet. Excluding the results of Meetic, revenue grew 8% to $378.7 million.

Local revenue increased 6% to $245.9 million, reflecting growth from HomeAdvisor's (formerly ServiceMagic) domestic and international operations. HomeAdvisor domestic revenue grew due to higher average lead acceptance fees. HomeAdvisor international revenue grew due to an increase in service request accepts and higher average lead acceptance fees. CityGrid Media revenue increased due to the contribution of Felix, a pay-per-call advertising service that was acquired in August 2012, and higher reseller revenue, partially offset by a decline in revenue from direct sales.

Media revenue increased 107% to $107.0 million primarily due to the factors described above in the three month discussion.

For the nine months ended September 30, 2012 and 2011, revenue earned from Google was $1.0 billion and $679.1 million, respectively.

Cost of revenue

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Cost of revenue	$261,932	$73,290	39%	$188,642
As a percentage of revenue	37%		16 bp	36%

bp = basis points

Cost of revenue consists primarily of traffic acquisition costs. Traffic acquisition costs consist of payments made to partners who distribute our B2B customized browser-based applications, integrate our paid listings into their websites or direct traffic to our websites. These payments include amounts based on revenue share and other arrangements. Cost of revenue also

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includes Shoebuy's cost of products sold and shipping and handling costs, production costs related to digital content produced by Electus and other businesses within our Media segment, content acquisition costs, expenses associated with the operation of the Company's data centers, including compensation and other employee-related costs (including stock-based compensation) for personnel engaged in data center functions, rent, energy and bandwidth costs.

Cost of revenue in 2012 increased from 2011 primarily due to increases of $36.0 million from Media and $31.7 million from Search & Applications. Cost of revenue from Media increased primarily due to Newsweek Daily Beast, consolidated beginning June 1, 2012, and increased production costs at Electus related to the increase in its revenue. The increase in cost of revenue from Search & Applications was primarily due to an increase of $32.4 million in traffic acquisition costs primarily related to the increased revenue from our B2B operations. As a percentage of revenue, traffic acquisition costs at Search & Applications decreased compared to the prior year period due to an increase in the proportion of revenue from Websites that resulted from increased online marketing.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Cost of revenue	$722,193	$179,361	33%	$542,832
As a percentage of revenue	35%		(164) bp	37%

Cost of revenue in 2012 increased from 2011 primarily due to increases of $107.7 million from Search & Applications, $53.2 million from Media and $12.2 million from Match. The increases from Search & Applications and Media are primarily due to the factors described above in the three month discussion. The increase from Match is due to the acquisition of Meetic, which was not in the full prior year period, partially offset by a decrease in customer acquisition costs.

Selling and marketing expense

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Selling and marketing expense	$236,763	$83,467	54%	$153,296
As a percentage of revenue	33%		348 bp	30%

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

Selling and marketing expense in 2012 increased from 2011 primarily due to increases of $61.0 million from Search & Applications and $23.1 million from Match. The increase from Search & Applications is primarily due to an increase in online marketing related to Ask.com and from existing B2C downloadable applications. Selling and marketing expense at Match increased primarily due to the acquisition of Meetic, which was not in the full prior year period, and an increase in offline marketing spend.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

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	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Selling and marketing expense	$669,671	$242,907	57%	$426,764
As a percentage of revenue	33%		372 bp	29%

Selling and marketing expense in 2012 increased from 2011 primarily due to increases of $161.1 million from Search & Applications and $78.8 million from Match. The increases from Search & Applications and Match are primarily due to the factors described above in the three month discussion.

General and administrative expense

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
General and administrative expense	$94,876	$10,248	12%	$84,628
As a percentage of revenue	13%		(309) bp	16%

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

General and administrative expense in 2012 increased from 2011 primarily due to increases of $4.1 million from Media and $3.9 million from Local, partially offset by a decrease of $2.4 million from Match. The increase from Media resulted primarily from Newsweek Daily Beast, consolidated beginning June 1, 2012, and Electus. The increase in general and administrative expense from Local is primarily due to higher compensation and employee-related expenses at HomeAdvisor as well as an increase in bad debt expense. General and Administrative expense from Match decreased primarily due to lower professional fees due, in part, to the inclusion in the prior year period of $2.5 million in transaction fees associated with the Meetic acquisition. As a percentage of revenue, general and administrative expense decreased from 2011 primarily due to operating expense leverage at Corporate and Search & Applications.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
General and administrative expense	$278,895	$37,423	15%	$241,472
As a percentage of revenue	14%		(281) bp	17%

General and administrative expense in 2012 increased from 2011 primarily due to increases of $13.3 million from Match, $12.0 million from Media and $10.0 million from Local. The increase from Match is primarily due to the acquisition of Meetic, which was not in the full prior year period, partially offset by a decrease in professional fees due, in part, to the inclusion in the prior year period of $3.7 million in transaction fees associated with the Meetic acquisition. The increases from Media and Local are primarily due to the factors described above in the three month discussion.

Product development expense

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

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	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Product development expense	$24,504	$2,948	14%	$21,556
As a percentage of revenue	3%		(74) bp	4%

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

Product development expense in 2012 increased from 2011 primarily due to an increase of $2.5 million from Match related to an increase in headcount and the acquisition of Meetic, which was not in the full prior year period.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Product development expense	$71,101	$14,543	26%	$56,558
As a percentage of revenue	3%		(37) bp	4%

Product development expense in 2012 increased from 2011 primarily due to increases of $10.7 million from Match and $2.7 million from Other. The increase from Match is primarily due to the factors described above in the three month discussion. The increase from Other is primarily due to increased investment in Hatch Labs.

Depreciation

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Depreciation expense	$13,150	$(4,334)	(25)%	$17,484
As a percentage of revenue	2%		(154) bp	3%

Depreciation in 2012 decreased from 2011 resulting primarily from the write-off of $4.9 million in capitalized software costs associated with the exit of the Company's direct sponsored listings business in 2011, partially offset by an increase in depreciation from Match, which is primarily due to the acquisition of Meetic, which was not in the full prior year period.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Depreciation expense	$37,490	$(5,883)	(14)%	$43,373
As a percentage of revenue	2%		(112) bp	3%

Depreciation in 2012 decreased from 2011 resulting primarily from the factors described above in the three month discussion.

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Operating Income Before Amortization

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	$ Change	% Change	2011	2012	$ Change	% Change	2011
	(Dollars in thousands)							
Search & Applications	$69,192	$22,912	50%	$46,280	$216,771	$71,029	49%	$145,742
Match	59,980	19,773	49%	40,207	159,953	52,423	49%	107,530
Local	7,817	50	1%	7,767	23,599	(237)	(1)%	23,836
Media	(12,236)	(9,585)	(362)%	(2,651)	(25,426)	(15,125)	(147)%	(10,301)
Other	(2,259)	(920)	(69)%	(1,339)	(5,412)	(2,442)	(82)%	(2,970)
Corporate	(15,898)	203	1%	(16,101)	(47,895)	(1,613)	(3)%	(46,282)
Total	$106,596	$32,433	44%	$74,163	$321,590	$104,035	48%	$217,555

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

Operating Income Before Amortization in 2012 increased from 2011 primarily due to increases of $22.9 million from Search & Applications and $19.8 million from Match, partially offset by increased losses of $9.6 million from Media.

Search & Applications Operating Income Before Amortization increased 50% to $69.2 million, benefiting from the higher revenue noted above and a decrease of $6.5 million in depreciation, partially offset by increases of $61.0 million in selling and marketing expense and $32.4 million in traffic acquisition costs. The decrease in depreciation is due to the write-off of $4.9 million in capitalized software costs associated with the exit of the Company's direct sponsored listings business in 2011. The increase in selling and marketing expense is primarily due to an increase in advertising and promotional expenditures, driven primarily by increased online marketing related to Ask.com and existing B2C downloadable applications. The increase in traffic acquisition costs is primarily due to increased revenue from our B2B operations.

Match Operating Income Before Amortization increased 49% to $60.0 million, primarily due to the positive contribution from Meetic in the current year period and higher Core revenue noted above. Operating Income Before Amortization in 2011 was negatively impacted by the write-off of $9.6 million of deferred revenue in connection with Meetic's acquisition. Operating Income Before Amortization, excluding Meetic, was impacted by increases in product development expense and selling and marketing expense, partially offset by a decrease in general and administrative expense. The increase in product development expense is primarily due to an increase in compensation and other employee-related costs due, in part, to an increase in headcount. Selling and marketing expense increased from 2011 primarily due to an increase in offline marketing spend. The decrease in general and administrative expense is primarily due to lower professional fees due primarily to the inclusion in the prior year period of $2.5 million in transaction fees associated with the Meetic acquisition.

Media Operating Income Before Amortization loss increased by $9.6 million to a loss of $12.2 million reflecting the consolidation of Newsweek Daily Beast beginning June 1, 2012.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

Operating Income Before Amortization in 2012 increased from 2011 primarily due to increases of $71.0 million from Search & Applications and $52.4 million from Match, partially offset by increased losses of $15.1 million from Media.

Search & Applications Operating Income Before Amortization increased 49% to $216.8 million, benefiting from the higher revenue noted above and a decrease of $11.4 million in depreciation, partially offset by increases of

$161.1 million in selling and marketing expense and $109.1 million in traffic acquisition costs. The decrease in depreciation and the increases in selling and marketing expense and traffic acquisition costs are primarily due to the factors described above in the three month discussion.

Match Operating Income Before Amortization increased 49% to $160.0 million, primarily due to the acquisition of Meetic and the higher Core revenue noted above. Operating Income Before Amortization, excluding Meetic, was impacted by

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increases in product development expense and selling and marketing expense, partially offset by decreases in cost of revenue and general and administrative expense. The increases in product development expense and selling and marketing expense and the decrease in general and administrative expense are primarily due to the factors described above in the three month discussion. The decrease in cost of revenue is primarily to lower customer acquisition costs.

Media Operating Income Before Amortization loss increased by $15.1 million to losses of $25.4 million due to the factor described above in the three month discussion.

Operating income

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	$ Change	% Change	2011	2012	$ Change	% Change	2011
	(Dollars in thousands)							
Search & Applications	$69,036	$23,528	52%	$45,508	$216,593	$71,813	50%	$144,780
Match	56,078	19,401	53%	36,677	143,083	41,978	42%	101,105
Local	7,343	19	—%	7,324	22,802	318	1%	22,484
Media	(13,178)	(10,341)	(365)%	(2,837)	(27,152)	(16,607)	(157)%	(10,545)
Other	(2,685)	(1,037)	(63)%	(1,648)	(6,581)	(2,690)	(69)%	(3,891)
Corporate	(38,561)	(277)	(1)%	(38,284)	(110,471)	1,155	1%	(111,626)
Total	$78,033	$31,293	67%	$46,740	$238,274	$95,967	67%	$142,307

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

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

Operating income in 2012 increased from 2011 primarily due to the increase of $32.4 million in Operating Income Before Amortization described above, partially offset by increases of $0.7 million in amortization of intangibles and $0.5 million in non-cash compensation expense.

At September 30, 2012, there was $102.8 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.2 years.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

Operating income in 2012 increased from 2011 primarily due to the increase of $104.0 million in Operating Income Before Amortization described above and a decrease of $0.8 million in non-cash compensation expense, partially offset by an increase of $8.9 million in amortization of intangibles. The increase in amortization of intangibles is primarily due to the acquisition of Meetic.

Equity in losses of unconsolidated affiliates

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Equity in losses of unconsolidated affiliates	$(3,298)	$11,780	78%	$(15,078)

Equity in losses of unconsolidated affiliates in 2011 includes a pre-tax non-cash charge of $11.7 million related to the

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re measurement of the carrying value of Match's 27% equity method investment in Meetic to fair value (i.e., the tender offer price of €15.00 per share) in connection with our acquisition of a controlling interest. Also contributing to the equity in losses of unconsolidated affiliates in 2011 is the losses related to the Company's investment in Newsweek Daily Beast, partially offset by earnings from our investment in Meetic through August 31, 2011.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Equity in losses of unconsolidated affiliates	$(28,208)	$(2,531)	(10)%	$(25,677)

Equity in losses of unconsolidated affiliates in 2012 includes a pre-tax non-cash charge of $21.6 million related to the re measurement of the carrying value of our investment in Newsweek Daily Beast to fair value in connection with our acquisition of a controlling interest as well as losses related to Newsweek Daily Beast through May 31, 2012. Equity in losses of unconsolidated affiliates in 2011 includes the items described above in the three month discussion.

Other (expense) income, net

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Other (expense) income, net	$(944)	$(5,252)	NM	$4,308

Other (expense) income, net in 2012 decreased from 2011 primarily due to the inclusion of a foreign currency exchange gain of $3.3 million related to the funds that were held in escrow for the Meetic tender offer in September 2011.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Other (expense) income, net	$(1,267)	$(11,964)	NM	$10,697

Other (expense) income, net in 2012 decreased from 2011 primarily due to the inclusion in 2011 of $4.6 million in gains associated with certain non-income tax refunds related to Match Europe, which was sold in 2009, and the foreign currency exchange gain described above in the three month discussion.

Income tax (provision) benefit

For the three months ended September 30, 2012 compared to the three months ended September 30, 2011

	Three Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Income tax (provision) benefit	$(27,606)	$(59,609)	NM	$32,003

In 2012, the Company recorded an income tax provision for continuing operations of $27.6 million, which represents an effective income tax rate of 37%. The 2012 effective rate is higher than the statutory rate of 35% due primarily to state taxes

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and interest on reserves for tax contingencies, partially offset by foreign income taxed at lower rates. In 2011, the Company recorded an income tax benefit for continuing operations of $32.0 million despite pre-tax income of $36.0 million. The income tax benefit is due principally to the reversal of a previously established deferred tax liability of $43.6 million associated with the 2009 gain that was recognized upon the exchange of Match Europe for a 27% interest in Meetic. In connection with the acquisition of a controlling interest in Meetic in 2011, the Company concluded that it intends to indefinitely reinvest the earnings of Match's international operations related to Meetic, including the 2009 gain on the sale of Match Europe outside of the United States. This income tax benefit was partially offset by the non-deductible nature of the non-cash re-measurement charge related to Match's 27% equity method investment in Meetic that was recorded upon our acquisition of a controlling interest.

For the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

	Nine Months Ended September 30,			
	2012	$ Change	% Change	2011
	(Dollars in thousands)			
Income tax (provision) benefit	$(83,360)	$(89,804)	NM	$6,444

In 2012, the Company recorded an income tax provision for continuing operations of $83.4 million, which represents an effective income tax rate of 40%. The 2012 effective rate is higher than the statutory rate of 35% due primarily to an increase in reserves for and interest on reserves for tax contingencies, a valuation allowance on the deferred tax asset created by the Newsweek Daily Beast non-cash re-measurement charge related to our acquisition of a controlling interest, and state taxes, partially offset by foreign income taxed at lower rates and a net decrease in the valuation allowance on the beginning of the year deferred tax assets related to investments in unconsolidated affiliates. In 2011, the Company recorded an income tax benefit for continuing operations of $6.4 million despite pre-tax income of $127.3 million. The income tax benefit is due principally to the release of a previously established deferred tax liability as described above in the three month discussion, foreign income taxed at lower rates, and the reduction in state tax accruals resulting from income tax provision to tax return reconciliations and expirations of statutes of limitations, partially offset by interest on reserves for tax contingencies, state taxes, and the non-deductible nature of the non-cash re-measurement charge as described above in the three month discussion.

At September 30, 2012 and December 31, 2011, the Company has unrecognized tax benefits of $373.5 million and $351.6 million, respectively. Unrecognized tax benefits at September 30, 2012 increased $22.0 million from December 31, 2011 due principally to a net increase in deductible timing differences and additions for tax positions related to prior years. The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in income tax provision. Included in income tax provision for continuing operations and discontinued operations for the three months ended September 30, 2012 is a $1.6 million expense and a $0.4 million benefit, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. Included in income tax provision for continuing operations and discontinued operations for the nine months ended September 30, 2012 is a $3.3 million expense and a $3.8 million benefit, respectively, net of related deferred taxes, for interest on unrecognized tax benefits. At September 30, 2012 and December 31, 2011, the Company has accrued $112.2 million and $111.2 million, respectively, for the payment of interest. At September 30, 2012 and December 31, 2011, the Company has accrued $2.8 million and $2.5 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service ("IRS") has substantially completed its audit of the Company's tax returns for the years ended December 31, 2001 through 2006. The settlement of these tax years has not yet been submitted to the Joint Committee of Taxation for approval. The IRS began its audit of the Company's tax returns for the years ended December 31, 2007 through 2009 in July 2011. The statute of limitations for the years 2001 through 2009 has been extended to December 31, 2013. Various state and local jurisdictions are currently under examination, the most significant of which are California, New York and New York City for various tax years beginning with 2005. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by the Company are recorded in the period they become known. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $68.9 million within twelve months of the current reporting date, of which approximately $13.3 million could decrease income tax provision, primarily due to settlements, expirations of statutes of limitations, and the reversal of deductible temporary differences that will primarily result in a corresponding decrease in net deferred tax assets. An estimate of other changes in unrecognized tax benefits, while potentially significant, cannot be made.

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FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2012, the Company had $501.8 million of cash and cash equivalents, $138.9 million of marketable securities, and $95.8 million of long-term debt, including current maturities of $15.8 million. Domestically, cash equivalents primarily consist of AAA rated money market funds and commercial paper rated A2/P2 or better. Internationally, cash equivalents primarily consist of AAA money market funds and time deposits. Marketable securities primarily consist of short-to-intermediate-term debt securities issued by states of the U.S. and subdivisions thereof and investment grade corporate issuers. The Company only invests in marketable securities with active secondary or resale markets to ensure portfolio liquidity and the ability to readily convert investments into cash to fund current operations or satisfy other cash requirements as needed. From time to time, the Company may invest in marketable equity securities as part of its investment strategy. Long-term debt, including current maturities, is comprised of $15.8 million in Senior Notes due January 15, 2013 and $80.0 million in Liberty Bonds due September 1, 2035.

At September 30, 2012, $230.1 million of the $501.8 million of cash and cash equivalents and none of the $138.9 million of marketable securities were held by the Company's foreign subsidiaries. No U.S. federal or state income taxes have been provided on the indefinitely reinvested earnings of any of the Company's foreign subsidiaries that hold this cash and cash equivalents. If needed for our operations in the U.S., most of the cash and cash equivalents held by the Company's foreign subsidiaries could be repatriated to the U.S., but under current law, would be subject to U.S. federal and state income taxes. However, the Company's intent is to indefinitely reinvest these funds outside of the U.S. and, currently, the Company does not anticipate a need to repatriate them to fund our U.S. operations.

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

	Nine Months Ended September 30,	
	2012	2011
	(In thousands)	
Net cash provided by operating activities	$323,607	$269,566
Net cash used in investing activities	(387,586)	(14,219)
Net cash used in financing activities	(138,876)	(308,342)

Net cash provided by operating activities attributable to continuing operations consists of earnings or loss from continuing operations adjusted for non-cash items, including non-cash compensation expense, depreciation, amortization of intangibles, deferred income taxes, asset impairment charges, equity in income or losses of unconsolidated affiliates and gains or losses on the sales of investments, and the effect of changes in working capital activities. Net cash provided by operating activities attributable to continuing operations in 2012 was $323.6 million and consists of earnings from continuing operations of $125.4 million, adjustments for non-cash items of $165.6 million and cash provided by working capital activities of $32.6 million. Adjustments for non-cash items primarily consists of $65.3 million of non-cash compensation expense, $37.5 million of depreciation, $28.2 million of equity in losses of unconsolidated affiliates, which includes a non-cash charge of $21.6 million to re-measure the carrying value of our investment in Newsweek Daily Beast to fair value and $18.1 million of amortization of intangibles. The increase in cash from changes in working capital activities primarily consists of an increase in income taxes payable of $29.5 million, an increase in accounts payable and other current liabilities of $18.7 million and an increase in deferred revenue of $10.6 million, partially offset by an increase of $16.4 million in accounts receivable and an increase of $9.7 million in other current assets. The increase in income taxes payable is due to current year income tax accruals in excess of current year income tax payments. The increase in accounts payable and other current liabilities is primarily due to an increase in accrued advertising expense and an increase in accrued revenue share expense, partially offset by a decrease in accrued employee compensation and benefits and a decrease in amounts payable to suppliers at our Shoebuy business. The increase in accrued advertising expense is primarily due to an increase in advertising and promotional expenditures at Search & Applications. The increase in accrued revenue share expense is primarily due to an increase in traffic acquisition costs at Search & Applications. The decrease in accrued employee compensation and benefits is due to the payment of the 2011 discretionary cash bonus in 2012. The increase in deferred revenue is primarily due to the growth in subscription revenue at Match, which includes an increase of $6.7 million in deferred revenue at Meetic, as well as growth at Vimeo. The increase in

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accounts receivable is primarily due to the growth in revenue at Search & Applications earned from our paid listing supply agreement with Google; the related receivable from Google was $125.3 million and $105.7 million at September 30, 2012 and December 31, 2011, respectively. While our Match and HomeAdvisor businesses experienced growth, the accounts receivable at these businesses are principally credit card receivables and, accordingly, are not significant in relation to the revenue of these businesses. The increase in other current assets is primarily related to the increase in short-term production costs at certain of our Media businesses that are capitalized as the television program, video or film is being produced.

Net cash used in investing activities attributable to continuing operations in 2012 of $387.6 million includes cash consideration used in acquisitions and investments of $387.2 million primarily related to the acquisition of The About Group, and capital expenditures of $32.4 million primarily related to the internal development of software to support our products and services, partially offset by net maturities and sales of marketable debt securities and sales of long-term investments of $44.2 million.

Net cash used in financing activities attributable to continuing operations in 2012 of $138.9 million includes $434.0 million for the repurchase of 9.1 million shares of common stock at an average price of $46.37 per share and $43.7 million related to the payment of cash dividends to IAC shareholders, partially offset by proceeds related to the issuance of common stock, net of withholding taxes of $320.1 million and excess tax benefits from stock-based awards of $23.5 million. Included in the proceeds related to the issuance of common stock are proceeds of $284.1 million from the exercise of warrants to acquire 11.7 million shares of IAC common stock, some of which were exercised on a cashless or net basis. The weighted average strike price of the warrants was $28.40 per share.

Net cash provided by operating activities attributable to continuing operations in 2011 was $269.6 million and consists of earnings from continuing operations of $133.8 million, adjustments for non-cash items of $105.9 million and cash provided by working capital activities of $29.9 million. Adjustments for non-cash items primarily consists of $66.1 million of non-cash compensation expense, $43.4 million of depreciation, $25.7 million of equity in losses of unconsolidated affiliates, which includes a non-cash charge of $11.7 million to re-measure the carrying value of our investment in Meetic to fair value, partially offset by $44.5 million of deferred income taxes. The deferred income tax benefit primarily relates to the reversal of a previously established deferred tax liability in connection with the acquisition of a controlling interest in Meetic. The increase in cash from changes in working capital activities primarily consists of an increase of $26.7 million in deferred revenue, an increase of $15.5 million in accounts payable and other current liabilities and a decrease of $9.0 million in other current assets, partially offset by an increase in accounts receivable of $27.5 million. The increase in deferred revenue is primarily due to the growth in subscription revenue at Match, which includes an increase of $9.2 million in deferred revenue at Meetic, as well as growth at Electus and Vimeo. The increase in accounts payable and other current liabilities is primarily due to an increase in accrued revenue share expense and an increase in accrued advertising expense. The increase in accrued revenue share expense is primarily due to an increase in traffic acquisition costs at Search & Applications. The increase in accrued advertising expense is primarily due to an increase in advertising and promotional expenditures at Search & Applications. The decrease in other current assets is primarily due to receipt of non-income tax refunds related to Match Europe, which were recorded as a receivable within other assets. The increase in accounts receivable is primarily due to the growth in revenue at Search & Applications earned from our paid listing supply agreement with Google; the related receivable from Google was $85.7 million at September 30, 2011 and $70.5 million at December 31, 2010.

Net cash used in investing activities attributable to continuing operations in 2011 of $14.2 million includes cash consideration used in acquisitions and investments of $362.9 million primarily related to the acquisitions of Meetic and OkCupid and capital expenditures of $27.3 million primarily related to the internal development of software to support our products and services, partially offset by net maturities and sales of marketable debt securities and sales of long-term investments of $387.5 million.

Net cash used in financing activities attributable to continuing operations in 2011 of $308.3 million includes $389.6 million for the repurchase of 10.8 million shares of common stock at an average price of $37.32 per share, partially offset by proceeds related to the issuance of common stock, net of withholding taxes, of $62.0 million and excess tax benefits from stock-based awards of $22.9 million.

The Company's principal sources of liquidity are its cash and cash equivalents and marketable securities as well as its cash

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flows generated from operations. The Company currently does not have in place any formal arrangements that would provide it with external sources of financing such as a revolving credit or other similar facility.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its operations. The Company expects that 2012 capital expenditures will be higher than 2011. At September 30, 2012, IAC had 9.5 million shares remaining in its share repurchase authorization. IAC may purchase shares over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook. On October 23, 2012, IAC declared a quarterly cash dividend to $0.24 per share of common and Class B common stock outstanding; the dividend is payable on December 1, 2012 to stockholders of record on November 15, 2012. Future declarations of dividends are subject to the determination of IAC's Board of Directors.

The Company believes its existing cash, cash equivalents and marketable securities, together with its expected positive cash flows generated from operations in 2012 will be sufficient to fund its normal operating requirements, including capital expenditures, share repurchases, quarterly cash dividends, and investing and other commitments for the foreseeable future. Our liquidity could be negatively affected by a decrease in demand for our products and services. The Company may make acquisitions and investments that could reduce its cash, cash equivalents and marketable securities balances and as a result, the Company may need to raise additional capital through future debt or equity financing to provide for greater financial flexibility. Additional financing may not be available at all or on terms favorable to us.

CONTRACTUAL OBLIGATIONS

Contractual Obligations(a)	Payments Due by Period Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(In thousands)				
Long-term debt, including current maturities(b)	$188,399	$20,399	$8,000	$8,000	$152,000
Purchase obligations(c)	43,479	13,395	29,948	136	—
Operating leases	305,151	21,599	41,416	34,746	207,390
Total contractual cash obligations	$537,029	$55,393	$79,364	$42,882	$359,390

(a) The Company has excluded $328.9 million in unrecognized tax benefits and related interest from the table above as we are unable to make a reasonably reliable estimate of the period in which these liabilities might be paid. For additional information on income taxes, see Note 2 to the consolidated financial statements.

(b) Represents contractual amounts due, including interest.

(c) The purchase obligations primarily include advertising commitments, which commitments are reducible or terminable such that these commitments can never exceed associated revenue by a meaningful amount. Purchase obligations also include minimum payments due under telecommunication contracts related to data transmission lines.

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IAC'S PRINCIPLES OF FINANCIAL REPORTING

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

Definition of IAC's Non-GAAP Measure

Operating Income Before Amortization is defined as operating income excluding, if applicable: (1) non-cash compensation expense, (2) amortization and impairment of intangibles, (3) goodwill impairment, and (4) 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.

One-Time Items

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

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

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

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 and 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.

RECONCILIATION OF OPERATING INCOME BEFORE AMORTIZATION

For a reconciliation of Operating Income Before Amortization to operating income (loss) by reportable segment for the three and nine months ended September 30, 2012 and 2011, see Note 9 to the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

At September 30, 2012, there have been no material changes to the Company's instruments or positions that are sensitive to market risk since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2011.

Item 4. Controls and Procedures

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

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

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

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

Litigation Arising Out of the Company's Sale of PRC, LLC

In 2006, the Company sold its call-center business, PRC, after conducting an auction process managed by an investment bank. In August 2008, various affiliates of the private-equity firm that won the auction and bought PRC (collectively, "Diamond Castle") sued the Company for breach of contract in New York state court. See Diamond Castle Partners IV PRC, L.P. et al. v. IAC/InterActiveCorp, No. 602427/08 (Supreme Court, New York County). The complaint alleges that the Company breached certain representations, warranties, and covenants in the purchase agreement through materially false, misleading, and incomplete statements to Diamond Castle concerning a PRC services contract that allegedly became unprofitable and later caused PRC to declare bankruptcy. The complaint (as amended in June 2010) seeks damages of up to $138.5 million, Diamond Castle's total investment in PRC. Discovery commenced in 2010.

In January 2011, the Company, alleging that during the auction process Diamond Castle had secretly obtained extensive confidential information from PRC's then-CEO, filed counterclaims and third-party claims against Diamond Castle and several of its principals for fraud, aiding and abetting breach of fiduciary duty, and breach of the non-disclosure agreement governing the auction. In January 2012, IAC amended its pleading to add claims for fraud and breach of fiduciary duty against PRC's former CEO.

On September 18, 2012, the Company, Diamond Castle and PRC’s former CEO entered into a settlement agreement pursuant to which they released all claims against each other without the exchange of any money or other form of compensation. On September 19, 2012, in accordance with the settlement, the parties filed a stipulation dismissing the action with prejudice.

Item 1A. Risk Factors

Cautionary Statement Regarding Forward-Looking Information

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

Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: changes in senior management at IAC and/or its businesses, changes in our relationship with, or policies implemented by, Google, adverse changes in economic conditions, either generally or in any of the markets or industries in which IAC's businesses operate, adverse trends in the online advertising industry or the advertising industry generally, our ability to convert visitors to our various websites into users and customers, our ability to offer new or alternative products and services in a cost-effective manner and consumer acceptance of these products and services, changes in industry standards and technology, actual tax liabilities that differ materially from our estimates, operational and financial risks relating to acquisitions, our ability to expand successfully into international markets and regulatory changes. Certain of these and other risks and uncertainties are discussed in IAC's filings with the SEC, including in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2011. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and operating results may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC management as of the date of this report. IAC does not undertake to update these forward-looking statements.

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2011, which could materially affect our business, financial condition or future operating results. The risks described in this report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or future operating results.

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

Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its common stock during the quarter ended September 30, 2012:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share(1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	(d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs(3)
July 2012	1,295,000	$47.12	1,295,000	9,497,676
August 2012	—	$—	—	9,497,676
September 2012	—	$—	—	9,497,676
Total	1,295,000	$47.12	1,295,000	9,497,676

(1) Reflects the average price paid per share of IAC common stock.

(2) Reflects repurchases made pursuant to repurchase authorizations previously announced in July 2011 and May 2012.

(3) Represents the total number of shares of common stock that remained available for repurchase as of September 30, 2012 pursuant to the May 2012 repurchase authorization. IAC may purchase shares pursuant to the May 2012 repurchase authorization over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors IAC management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. Exhibits

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

(1) Filed herewith.
(2) Furnished herewith.

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SIGNATURES

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

Dated: November 8, 2012

IAC/INTERACTIVECORP

By: /s/ JEFFREY W. KIP
Jeffrey W. Kip
Executive Vice President and
Chief Financial Officer

Signature	Title	Date
/s/ JEFFREY W. KIP Jeffrey W. Kip	Executive Vice President and Chief Financial Officer	November 8, 2012

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