INTERACTIVECORP
Form S-4/A
July 10, 2003

QuickLinks -- Click here to rapidly navigate through this document

As Filed with the Securities and Exchange Commission on July 10, 2003

Registration No. 333-105876

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Amendment No. 1
to
FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTERACTIVECORP

(Exact Name of Registrant as Specified in its Charter)

Delaware	**4833**	**59-2712887**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

152 West 57th Street
New York, New York 10019
(212) 314-7300
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

David G. Ellen, Esq.
Vice President, Acting General Counsel and Secretary
InterActiveCorp
152 West 57th Street
New York, New York 10019
(212) 314-7300
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent For Service)

Copies to:

Andrew J. Nussbaum **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, New York 10019** **(212) 403-1000**	**Robert J. Flemma, Jr.** **LendingTree, Inc.** **11115 Rushmore Drive** **Charlotte, North Carolina 28277** **(704) 541-5351**	**Sean M. Jones** **Kennedy, Covington, Lobdell & Hickman, LLP** **Hearst Tower** **214 North Tryon Street** **Charlotte, North Carolina 28202** **(704) 331-7400**	**Howard Chatzinoff** **Weil, Gotshal & Manges LLP** **767 Fifth Avenue** **New York, New York 10153** **(212) 310-8000**

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.01 per share	22,289,132(1)	N/A	$825,190,476(2)	$66,758(3)(4)

(1) Based on the maximum number of shares of common stock, par value $0.01 per share, of the registrant ("IAC common stock") that may be issued in connection with the merger described in the enclosed proxy statement/prospectus, calculated as the product of (a) 35,956,012 (the sum of (i) 23,354,967 shares of common stock, par value $0.01 per share, of LendingTree, Inc. ("LendingTree common stock") outstanding on May 30, 2003, (ii) 6,556,198 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock into which the 5,925,247 shares of preferred stock, par value $0.01 per share, of LendingTree, Inc. ("LendingTree preferred stock") outstanding as of May 30, 2003 are convertible prior to the merger; and (iii) 5,934,286 shares of LendingTree common stock reserved for issuance upon the exercise of LendingTree common stock options and common stock warrants outstanding on May 30, 2003 and (iv) 110,561 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock issuable to participants in LendingTree's Employee Stock Purchase Plan as of May 30, 2003), multiplied by (b) 0.6199, the exchange ratio in the merger. Outstanding shares exclude shares of LendingTree common stock or LendingTree preferred stock held by LendingTree or any subsidiary of LendingTree.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) and Rule 457(c) under the Securities Act, based on the product of (a) 35,956,012, multiplied by (b) $22.95, the average of the high and low sale prices for shares of LendingTree common stock as reported on the Nasdaq National Market on May 29, 2003.

(3) Reflects the product of (a) 0.00008090 multiplied by (b) the Proposed Maximum Aggregate Offering Price for shares of IAC common stock.

(4) $41,384 was previously paid on June 5, 2003.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Dear Stockholders:

LendingTree, Inc. has entered into a merger agreement that would result in LendingTree becoming a wholly owned subsidiary of InterActiveCorp (formerly named USA Interactive), which we refer to as IAC.

If LendingTree and IAC complete the merger, each outstanding share of LendingTree common stock will be converted into the right to receive 0.6199 of a share of IAC common stock, and each share of LendingTree preferred stock (other than shares held by holders who validly perfect appraisal rights under Delaware law) will be converted into the right to receive the number of shares of IAC common stock that the holder would have received had such preferred stock been converted into LendingTree common stock immediately before the merger. In the transaction, IAC expects to issue approximately 18.7 million basic shares of IAC common stock and approximately 21 million shares on a fully diluted, treasury method basis, representing approximately 3.8% of the IAC common stock outstanding as of June 15, 2003.

IAC common stock is listed on the Nasdaq National Market under the symbol "IACI," and LendingTree common stock is listed on the Nasdaq National Market under the symbol "TREE." Based upon the closing price of IAC common stock on the Nasdaq National Market on July 8, 2003, the last practicable trading day date before the printing of this proxy statement/prospectus, 0.6199 of a share of IAC common stock had a value of $26.03. You should be aware that, because the number of shares of IAC common stock you will receive in the merger is based on a fixed exchange ratio, the value of the consideration you will receive will fluctuate as the market price of IAC common stock changes.

We cannot complete the merger unless, among other things, LendingTree's stockholders approve and adopt the merger agreement and approve a related amendment to the preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation to facilitate the merger. LendingTree will hold a special meeting of stockholders to consider and vote upon both of these items on Friday, August 8, 2003, beginning at 9:00 a.m., local time, at its principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277.

YOUR VOTE IS VERY IMPORTANT. Regardless of the number of shares you own or whether you plan to attend the special meeting, it is important that your shares be represented and voted. Voting instructions are inside.

The board of directors of LendingTree unanimously recommends that LendingTree stockholders vote "FOR" approval and adoption of the merger agreement and "FOR" approval of the charter amendment.

The accompanying proxy statement/prospectus and notice of special meeting of stockholders explains the proposed merger and charter amendment and provides specific information concerning the special meeting. Please read these materials carefully.

Please see "Risk Factors" beginning on page 15 for a discussion of matters that LendingTree stockholders should consider before voting at the special meeting relating to an investment in IAC common stock.

Sincerely,

Douglas R. Lebda
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the IAC common stock to be issued in the merger or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is July 10, 2003, and it is first
being mailed or otherwise delivered to LendingTree stockholders on or about July 11, 2003.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON FRIDAY, AUGUST 8, 2003

NOTICE IS HEREBY GIVEN that LendingTree, Inc. will hold a special meeting of stockholders at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277 on Friday, August 8, 2003, beginning at 9:00 a.m., local time, for the purpose of transacting the following business:

1. To consider and vote upon a proposal to approve an amendment to the preferred stock certificate of designations of LendingTree's Series A 8% Convertible Preferred Stock that is part of the certificate of incorporation of LendingTree, Inc. (a copy of which amendment is attached to this proxy statement/prospectus as Appendix A).

2. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of May 5, 2003, by and among USA Interactive (currently named InterActiveCorp), Forest Merger Corp. and LendingTree, Inc. (a copy of which agreement is attached to this proxy statement/prospectus as Appendix B).

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We describe these items more fully in the proxy statement/prospectus attached to this notice, which we urge you to read. Please give your careful attention to all of the information in the proxy statement/prospectus. As of the date of this notice, LendingTree's board of directors knows of no business to be conducted at the special meeting other than proposals 1 and 2 above.

The board of directors of LendingTree unanimously recommends that LendingTree stockholders vote "FOR" approval of the charter amendment and "FOR" approval of the merger agreement.

Holders of record of shares of LendingTree common stock and LendingTree preferred stock at the close of business on July 3, 2003 will be entitled to vote at the special meeting or any adjournment or postponement.

Approval of the charter amendment is a condition to the completion of the merger. The approval by the holders of shares of LendingTree common stock and LendingTree preferred stock representing a majority of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is then convertible, is required to approve the charter amendment and to approve and adopt the merger agreement. In addition, the approval by the holders of 68.5% of the outstanding shares of LendingTree preferred stock, voting as a separate class, is required to approve the charter amendment. Stockholders of LendingTree who as of the record date for the special meeting held, in the aggregate, shares representing approximately 30.9% of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, and approximately 72.1% of the voting power of the outstanding LendingTree preferred stock, have agreed with IAC to vote their shares in favor of approval of the charter amendment and approval and adoption of the merger agreement at the special meeting.

All LendingTree stockholders are cordially invited to attend the special meeting. Whether or not you expect to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card(s) as promptly as possible to ensure your representation at the special meeting. We have enclosed a postage prepaid envelope for that purpose. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock and that any stockholder who holds both LendingTree common stock and LendingTree preferred stock should receive two different proxy cards, which will be sent separately, both of which the stockholder will need to complete, sign, and return to have all shares of LendingTree common stock and LendingTree preferred stock held by such holder represented by proxy at the special meeting. It is important that you return your proxy to ensure the satisfaction of the quorum requirements for the conduct of business at the special meeting of stockholders. Any LendingTree stockholder may revoke its proxy in the manner described in the proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please do not send LendingTree any stock certificates at this time.

We encourage you to vote on these very important matters. Your vote at the special meeting is very important.

By Order of the Board of Directors

Robert J. Flemma, Jr.
Secretary

Charlotte, North Carolina

July 10, 2003

IMPORTANT

This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of LendingTree to LendingTree stockholders and a prospectus of IAC for the shares of IAC common stock that IAC will issue to LendingTree stockholders in the merger. As permitted under the rules of the U.S. Securities and Exchange Commission, or the SEC, this proxy statement/prospectus incorporates important business and financial information about IAC, LendingTree and their affiliates that is contained in documents filed with the SEC and that is not included in or delivered with this proxy statement/prospectus. You may obtain copies of these documents, without charge, from the website maintained by the SEC at www.sec.gov, as well as other sources. See "Where You Can Find More Information" beginning on page 106. You may also obtain copies of these documents, without charge, from IAC and from LendingTree by writing or calling:

InterActiveCorp 152 West 57th Street New York, New York 10019 (212) 314-7300 Attention: Corporate Secretary	LendingTree, Inc. 11115 Rushmore Drive Charlotte, North Carolina 28277 (704) 541-5351 Attention: Secretary

You may also obtain documents incorporated by reference into this document by requesting them in writing or by telephone from Innisfree M&A Incorporated, the information agent for the merger, at the following address and telephone number:

501 Madison Avenue, 20th Floor
New York, New York 10022
(212) 750-5833 (collect)
(888) 750-5834 (toll-free)

In order to obtain delivery of these documents prior to the special meeting, you should request the documents no later than August 1, 2003.

Except as otherwise specifically noted, references to "shares of LendingTree common stock" or "LendingTree common shares" refer to shares of LendingTree common stock, par value $0.01 per share; references to "shares of LendingTree preferred stock" or "LendingTree preferred shares" refer to shares of LendingTree Series A 8% Convertible Preferred Stock, par value $0.01 per share; and references to "outstanding shares of LendingTree common stock," "outstanding LendingTree common shares," "outstanding shares of LendingTree preferred stock" or "outstanding LendingTree preferred shares" do not include shares held by LendingTree or by any wholly owned subsidiary of LendingTree.

In the "Questions and Answers About the Merger" and in the "Summary" below, we highlight selected information from this proxy statement/prospectus but we have not included all of the information that may be important to you. To better understand the proposed charter amendment, the merger agreement and the merger, and for a complete description of their legal terms, you should carefully read this entire proxy statement/prospectus, including the appendices, as well as the documents that we have incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 106.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

What is the proposed transaction?

A:

IAC is proposing to acquire LendingTree. The acquisition will be effected by the merger of a wholly owned subsidiary of IAC with and into LendingTree, with LendingTree surviving as a wholly owned subsidiary of IAC.

Q:

What is InterActiveCorp?

A:

InterActiveCorp, which we refer to as IAC, is the new corporate name of the company formerly known as USA Interactive.

Q:

What will I receive in exchange for my LendingTree shares?

A:

If you own shares of LendingTree common stock, you will receive 0.6199 of a share of IAC common stock in exchange for each share of LendingTree common stock owned at the time we complete the merger. If you own shares of LendingTree preferred stock, in exchange for each share of LendingTree preferred stock owned at the time we complete the merger (unless you properly exercise appraisal rights), you will receive the number of shares of IAC common stock that you would have received had you converted your LendingTree preferred stock into LendingTree common stock immediately before the merger. The exact number of shares of IAC common stock that you will receive in exchange for each share of LendingTree preferred stock depends on the date we complete the merger, because under the terms of the preferred stock, the formula for calculating the number of shares of LendingTree common stock into which each share of LendingTree preferred stock is convertible takes into account the amount of accrued dividends on the LendingTree preferred stock from the last dividend payment date through the conversion date. The minimum number of shares of IAC common stock that you will receive in exchange for each share of LendingTree preferred stock is approximately 0.6726 of a share of IAC common stock (if we complete the merger on a quarterly dividend payment date) and the maximum is approximately 0.6859 of a share of IAC common stock (if we complete the merger on the last day before a quarterly dividend payment date).

IAC will not issue fractional shares of IAC common stock. Any LendingTree stockholder otherwise entitled to receive a fractional share of IAC common stock will receive a cash payment instead of a fractional share.

Q:

What vote of LendingTree stockholders is needed to approve and adopt the merger agreement?

A:

Under Delaware law and LendingTree's certificate of incorporation (after giving effect to the charter amendment described below), the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is convertible at the time of such vote (which we refer to as voting on an "as-converted basis"), is required in order to approve the merger agreement. As of the record date for the LendingTree special meeting, LendingTree stockholders holding shares representing approximately 30.9% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the merger agreement have agreed with IAC to vote in favor of approval of the merger agreement.

Q:

What is the charter amendment that LendingTree's stockholders are being asked to approve?

A:

Approval of the proposed charter amendment is a condition to the merger. The LendingTree preferred stock is currently convertible into LendingTree common stock at the option of each of its holders. The proposed amendment to the LendingTree preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation, or charter, provides for the treatment of the

LendingTree preferred stock in the merger as if it had been converted into LendingTree common stock immediately before the merger, as described above under "What will I receive in exchange for my LendingTree shares?" As a result of this amendment, each preferred stockholder will receive consideration in the merger on an as-converted basis. In addition, while the holders of LendingTree preferred stock will have a separate class vote on the approval of the charter amendment, the charter amendment will eliminate a separate class vote by the holders of the LendingTree preferred stock on the merger agreement.

Q:

What vote of LendingTree stockholders is needed to approve the proposed charter amendment?

A:

Under Delaware law and LendingTree's certificate of incorporation, the approval by the holders of LendingTree common shares and LendingTree preferred shares outstanding as of the date for the special meeting of LendingTree stockholders representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having one vote for each share of LendingTree common stock into which it is then convertible, is required in order to approve the proposed charter amendment. In addition, the approval by the holders of 68.5% of the shares of LendingTree preferred stock outstanding as of the date of the special meeting of LendingTree stockholders, voting as a separate class, is required to approve the proposed charter amendment. As of the record date for the special meeting, LendingTree stockholders holding shares representing approximately 30.9% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the proposed charter amendment, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, have agreed with IAC to vote in favor of approval of the proposed charter amendment. Because the shares of LendingTree preferred stock that these stockholders have agreed to vote in favor of the proposed charter amendment represent approximately 72.1% of the shares of LendingTree preferred stock outstanding on the record date for the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

Q:

When and where will LendingTree hold the special meeting of LendingTree stockholders?

A:

LendingTree will hold the special meeting of LendingTree stockholders at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277 on Friday, August 8, 2003, beginning at 9:00 a.m., local time.

Q:

Will I have appraisal rights in connection with the merger?

A

Under Delaware law, holders of LendingTree preferred stock will be entitled to appraisal rights. For a detailed discussion of the appraisal rights of holders of LendingTree preferred stock, see "The Merger Appraisal Rights." Holders of LendingTree common stock are not entitled to appraisal rights in connection with the merger.

Q:

Will LendingTree stockholders be taxed on the IAC common stock that they receive in exchange for their LendingTree shares?

A:

The exchange of shares by LendingTree stockholders is intended to be tax-free to LendingTree stockholders for U.S. federal income tax purposes, except for taxes on cash received instead of fractional shares of IAC common stock and cash received by holders of shares of LendingTree preferred stock properly exercising appraisal rights in connection with the merger. We recommend that LendingTree stockholders carefully read the complete explanation of the material U.S. federal income tax consequences of the merger beginning on page 49, and that LendingTree stockholders consult their tax advisors for a full understanding of the tax consequences to them.

Q:

Will you complete the merger if LendingTree stockholders approve the merger agreement but fail to approve the proposed charter amendment?

A:

No. The effectiveness of the proposed charter amendment is a condition to the completion of the merger.

Q:

Can I vote "FOR" one proposal and "AGAINST" the other?

A:

Yes. However, completion of the merger is contingent upon approval of the charter amendment, and the charter amendment will have no force or effect if we do not complete the merger. Accordingly, the board of directors of LendingTree recommends that you vote in favor of both proposals.

Q:

What do I need to do now?

A:

After carefully reviewing this proxy statement/prospectus, indicate on your proxy card(s) how you want to vote on the proposed charter amendment and how you want to vote on the merger agreement. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock. If you hold both LendingTree common stock and LendingTree preferred stock, please complete and return both of the provided proxy cards. Then sign, date and mail your proxy card(s) in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting.

If you do not sign and send in your proxy card and do not attend and cast your vote in person at the LendingTree special meeting, such inaction will have the effect of voting against the proposed charter amendment and voting against the merger agreement.

If you sign, date and send in your proxy card, but do not indicate how you want to vote on either or both proposals, your proxy card will be voted in favor of such proposal or proposals for which you did not indicate how you want to vote.

After we complete the merger, LendingTree stockholders will receive written instructions and a letter of transmittal for exchanging their shares of LendingTree common stock and/or LendingTree preferred stock for shares of IAC common stock and cash instead of fractional shares of IAC common stock. **Please do not send in your LendingTree stock certificates until you receive the instructions and letter of transmittal.**

Q:

If my LendingTree shares are held in street name by my broker, will my broker automatically vote my shares for me?

A:

No. Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should fill out the voter instruction form sent to you by your broker with this proxy statement/prospectus. Failure to instruct your broker will have the effect of voting against the merger agreement and voting against the proposed charter amendment.

Q:

May I change my vote even after submitting a proxy card?

A:

Yes. If you are a holder of record, there are three ways you can change your proxy

instructions after you have submitted your proxy card. First, you may send a written notice to the person to whom you submitted your proxy revoking your proxy. Second, you may complete and submit a new proxy card. The latest proxy actually received by LendingTree before the special meeting of LendingTree stockholders will be counted, and any earlier proxies will be revoked. Third, you may attend the LendingTree special meeting and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the meeting without voting will not revoke your proxy.

If your shares are held in the name of a broker or nominee and you have instructed your broker or nominee to vote your shares, you must follow the directions you receive from your broker or nominee in order to change or revoke your vote.

Q:

Should I send in my LendingTree stock certificates now?

A:

No. After the merger is completed, we will send you written instructions for exchanging your LendingTree stock certificates.

Q:

When do you expect to complete the merger?

A:

LendingTree and IAC are working to complete the merger as quickly as possible. We currently expect to complete the merger in the third quarter of 2003, although we cannot assure you that all conditions to the completion of the merger will be satisfied by then.

Q:

Where can I find more information?

A:

You may obtain more information from various sources, as described under "Where You Can Find More Information" beginning on page 106.

Q:

Who can help answer my questions?

A:

If you have questions about this proxy statement/prospectus, you can call Innisfree M&A Incorporated collect at (212) 750-5833 or toll-free at (888) 750-5834.

SUMMARY

The following summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the merger, you should carefully read this entire document and the other documents to which this document refers you. See "Where You Can Find More Information" beginning on page 106.

Throughout this proxy statement/prospectus when we use the term "we," "us," or "our," we are referring to both IAC and LendingTree.

The Companies

InterActiveCorp
152 West 57th Street
New York, New York 10019
(212) 314-7300

InterActiveCorp (Nasdaq: IACI) is comprised of the following operating businesses: Expedia, Inc. (Nasdaq: EXPE), which oversees Interval International and TV Travel Shop; Hotels.com; HSN; Ticketmaster, which oversees Evite and ReserveAmerica; Match.com, which oversees uDate.com; Entertainment Publications; Citysearch; and Precision Response Corporation. The goal of IAC is to be the world's largest and most profitable interactive commerce company by pursuing a multi-brand strategy.

LendingTree, Inc.
11115 Rushmore Drive
Charlotte, North Carolina 28277
(704) 541-5351

Founded in 1996, LendingTree (Nasdaq: TREE) is an online lending exchange that connects consumers, lenders and related service providers. The LendingTree Exchange is made up of more than 200 banks, lenders, and brokers and has facilitated nearly $48 billion in closed loans since inception. More than 8 million consumers have accessed the LendingTree Exchange through LendingTree's site at www.lendingtree.com and through online and offline partners. Loans available via the LendingTree Exchange include home mortgage, home equity, automobile, personal, debt consolidation and credit cards. The LendingTree Realty Services offering connects consumers to a nationwide network of approximately 9,000 REALTORS®.

Forest Merger Corp.
c/o InterActiveCorp
152 West 57th Street
New York, New York 10019
(212) 314-7300

Forest Merger Corp., a Delaware corporation, is a wholly owned subsidiary of IAC created solely for the purpose of effecting the merger. In the merger, Forest Merger Corp. will be merged with and into LendingTree, with LendingTree surviving the merger as a wholly owned subsidiary of IAC.

The Merger (Page 26)

In the merger, Forest Merger Corp. will merge with and into LendingTree, and LendingTree will survive the merger as a wholly owned subsidiary of IAC. In the merger, each share of LendingTree common stock will be converted into the right to receive 0.6199 of a share of IAC common stock and each share of LendingTree preferred stock (unless the holder properly exercises appraisal rights) will be converted into the right to receive the number of shares of IAC common stock that the holder would have received had its LendingTree preferred stock been converted into LendingTree common stock immediately before the merger. Any LendingTree stockholder entitled to receive a fractional share of IAC common stock after giving effect to the conversion of all LendingTree shares owned by the stockholder will receive a cash payment instead of the fractional share. In the transaction, IAC expects to issue approximately 18.7 million basic shares of IAC common stock in respect of LendingTree's outstanding stock and approximately 21 million shares on a fully diluted, treasury method basis, representing approximately 3.8% of the IAC common stock outstanding as of June 15, 2003.

The merger agreement is the legal document that governs the merger and the other transactions contemplated by the merger agreement. We have attached the merger agreement as Appendix B to this proxy statement/prospectus. We urge you to read it carefully in its entirety.

Charter Amendment (Page 25)

At the LendingTree special meeting, LendingTree will ask its stockholders to approve an amendment to the LendingTree preferred stock certificate of designations that is a part of LendingTree's certificate of incorporation, or charter. We have provided the full text of the proposed charter amendment in Appendix A to this proxy statement/prospectus. If LendingTree stockholders approve the charter amendment proposal by the required votes, LendingTree will effect the charter amendment by filing a certificate of amendment to LendingTree's certificate of incorporation with the Delaware Secretary of State prior to the taking of the vote on the proposal to approve and adopt the merger agreement.

Interests of Certain Persons in the Merger (Page 58)

You should be aware that a number of directors and officers of LendingTree have interests in the merger that may be different from, or in addition to, your interests as a stockholder of LendingTree. Both the directors and officers of LendingTree may have interests that include, among others, the vesting of options and other equity-based awards in connection with the merger. Certain executive officers of LendingTree will have a continuing equity interest in the surviving corporation following the merger and interests under existing employment continuity agreements with LendingTree. In addition, an IAC subsidiary, Forest Merger Corp., has entered into employment agreements with certain executive officers of LendingTree that will become effective at the time we complete the merger. Further, the directors and officers of LendingTree have an interest in continuing rights to liability insurance and indemnification for losses relating to his or her service as an officer or director of LendingTree before the merger.

Votes Required; Voting Agreements (Pages 20 and 23)

Under Delaware law and LendingTree's certificate of incorporation (after giving effect to the proposed charter amendment described above), the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, is required to approve and adopt the merger agreement. In this vote, each share of LendingTree common stock will have one vote, and each share of LendingTree preferred stock will have approximately 1.0870 votes.

Under Delaware law and LendingTree's certificate of incorporation, the approval by the holders of LendingTree common shares and LendingTree preferred shares representing a majority of the total voting power of the outstanding LendingTree common shares and LendingTree preferred shares entitled to vote, voting as a single class, is required to approve the proposed amendment to LendingTree's certificate of incorporation. In this vote, each share of LendingTree common stock will have one vote, and each share of LendingTree preferred stock will have approximately 1.0870 votes. In addition, the approval by the holders of 68.5% of the outstanding shares of LendingTree preferred stock, voting as a separate class, is required to approve the proposed charter amendment.

As of the record date for the special meeting, LendingTree stockholders, including an executive officer and director and an entity with which two directors are associated, holding shares representing approximately 30.9% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote on the proposed charter amendment and the merger agreement, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, have agreed with IAC to vote in favor of approval of the

proposed charter amendment and the merger agreement. Because the shares of LendingTree preferred stock that these stockholders have agreed to vote in favor of the proposed charter amendment represent approximately 72.1% of the shares of LendingTree preferred stock outstanding on the record date for the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

As of the record date for the special meeting, directors and executive officers of LendingTree and their affiliates, as a group, beneficially owned and had the right to vote 7,612,847 shares of LendingTree common stock and 2,856,726 shares of LendingTree preferred stock, representing an aggregate of approximately 25.4% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote at the special meeting, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis, and approximately 49% of the LendingTree preferred stock voting as a separate class. Additionally, directors and executive officers as a group hold options to purchase an aggregate of 1,774,604 shares of LendingTree common stock and warrants to purchase 42,468 shares of LendingTree common stock that are currently exercisable or exercisable within the next sixty days. LendingTree expects directors and executive officers of LendingTree and their affiliates to vote their LendingTree common stock and LendingTree preferred stock in favor of the proposed charter amendment and the approval of the merger agreement. Certain directors and executive officers of LendingTree and/or entities associated or affiliated with them, who, together, beneficially own shares representing approximately 18.9% of the total voting power of the LendingTree common shares and LendingTree preferred shares entitled to vote at the special meeting, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis, and approximately 40.5% of the LendingTree preferred stock voting as a separate class, have agreed with IAC to vote in favor of the proposed charter amendment and the approval of the merger agreement.

Reasons for the Merger (Pages 30 and 49)

The board of directors of LendingTree believes that the merger is fair to, advisable, and in the best interests of, the holders of LendingTree common stock and LendingTree preferred stock. For a description of the factors on which the board of directors based its determination, see "The Merger LendingTree's Reasons for the Merger."

The board of directors of IAC believes that the merger is advisable and in the best interests of IAC. See "The Merger IAC's Reasons for the Merger."

Recommendations to LendingTree Stockholders

The board of directors of LendingTree unanimously approved the merger agreement and the transactions contemplated by the merger agreement, and the charter amendment, and unanimously recommends that LendingTree stockholders vote at the special meeting **"FOR"** approval of the charter amendment and **"FOR"** approval and adoption of the merger agreement.

You should refer to the factors considered by the LendingTree board of directors in making its decision to approve the merger agreement and the charter amendment (see "The Merger Recommendation of the LendingTree Board of Directors" and "The Merger LendingTree's Reasons for the Merger" on page 30).

Opinions of LendingTree's Financial Advisors (Page 34)

In deciding to recommend approval of the merger agreement and the charter amendment, the board of directors of LendingTree considered the separate opinions of its financial advisors, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Allen & Company LLC, each to the effect that, as of May 5, 2003, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinions, the exchange ratio under the merger agreement was fair from a financial point of view to the holders of LendingTree common stock and LendingTree preferred stock. The full text of the written opinion of Merrill Lynch, dated May 5, 2003, is attached as Appendix C to this proxy statement/prospectus, and the full text of the written opinion of Allen & Company, dated May 5, 2003, is attached as Appendix D to this proxy statement/prospectus. We encourage you to read these opinions carefully for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. These opinions are directed to LendingTree's board of directors and do not constitute recommendations to any holder of LendingTree common stock or LendingTree preferred stock as to how any such stockholder should vote on any of the proposals that will be considered at the special meeting of LendingTree stockholders.

Treatment of LendingTree Stock Options (Page 69)

If we successfully complete the merger, options to acquire shares of LendingTree common stock will be converted into options to acquire shares of IAC common stock, with the number of shares that each option represents a right to purchase and the exercise price per share being adjusted based on the merger exchange ratio, and with the options otherwise having the same terms.

Treatment of LendingTree Warrants (Page 70)

If we successfully complete the merger, IAC will assume LendingTree's common stock warrants outstanding prior to the merger. As a result, warrants to purchase LendingTree common stock outstanding before the merger will become, following the merger, warrants to purchase shares of IAC common stock, with the number of shares that each warrant represents a right to purchase and the exercise price per share being adjusted based on the merger exchange ratio, and with the warrants otherwise having the same terms. Where the LendingTree warrant permits LendingTree to deliver cash to the holder instead of converting the warrant into a warrant to purchase IAC common shares as described above, LendingTree has agreed to elect to cash out the warrant if IAC requests it do so. At IAC's request, LendingTree has given notice of its election to cash out the outstanding warrant, currently exercisable for 12,518 shares of LendingTree common stock, that permits this treatment.

Regulatory Approvals (Page 55)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, IAC and LendingTree may not complete the merger before furnishing required information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and until the applicable waiting period under the HSR Act has expired or been terminated. Effective May 27, 2003, the applicable waiting period under the HSR Act was terminated early.

In connection with proposed merger, we must also file applications or notifications with governmental entities under various laws, including those regulating real estate brokers or agents, loan brokers and mortgage brokers and bankers. These governmental entities may disapprove the change in control of LendingTree as a result of the merger based upon the criteria in the applicable laws and regulations. We are not obligated under the merger agreement to complete the merger unless the surviving corporation has obtained the required regulatory approvals to continue to operate LendingTree's businesses in California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Virginia, and in such other states which, when taken together with the ten specified states, represent at least 95% of LendingTree's consolidated revenue for 2002. IAC and LendingTree have filed all applications and notifications that they believe are necessary in order to consummate the proposed merger. To date, five of the ten specified states have either approved the merger or have indicated that their prior approval is not required. LendingTree and IAC currently anticipate receiving the necessary approvals in the third quarter of 2003.

Non-Solicitation Covenant (Page 75)

LendingTree has agreed in the merger agreement not to initiate, solicit, negotiate,

knowingly encourage or provide confidential information to facilitate any proposal or offer to acquire more than 25% of the business, properties or assets of LendingTree and its subsidiaries, or capital stock of LendingTree or any of its subsidiaries representing more than 15% of the total voting power of all of the entity's voting securities. This covenant is subject to exceptions in connection with unsolicited bona fide written offers for potential or proposed acquisition transactions under specified circumstances, which we describe more fully under "The Merger Agreement Covenants Acquisition Transactions."

Termination of the Merger Agreement; Effects of Termination (Page 81)

The merger agreement may be terminated at any time before the effective time:

By IAC's and LendingTree's mutual written consent.

By either IAC or LendingTree if any governmental entity that must grant a regulatory approval described as a condition to closing under "The Merger Agreement Conditions to the Merger" has denied its approval and the denial has become final and nonappealable, or any governmental entity of competent jurisdiction has issued a final nonappealable order permanently prohibiting the consummation of the transactions contemplated by the merger agreement.

By LendingTree, under certain circumstances, if IAC has breached any of its covenants or representations in the merger agreement and the breach is not cured within 30 days following written notice or cannot be cured before the closing date of the merger.

By IAC, under certain circumstances, if (1) LendingTree has breached any of its covenants or representations in the merger agreement, or (2) any LendingTree stockholder party to one of the voting agreements entered into in connection with the merger agreement has materially breached its obligations under the voting agreement which breach, in either case, is not cured within 30 days following written notice or cannot be cured before the closing date of the merger.

By LendingTree, subject to compliance with various provisions of the merger agreement and payment to IAC of $25 million, in the event that LendingTree receives a "superior proposal" which its board of directors resolves to accept, where the failure to take such action would constitute a breach of the directors' fiduciary duties.

By IAC, if the LendingTree board of directors withdraws, amends or modifies in a manner materially adverse to IAC, recommends another "acquisition proposal" or fails to affirm its recommendation or approval of the merger in certain circumstances, subject to LendingTree's payment to IAC of a $10 million fee promptly following termination and an additional $15 million fee on the earliest to occur of the one-year anniversary of the termination date and the date LendingTree enters into or completes an "acquisition transaction."

By IAC or LendingTree, if the LendingTree stockholders fail to approve the merger agreement at the LendingTree stockholder meeting, subject to the payment in certain circumstances to IAC of a $25 million fee.

By IAC or LendingTree, if the merger has not occurred by December 5, 2003, subject to extension to February 5, 2004 with respect to receipt of LendingTree stockholder approval, regulatory approvals or the pendency of other legal or governmental proceedings, subject to the payment in certain circumstances to IAC of a $25 million fee if LendingTree elects to terminate the merger agreement pursuant to this provision.

Resale of IAC Common Stock (Page 56)

Shares of IAC common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of IAC common stock issued to affiliates of either IAC or LendingTree.

Accounting Treatment (Page 56)

IAC will account for the merger under the purchase method of accounting in accordance with United States generally accepted accounting principles.

Comparison of Stockholder Rights

If we successfully complete the merger, each LendingTree stockholder will become a stockholder of IAC. Delaware law and IAC's certificate of incorporation and bylaws govern the rights of IAC stockholders. While LendingTree is also governed by Delaware law, IAC stockholders' rights under IAC's certificate of incorporation and bylaws differ in some respects from LendingTree stockholders' rights under LendingTree's certificate of incorporation and bylaws. For a summary of these material differences, see the discussion beginning on page 100 of this proxy statement/prospectus.

Appraisal Rights (Page 52)

Under Delaware law, holders of LendingTree preferred stock will be entitled to appraisal rights. For a detailed discussion of the appraisal rights of holders of LendingTree preferred stock, see "The Merger Appraisal Rights." Holders of LendingTree common stock are not entitled to appraisal rights in connection with the merger.

Tax Consequences

The exchange of shares by LendingTree stockholders is intended to be tax-free to LendingTree stockholders for U.S. federal income tax purposes, except for taxes on cash received instead of fractional shares of IAC common stock and cash received by holders of shares of LendingTree preferred stock properly exercising appraisal rights in connection with the merger. We recommend that LendingTree stockholders carefully read the complete explanation of the material U.S. federal income tax consequences of the merger beginning on page 49, and that LendingTree stockholders consult their tax advisors for a full understanding of the tax consequences to them.

Selected Historical Financial Information of IAC and LendingTree

We are providing the following selected financial information to assist you in analyzing the financial aspects of the merger. The selected IAC and LendingTree financial data set forth below, including the accompanying notes, are qualified in their entirety by, and should be read in conjunction with, the historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by IAC and LendingTree with the SEC, which we have incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 106.

IAC Selected Historical Consolidated Financial Data

The following table presents selected historical consolidated financial data for IAC for each of the years in the five-year period ended December 31, 2002, and for the three-month periods ended March 31, 2003 and 2002. We derived this data from IAC's audited and unaudited consolidated financial statements, and this data reflects the operations and financial position of IAC at the dates and for the periods indicated. The financial statements for each of the five years in the period ended December 31, 2002 for IAC have been audited by Ernst & Young LLP, independent auditors. The financial statements for the three-month periods ended March 31, 2003 and 2002 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

In August 2001, IAC completed its previously announced sale of all of the capital stock of certain USA Broadcasting subsidiaries that own 13 full-power television stations and minority interests in four additional full-power stations to Univision Communications Inc., or Univision. On May 7, 2002, IAC completed a transaction with Vivendi Universal, S.A., or Vivendi, in which the USA Entertainment Group, consisting of USA Cable, Studios USA, and USA Films, was contributed to Vivendi Universal Entertainment LLLP, or VUE, a new joint venture controlled by Vivendi. We have presented the financial position and results of operations of USA Broadcasting and USA Entertainment Group as discontinued operations in all periods presented.

	Year Ended December 31,					Three-Months Ended March 31,	
	1998[1][2]	1999[3]	2000[4]	2001[5]	2002[6][7]	2002[6][10]	2003[8]
	(In thousands, except per share data)						
						(unaudited)	

	Year Ended December 31,					Three-Months Ended March 31,	
Statement of Operations Data:							
Net revenue	$ 1,639,828	$ 2,001,108	$ 2,964,612	$ 3,468,860	$ 4,621,224	$ 971,945	$ 1,392,066
Operating profit (loss)	59,391	(48,842)	(349,746)	(216,423)	86,753	27,783	93,489
Earnings (loss) from continuing operations before cumulative effect of accounting change	26,848	(69,212)	(172,398)	(186,799)	7,378	3,970	(106,796)
Earnings (loss) before cumulative effect of accounting change	76,874	(27,631)	(147,983)	392,795	2,414,492	25,900	(106,796)
Net earnings (loss) available to common shareholders	76,874	(27,631)	(147,983)	383,608	1,941,344	(437,456)	(110,060)
Basic earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders(9)(11)	0.09	(0.21)	(0.48)	(0.50)	(0.01)	0.01	(0.23)
Diluted earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders(9)(11)	0.04	(0.21)	(0.48)	(0.50)	(0.02)	(0.01)	(0.23)
Basic earnings (loss) per common share before cumulative effect of accounting change available to common shareholders(9)(11)	0.27	(0.08)	(0.41)	1.05	5.64	0.06	(0.23)
Diluted earnings (loss) per common share before cumulative effect of accounting change available to common shareholders(9)(11)	0.21	(0.08)	(0.41)	1.05	5.62	0.06	(0.23)
Basic earnings (loss) per common share available to common shareholders(9)(11)	0.27	(0.08)	(0.41)	1.03	4.55	(1.11)	(0.23)
Diluted earnings (loss) per common share available to common shareholders(9)(11)	0.21	(0.08)	(0.41)	1.03	4.54	(0.53)	(0.23)
Balance Sheet Data (end of period):							
Working capital	$ 443,408	$ 381,046	$ 355,157	$ 1,380,936	$ 3,080,766	$ 1,347,776	$ 2,812,679
Total assets	4,161,873	5,151,160	5,646,290	6,527,068	15,663,113	7,990,358	16,220,043
Long-term obligations, net of current maturities	775,683	573,056	551,766	544,372	1,211,145	544,501	1,189,155
Minority interest	336,788	742,365	908,831	706,688	1,074,501	629,903	610,350
Shareholders' equity	2,571,405	2,769,729	3,439,871	3,945,501	7,931,463	5,274,245	8,735,625
Other Data:							
Net cash provided by (used in):							

	Year Ended December 31,					Three-Months Ended March 31,	
Operating activities	$ (91,660)	$ 77,760	$ 87,321	$ 298,335	$ 741,561	$ 13,586	$ 467,013
Investing activities	(1,179,346)	(468,318)	(408,016)	35,052	808,009	757,759	(778,343)
Financing activities	1,297,654	100,204	58,163	56,256	716,621	(21,737)	(102,150)
Discontinued operations	304,173	267,651	86,266	348,174	(178,288)	(18,451)	(72,461)
Effect of exchange rate changes	(1,501)	(123)	(2,687)	(3,663)	11,130	34	1,811
Cash dividends declared per common share							

(1) Net earnings available to common shareholders includes the operations of USA Cable and Studios USA since their acquisition by IAC from Universal Studios, Inc., or Universal, on February 12, 1998 and the consolidated statement of operations data includes Citysearch since its acquisition by IAC on September 28, 1998.

(2) Net earnings available to common shareholders for the year ended December 31, 1998 include a pre-tax gain of $74.9 million related to IAC's sale of its Baltimore television station during the first quarter of 1998 and a pre-tax gain of $109.0 million related to the purchase of Citysearch during the fourth quarter of 1998.

(3) The consolidated statement of operations data include the operations of Hotels.com since its acquisition of control by IAC on May 10, 1999 and net earnings available to common shareholders includes the results of October Films and the domestic film distribution and development businesses of Universal (which previously operated Polygram

Filmed Entertainment), collectively referred to as USA Films, that IAC acquired on May 28, 1999. USA Films was contributed to VUE on May 7, 2002. Net earnings for the year ended December 31, 1999 includes a pre-tax gain of $89.7 million related to the sale of securities.

(4) Includes a pre-tax gain of $104.6 million by Styleclick, Inc. related to IAC's exchange of its interest in Internet Shopping Network for 75% of Styleclick, Inc., a pre-tax gain of $3.7 million related to the Hotels.com initial public offering, and a pre-tax charge of $145.6 million related to impairment of Styleclick goodwill.

(5) Net earnings available to common shareholders includes a gain of $517.8 million, net of tax, related to the sale of capital stock of certain USA Broadcasting subsidiaries and an after-tax expense of $9.2 million related to the cumulative effect of adoption as of January 1, 2001 of SOP 00-2, "Accounting by Producers or Distributors of Films."

(6) In connection with IAC's acquisition of a controlling interest in Expedia, Inc., IAC issued approximately 13.1 million shares of Series A Redeemable Preferred Stock, or IAC preferred stock, at $50 face value ($656 million aggregate value), with a 1.99% annual dividend rate and which is convertible at any time into IAC common stock at an initial conversion price of $33.75. The conversion price will be adjusted downward pursuant to a specified formula if the average share price of IAC common stock over a ten-day trading period prior to conversion exceeds $35.10. Holders of IAC preferred stock may require IAC to purchase their shares on the fifth, seventh, tenth and fifteenth anniversary of the closing on February 4, 2002. IAC has the right to redeem the IAC preferred stock commencing on the tenth anniversary of February 4, 2002. Any payment by IAC with respect to the dividend or pursuant to any redemption requested by holders of IAC preferred stock or by IAC may be made in cash or IAC common stock, or a combination of cash and IAC common stock, at the option of IAC.

(7) Net earnings available to common shareholders includes a gain of $2.4 billion, net of tax, related to the contribution of the USA Entertainment Group to VUE and an after-tax expense of $461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets." Also includes

results of TV Travel Group and Interval since their acquisition by IAC on May 1, 2002 and September 24, 2002, respectively.

(8)

Loss from continuing operations before cumulative effect of accounting change includes a charge related to IAC'S proportionate share of the 2002 results of VUE, which is recorded on a one-quarter lag due to delays in VUE's financial reporting. During the first quarter of 2003, IAC received the audited financial statements of VUE for the year ended December 31, 2002, which disclosed that VUE had recorded an impairment charge for goodwill and intangible assets and other long-lived assets of $4.5 billion in the period May 7, 2002 to December 31, 2002 based on VUE management's review of the estimated fair value of VUE as of December 4, 2002. IAC recorded its 5.44% proportionate share of this charge which amounted to approximately $245 million before a tax benefit of $96 million.

(9)

Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of two-for-one stock splits of IAC common stock and IAC Class B common stock paid on February 24, 2000 and March 26, 1998. All share numbers give effect to these stock splits.

(10)

Net earnings available to common shareholders includes an after-tax expense of $461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets."

(11)

The following table adjusts IAC's reported net earnings (loss) and basic and diluted net earnings (loss) per share to exclude amortization expense related to goodwill and other intangible assets with indefinite lives as if Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets," was effective January 1, 1999: (table appears on next page)

	Year Ended December 31,		
	1999	2000	2001
	(In thousands except per share data)		
Earnings (loss) from continuing operations available to common shareholders			
Reported loss from continuing operations available to common shareholders	$ (69,212)	$ (172,398)	$ (186,799)
Add: goodwill amortization	71,859	166,705	134,077
Earnings (loss) from continuing operations as adjusted	$ 2,647	$ (5,693)	$ (52,722)
Basic earnings (loss) per share from continuing operations available to common shareholders as adjusted:			
Reported basic loss per share	$ (0.21)	$ (0.48)	$ (0.50)
Add: goodwill amortization	0.22	0.46	0.36
Adjusted basic earnings (loss) per share	$ 0.01	$ (0.02)	$ (0.14)
Diluted earnings (loss) per share from continuing operations available to common shareholders as adjusted:			
Reported diluted loss per share	$ (0.21)	$ (0.48)	$ (0.50)
Add: goodwill amortization	0.22	0.46	0.36
Adjusted diluted earnings (loss) per share	$ 0.01	$ (0.02)	$ (0.14)

	Year Ended December 31,		
NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS			
Net earnings (loss) available to common shareholders	$ (27,631)	$ (147,983)	$ 383,608
Add: goodwill amortization	104,704	206,151	176,413
Net earnings available to common shareholders as adjusted	$ 77,073	$ 58,168	$ 560,021
Basic earnings (loss) per share as adjusted:			
Reported basic net earnings (loss) per share	$ (0.08)	$ (0.41)	$ 1.03
Add: goodwill amortization	0.32	0.57	0.47
Adjusted basic net earnings per share	$ 0.24	$ 0.16	$ 1.50
Diluted earnings (loss) per share:			
Reported diluted net earnings (loss) per share	$ (0.08)	$ (0.41)	$ 1.03
Add: goodwill amortization	0.29	0.57	0.47
Adjusted diluted net earnings per share	$ 0.21	$ 0.16	$ 1.50

LendingTree Selected Historical Consolidated Financial Data

The following table presents selected historical consolidated financial data for LendingTree for each of the years in the five-year period ended December 31, 2002, and for the three-month periods ended March 31, 2003 and 2002. We derived this data from LendingTree's audited and unaudited consolidated financial statements, and this data reflects the operations and financial position of LendingTree at the dates and for the periods indicated. The financial statements for each of the five years in the period ended December 31, 2002 for LendingTree have been audited by PricewaterhouseCoopers LLP, independent accountants. The financial statements for the three-month periods ended March 31, 2003 and 2002 are unaudited and are not necessarily indicative of results for any other interim period or for any calendar year.

	Year Ended December 31,					Three-Months Ended March 31,	
	1998	**1999**	**2000**	**2001**	**2002**	**2002**	**2003**
	(In thousands, except per share data)						
						(unaudited)	
Statement of Operations Data:							
Total revenue	$ 409	$ 6,964	$ 30,813	$ 64,019	$ 111,406	$ 21,268	$ 39,157
Income (loss) from operations	(6,475)	(25,250)	(66,103)	(27,790)	8,601	(719)	5,700
Net income (loss) from operations	(6,434)	(24,745)	(66,003)	(28,915)	8,901	(712)	5,757
Net income (loss) available to common shareholders	(6,458)	(27,561)	(68,464)	(31,827)	4,833	(2,841)	5,132
Basic earnings (loss) per common share available to common shareholders	(1.88)	(7.74)	(4.15)	(1.66)	0.23	(0.15)	0.23
Diluted earnings (loss) per common share available to common shareholders	(1.88)	(7.74)	(4.15)	(1.66)	0.20	(0.15)	0.18

	Year Ended December 31,					Three-Months Ended March 31,	
Balance Sheet Data (end of period):							
Working capital	2,666	26,474	7,936	1,958	28,149	4,184	35,234
Total assets	3,687	33,767	37,957	27,931	50,687	32,292	56,258
Capital lease obligations, net of current portions			848	291	311	180	427
Total liabilities(1)	751	6,030	14,261	17,254	17,351	20,619	16,727
Preferred stock		59,118		23,878	21,691	24,398	21,861
Shareholders' equity (deficit)	(1,695)	27,737	23,696	(13,201)	11,645	(12,725)	17,670
Other Data:							
Net cash provided by (used in):							
Operating activities	(5,663)	(21,191)	(64,172)	(14,881)	12,552	(3,919)	(1,438)
Investing activities	(231)	(28,132)	9,748	4,027	(4,282)	(433)	(778)
Financing activities	8,577	48,657	54,671	11,588	11,038	5,277	153
Cash dividends declared per common share							

(1) Total liabilities excludes LendingTree's mandatorily redeemable convertible preferred stock for all periods presented, as such amounts are shown in the separate line "Preferred stock."

Selected Unaudited Pro Forma Combined Condensed Financial Information of IAC

The following selected unaudited pro forma combined condensed financial information for the year ended December 31, 2002 (for income statement purposes) and as of and for the three month period ended March 31, 2003 is presented to show the results of operations and financial position of IAC as if the following transactions had occurred as of the beginning of the period presented or as of the balance sheet date, as applicable: (1) IAC's acquisition of a controlling interest in Expedia completed on February 4, 2002 (the Expedia transaction), (2) IAC's contribution of the IAC Entertainment Group to VUE completed on May 7, 2002 (the VUE transaction), (3) the transaction in which Liberty Media Corporation, or Liberty, exchanged its shares of Home Shopping Network, Inc., or Holdco, for 31.6 million shares of IAC common stock and 1.6 million shares of IAC Class B common stock on June 27, 2002 (the Holdco exchange), (4) the merger of Ticketmaster with a wholly owned subsidiary of IAC completed on January 17, 2003 (the Ticketmaster merger), (5) the proposed merger of Expedia with a wholly owned subsidiary of IAC (the Expedia merger), (6) the merger of Hotels.com with a wholly owned subsidiary of IAC on June 23, 2003 (the Hotels.com merger) and (7) the LendingTree transaction.

You should read this selected unaudited pro forma combined condensed financial information in conjunction with the selected historical and pro forma financial information included in this proxy statement/prospectus and the financial statements of IAC and LendingTree and accompanying notes that are incorporated by reference into this proxy statement/prospectus. You should not rely on the unaudited pro forma financial information as an indication of the results of operations or financial position that would have been achieved if the transactions described above had taken place at the beginning of the periods presented for the statements of operations and as of March 31, 2003 for the balance sheet or of the results of operations or financial position of IAC after the completion of the transactions.

	Pro Forma	
	Year Ended December 31, 2002	Three Months Ended March 31, 2003
	(In thousands, except per share data)	
Statement of Operations Data:		
Net revenues	$ 4,768,117	$ 1,431,223

		Pro Forma		
Operating income (loss)		(226,715)		25,966
Loss from continuing operations before preferred dividend		(129,396)		(128,981)
Loss per share from continuing operations:				
Basic and diluted	$	(0.20)	$	(0.20)
Balance Sheet Data (end of period):				
Working capital			$	2,848,278
Total assets				21,112,105
Long-term obligations, including current portion				1,207,211
Minority interest				61,940
Common stock exchangeable for preferred interest				1,428,530
Shareholders' equity				14,022,690

Certain Historical and Pro Forma Per Share Data

Unaudited Comparative Per Share Data

In the following table we present historical per share data for IAC and LendingTree as of and for the three months ended March 31, 2003 and as of and for the year ended December 31, 2002, and combined pro forma per share data for IAC and equivalent pro forma per share data for LendingTree as of and for the three months ended March 31, 2003 and as of and for the year ended December 31, 2002. The pro forma per share data, which we present for comparative purposes only, assumes that the Ticketmaster merger completed on January 17, 2003, the proposed Expedia merger, the Hotels.com merger completed on June 23, 2003 and the LendingTree transaction had each been completed at the beginning of each fiscal period presented for income statement purposes and for balance sheet purposes it assumes that the Expedia merger, Hotels.com merger and the LendingTree transaction had been completed at the balance sheet date. The unaudited pro forma per share data does not reflect any payment that may be required to be made in connection with the exercise of dissenters' rights by holders of Expedia common stock in connection with the Expedia merger. IAC did not declare any cash dividends on its common stock during the periods presented.

The unaudited comparative per share data does not purport to be, and you should not rely on it as, indicative of (1) the results of operations or financial position which would have been achieved if any of the foregoing transactions had been completed at the beginning of the period or as of the date indicated, or (2) the results of operations or financial position which may be achieved in the future.

It is important that when you read this information, you read along with it the separate financial statements and accompanying notes of IAC and LendingTree that we have incorporated by reference into this document. It is also important that you read the pro forma combined condensed financial information and accompanying notes that we have included in this proxy statement/prospectus beginning on page 85 under "Unaudited Pro Forma Combined Condensed Financial Statements of IAC."

	IAC Historical Per Share Data	Combined IAC Pro Forma Per Share Data	LendingTree Historical Per Share Data	LendingTree Equivalent Pro Forma Per Share Data[1]
Book value per share:				
March 31, 2003	$ 17.55	$ 21.23	$ 0.77	$ 13.16
December 31, 2002	$ 17.61	$ 21.39	$ 0.51	$ 13.26
Earnings (loss) per share from continuing operations, before dividend to preferred shareholders:				
Basic for the three months ended March 31, 2003	$ (0.22)	$ (0.20)	$ 0.23	$ (0.12)
Diluted for the three months ended March 31, 2003	$ (0.22)	$ (0.20)	$ 0.18	$ (0.12)
Basic for the twelve months ended December 31, 2002	$ 0.02	$ (0.20)	$ 0.23	$ (0.12)
	$ 0.00	$ (0.20)	$ 0.20	$ (0.12)

	IAC Historical Per Share Data	Combined IAC Pro Forma Per Share Data	LendingTree Historical Per Share Data	LendingTree Equivalent Pro Forma Per Share Data(1)
Diluted for the twelve months ended December 31, 2002				
Cash dividends per common share:				
March 31, 2003				
December 31, 2002				

(1) We calculated the LendingTree equivalent pro forma per share data by multiplying the applicable combined IAC pro forma per share data by 0.6199, the exchange ratio in the merger.

Comparative Per Share Market Price Information and Dividend Policy

The following table sets forth the high and low sale prices for a share of IAC common stock and for a share of LendingTree common stock, rounded to the nearest cent, for the periods indicated. The prices below are as quoted on the Nasdaq National Market, based on published financial sources. LendingTree preferred stock is not listed or quoted on any national exchange.

	IAC Common Stock		LendingTree Common Stock	
	High	Low	High	Low
2003				
Third Quarter (through July 8, 2003)	42.88	38.38	26.52	23.65
Second Quarter	40.12	25.07	24.50	11.60
First Quarter	29.09	20.73	15.75	9.00
2002				
Fourth Quarter	29.80	15.31	15.85	10.37
Third Quarter	24.11	16.25	16.25	8.40
Second Quarter	33.53	19.55	15.99	10.75
First Quarter	33.22	25.41	13.50	5.45
2001				
Fourth Quarter	27.84	17.45	6.10	3.00
Third Quarter	28.44	16.45	6.74	3.35
Second Quarter	28.20	20.16	7.39	2.81
First Quarter	24.94	17.69	4.41	1.88

On May 2, 2003, the last trading day before we announced the merger, IAC common stock closed at $34.96 per share and LendingTree common stock closed at $14.69 per share. On July 8, 2003, the last practicable trading day before the printing of this proxy statement/prospectus, IAC common stock closed at $41.99 per share and LendingTree common stock closed at $25.86 per share. You may obtain more recent stock price quotes from most newspapers or other financial sources, and we encourage you to do so.

IAC has never paid any cash dividends on shares of IAC common stock, and LendingTree has never paid any cash dividends on shares of LendingTree common stock. IAC and LendingTree currently anticipate that they will retain all of their future earnings available for distribution to the holders of IAC common stock and LendingTree common stock, respectively, for use in the expansion and operation of their respective businesses, and do not anticipate paying any cash dividends on shares of IAC common stock or LendingTree common stock in the immediate future.

The holders of LendingTree preferred stock are entitled to receive dividends on their shares equal to eight percent (8%) per annum of the stated value per share payable at LendingTree's option in cash on each quarterly dividend date or by an upward adjustment to the stated value per share on a quarterly dividend payment date. LendingTree's revolving credit agreement with GE Capital Commercial Services, or GE, prohibits LendingTree from paying cash dividends on LendingTree common stock or LendingTree preferred stock without the prior written consent of GE. LendingTree obtained the consent of GE to pay cash dividends on the Series A Preferred Stock and paid such dividends in cash for each of the quarterly periods since and including the quarter ended June 30, 2002. LendingTree has notified GE of its intention to permit the credit agreement to expire on July 13, 2003. While the merger is pending, the merger agreement requires LendingTree to make all required dividend payments on the LendingTree preferred stock in cash.

RISK FACTORS

As a result of the merger, LendingTree's stockholders will be subject to the following new or increased risks related to IAC's other businesses and/or the structure of the merger. In addition to the risks described below, the combined company will continue to be subject to the risks described in the documents that LendingTree and IAC have filed with the SEC that are incorporated by reference into this proxy statement/prospectus. If any of the risks described below or in the documents incorporated by reference into this proxy statement/prospectus actually occur, the business, financial condition, results of operations or cash flows of the combined company could be materially adversely affected. The risks described below should be considered along with the other information included or incorporated by reference into this proxy statement/prospectus.

Risk Factors Relating to the Merger

The number of shares of IAC common stock that holders of LendingTree common stock and LendingTree preferred stock will receive in the merger will be based upon a fixed exchange ratio. The value of the shares of IAC common stock at the time LendingTree stockholders receive them could be less than the value of those shares today.

In the merger, each share of LendingTree common stock will be converted into the right to receive 0.6199 of a share of IAC common stock, and each share of LendingTree preferred stock will be converted into the right to receive a number of shares of IAC common stock based on the same exchange ratio and the rate of conversion of LendingTree preferred stock to LendingTree common stock set forth in the certificate of designations of the LendingTree preferred stock. IAC and LendingTree will not adjust the exchange ratio as a result of any change in the market price of IAC common stock between the date of this proxy statement/prospectus and the date the LendingTree stockholders receive shares of IAC common stock in exchange for shares of LendingTree common stock or LendingTree preferred stock. The market price of IAC common stock will likely be different, and may be lower, on the date LendingTree stockholders receive shares of IAC common stock from the market price of shares of IAC common stock today as a result of changes in the business, operations or prospects of IAC, market reactions to the proposed merger, general market and economic conditions and other factors. Because we will complete the merger only after LendingTree holds its special meeting of stockholders and the other conditions to closing are satisfied, the price of the IAC common stock on the date of the special meeting of stockholders will not necessarily be indicative of the price of the IAC common stock at the time we complete the merger. LendingTree stockholders are urged to obtain current market quotations for IAC common stock and LendingTree common stock. See "Summary Comparative Per Share Market Price Information and Dividend Policy."

The trading price of IAC common stock may be affected by factors different from or in addition to the factors affecting the trading price of LendingTree common stock or the price at which holders of LendingTree preferred stock may be able to sell their preferred shares.

If the merger is completed, all holders of outstanding shares of LendingTree common stock and LendingTree preferred stock immediately prior to the merger will become holders of IAC common stock. IAC owns and operates in a number of lines of business. Accordingly, IAC's results of operations and business, as well as the trading price of IAC common stock, may be affected by factors different from or in addition to those affecting LendingTree's results of operations and business and the price of LendingTree common stock.

Failure to complete the merger could negatively impact the price of LendingTree common stock or the price at which holders of LendingTree preferred stock may be able to sell those shares and LendingTree's future business and operations.

If we do not complete the merger for any reason, LendingTree may be subject to a number of risks, including the following:

- LendingTree may be obligated to pay IAC a fee of $25 million if the merger agreement is terminated in certain circumstances;

- the current market price of LendingTree common stock may reflect a market assumption that we will complete the merger, and a failure to complete the merger could result in a decline in the market price of the LendingTree common stock;

- many costs related to the merger, such as legal, accounting, financial advisor and financial printing fees, must be paid regardless of whether we complete the merger; and

- there may be substantial disruption to the businesses of LendingTree and a distraction of its management and employees from day-to-day operations.

Risk Factors Relating to IAC

IAC depends on its key personnel.

IAC is dependent upon the continued contributions of its senior corporate management, particularly Barry Diller, the chairman and chief executive officer of IAC, and certain key employees for its future success. Mr. Diller does not have an employment agreement with IAC, although he has been granted options to purchase a substantial number of shares of IAC common stock.

If Mr. Diller no longer serves in his positions at IAC, IAC's business, as well as the market price of IAC common stock, could be substantially adversely affected. IAC cannot assure you that it will be able to retain the services of Mr. Diller or any other members of its senior management or key employees.

IAC is controlled by Mr. Diller and in his absence will be controlled by Liberty Media Corporation.

Subject to the terms of an amended and restated stockholders agreement, dated as of December 16, 2001, among Universal Studios, Inc., or Universal, Liberty, Mr. Diller and Vivendi Universal S.A., or Vivendi, Mr. Diller effectively controls the outcome of all matters submitted to a vote or for the consent of IAC's stockholders (other than with respect to the election by the holders of IAC common stock of 25% of the members of IAC's board of directors (rounded up to the nearest whole number) and matters as to which a separate class vote of the holders of IAC common stock or IAC preferred stock is required under Delaware law).

In addition, under an amended and restated governance agreement, dated as of December 16, 2001, among IAC, Vivendi, Universal, Liberty and Mr. Diller, each of Mr. Diller and Liberty generally has the right to consent to limited matters in the event that IAC's ratio of total debt to EBITDA, as defined in the governance agreement, equals or exceeds 4:1 over a continuous 12-month period. IAC cannot assure you that Mr. Diller and Liberty will consent to any such matter at a time when IAC is highly leveraged, in which case IAC would not be able to engage in such transactions or take such actions.

Upon Mr. Diller's permanent departure from IAC, Liberty generally would be able to control IAC through its ownership of shares of IAC Class B common stock.

IAC's success depends on maintaining the integrity of its systems and infrastructure.

A fundamental requirement for online commerce and communications is the secure transmission of confidential information, such as credit card numbers or other personal information, over public networks. IAC's current security measures may not be adequate and, if any compromise of IAC's security were to occur, it could have a detrimental effect on IAC's reputation and adversely affect its ability to attract customers. As IAC's operations continue to grow in both size and scope, IAC will need to improve and upgrade its systems and infrastructure. This may require IAC to commit substantial financial, operational and technical resources before the volume of business increases, with no assurance that the volume of business will increase.

IAC relies on its own affiliates' and third-party computer systems and service providers to facilitate and process a portion of its transactions. Any interruptions, outages or delays in these services, or a deterioration in their performance, could impair IAC's ability to process transactions for its customers and the quality of service IAC can offer to them. It is unlikely that IAC could make up for the level of orders lost in these circumstances by increased phone orders.

System interruption and the lack of integration and redundancy in IAC's information systems may affect IAC's business.

IAC's subsidiaries rely on computer and other systems in order to provide their services to customers. At times, IAC subsidiaries may experience occasional system interruptions that make some or all systems unavailable or prevent the subsidiaries from efficiently fulfilling orders or providing services to third parties. To prevent system interruptions, IAC and its subsidiaries continually add additional software and hardware and upgrade systems and network infrastructure to accommodate both increased traffic on websites and increased sales volume. Computer and communications systems of IAC and its subsidiaries could be damaged or interrupted by fire, flood, power loss, telecommunications failure, break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins and similar events or disruptions. Any of these events could cause system interruption, delays and loss of critical data, and could prevent IAC subsidiaries from providing services to third parties. While IAC and its subsidiaries do have backup systems for certain aspects of operations, the systems are not fully redundant and disaster recovery planning may not be sufficient for all eventualities. In addition, IAC and its subsidiaries may have inadequate insurance coverage or insurance limits to compensate for losses from a major interruption. If any of this were to occur, it could damage the reputation of IAC and its subsidiaries and be expensive to remedy.

Declines or disruptions in the industries in which IAC operates, such as those caused by terrorism, war or general economic downturns, could harm IAC's businesses. In addition, negative financial performance of companies in which IAC is the majority stockholder can have a negative effect on IAC's stock price.

IAC's businesses in general are sensitive to trends or events that are outside of IAC's control. For example, adverse trends or events, such as general economic downturns, decreases in consumer spending, work stoppages and political instability, may reduce the popularity and frequency of the events to which IAC sells tickets, reduce travel and may affect call center and other operations in areas where these trends or events occur. The occurrence of any of these adverse trends or events could significantly impact IAC's businesses, results of operations or financial condition. In addition, IAC's stock price may be adversely affected by negative reports of the results of operations or declines in the stock price of companies in which IAC is a major stockholder, regardless of the effect these negative reports or stock price declines may have on IAC's business, financial condition, results of operations or cash flow.

Travel is highly sensitive to traveler safety concerns, and thus declines after acts of terrorism that impact the perceived safety of travelers, could significantly impact IAC's businesses, results of operations or financial condition.

In the aftermath of the terrorist attacks of September 11, 2001, the travel industry experienced a protracted decrease in demand for air travel due to fears regarding additional acts of terrorism and increased costs and reduced operations by airlines due, in part, to new security directives adopted by the Federal Aviation Administration. IAC cannot predict the future scope and effects of these changes, which could significantly impact IAC's long-term results of operations or financial condition.

IAC may experience operational and financial risks in connection with its acquisitions. In addition, some of the businesses IAC acquires may incur significant losses from operations or experience impairment of carrying value.

IAC's future growth may be a function, in part, of acquisitions. To the extent that IAC grows through acquisitions, it will face the operational and financial risks commonly encountered with that type of a strategy. IAC would also face operational risks, such as failing to assimilate the operations and personnel of the acquired businesses, disrupting its ongoing business, dissipating its limited management resources and impairing its relationships with employees and customers of acquired businesses as a result of changes in ownership and management. Some of IAC's acquisitions may not be successful and their performances may result in the impairment of their carrying value.

Changing laws and regulations, and legal uncertainties, regarding the Internet may impair IAC's growth and harm its businesses.

A number of proposed laws and regulations regarding the Internet, including with respect to consumer privacy, have been proposed or considered that could impact IAC's businesses. IAC cannot predict whether any of these types of laws or regulations will be enacted or amended and what effect, if any, such laws or regulations would have on its businesses, financial condition or results of operations. In addition, the application of various sales, use and other tax provisions under state and local law to IAC's historical and new products and services sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities. IAC believes it is compliant with these tax provisions, but there can be no assurances that taxing authorities will not take a contrary position or that such positions will not have a material adverse effect on IAC's businesses, financial condition and results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the SEC filings that are incorporated by reference into this proxy statement/prospectus contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. For those statements, both IAC and LendingTree claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to IAC's and LendingTree's anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, and/or statements preceded by, followed by or that include the words "believes," "could," "should," "expects," "anticipates," "estimates," "intends," "plans," "projects," "seeks" or similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of each company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that could have a material adverse effect on the merger and/or on each company's respective businesses, financial condition or results of operations. In addition, you should consider the other information contained in or incorporated by reference into IAC's and LendingTree's filings with the SEC, including each company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, especially in the Management's Discussion and Analysis section, each company's most recent Quarterly Report on Form 10-Q and each company's Current Reports on Form 8-K. Other unknown or unpredictable factors also could have material adverse effects on IAC's and LendingTree's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this proxy statement/prospectus may not occur. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this proxy statement/prospectus.

You should understand that the following important factors, in addition to those we discuss elsewhere in this document and in the documents incorporated into this proxy statement/prospectus by reference, could affect IAC's and LendingTree's future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- the risk that IAC's and LendingTree's businesses will not be integrated successfully;
- material adverse changes in economic conditions generally or in IAC's and LendingTree's markets or industries;
- future regulatory and legislative actions and conditions affecting IAC's and LendingTree's operating areas;
- competition from other companies;
- product demand and market acceptance;
- the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the ability to maintain the integrity of IAC's and LendingTree's systems and infrastructure;
- the ability to expand into and successfully operate in foreign markets;
- obtaining and retaining key executives and skilled employees;

acts of terrorism;

war or political instability; and

other risks and uncertainties as may be detailed from time to time in IAC's, LendingTree's and/or IAC's public subsidiary's public announcements and filings with the SEC.

Neither IAC nor LendingTree is under any obligation, and neither IAC nor LendingTree intends, to make publicly available any update or other revisions to any of the forward-looking statements contained in this proxy statement/prospectus to reflect circumstances existing after the date of this proxy statement/prospectus or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

THE LENDINGTREE SPECIAL MEETING

This proxy statement/prospectus is furnished to LendingTree stockholders in connection with the solicitation of proxies by LendingTree's board of directors from the holders of LendingTree common stock and LendingTree preferred stock for use at the special meeting of LendingTree stockholders. This proxy statement/prospectus is also furnished to LendingTree stockholders as a prospectus of IAC in connection with the issuance by IAC of shares of IAC common stock to LendingTree stockholders in connection with the merger.

We are first furnishing this proxy statement/prospectus to LendingTree's stockholders on or about July 11, 2003.

Time and Place; Purposes

LendingTree will hold the special meeting on Friday, August 8, 2003 at 9:00 a.m., local time, at LendingTree's principal executive office located at 11115 Rushmore Drive, Charlotte, North Carolina 28277. At the special meeting (and any adjournment or postponement of the meeting), LendingTree common stockholders and LendingTree preferred stockholders will be asked to consider and vote upon a proposal to approve the charter amendment and a proposal to approve and adopt the merger agreement.

Record Date

The board of directors of LendingTree has fixed the close of business on July 3, 2003 as the record date for the determination of the holders of LendingTree common stock and LendingTree preferred stock entitled to receive notice of and to vote at the special meeting. Only holders of record of shares of LendingTree common stock and LendingTree preferred stock on the record date are entitled to vote at the special meeting. On the record date, there were 23,665,835 shares of LendingTree common stock outstanding held by approximately 99 holders of record and 5,825,247 shares of LendingTree preferred stock outstanding held by 19 holders of record. Any shares of LendingTree preferred stock outstanding on the record date for the LendingTree special meeting that a holder converts into shares of LendingTree common stock after the record date will not be entitled to be voted at the special meeting.

Recommendation of the LendingTree Board of Directors

The board of directors of LendingTree unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger and the charter amendment, and declared them advisable, and unanimously recommends that stockholders vote at the special meeting **"FOR"** approval of the charter amendment and **"FOR"** approval and adoption of the merger agreement.

Quorum; Votes Required for Approval

The presence, in person or by proxy, of the holders of a majority of the votes eligible to be cast by the holders of LendingTree common stock and LendingTree preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis, is necessary to constitute a quorum at the special meeting, and a majority of the votes eligible to be cast by the LendingTree preferred stockholders as a class is necessary to constitute a quorum for the separate vote by the holders of preferred stock as a class on the proposed charter amendment. At the special meeting:

(1) the shares of LendingTree common stock and LendingTree preferred stock voting together as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having approximately 1.0870 votes, and (2) the shares of

LendingTree preferred stock voting as a separate class, with each share of LendingTree preferred stock having one vote, will vote on the proposal to approve the charter amendment,

if the charter amendment is approved, LendingTree will effect the charter amendment by filing a certificate of amendment to LendingTree's certificate of incorporation with the Delaware Secretary of State before taking the vote on the proposal to approve and adopt the merger agreement, and

the shares of LendingTree common stock and LendingTree preferred stock voting together as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock having approximately 1.0870 votes, will then vote on the proposal to approve and adopt the merger agreement.

Approval of the charter amendment requires the affirmative vote of (1) a majority of the total voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock voting on an as-converted basis, and (2) holders of at least 68.5% of the shares of LendingTree preferred stock entitled to vote. In addition, because approval of the charter amendment is a condition to the completion of the merger, the failure of the stockholders to approve the charter amendment will have the effect of preventing the completion of the merger. Approval and adoption of the merger agreement requires the affirmative vote of a majority of the total voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, voting as a single class, with each share of LendingTree common stock having one vote and each share of LendingTree preferred stock voting on an as-converted basis.

IAC has entered into voting agreements with certain of LendingTree's principal stockholders who held, in the aggregate, shares representing approximately 30.9% of the total voting power of the outstanding LendingTree common stock and LendingTree preferred stock entitled to vote at the special meeting, and approximately 72.1% of the voting power of the outstanding LendingTree preferred stock entitled to vote at the special meeting. Under the voting agreements, each of these stockholders has given IAC his, her or its irrevocable proxy to vote the LendingTree common shares and LendingTree preferred shares held by the stockholder in favor of the approval of the merger agreement and the charter amendment at the special meeting (or any adjournment or postponement). Because these shares represent approximately 72.1% of the shares of LendingTree preferred stock entitled to vote at the special meeting, approval of the proposed charter amendment in the separate class vote by the holders of the LendingTree preferred stock is assured.

Voting; Revocation of Proxies

You may cause your LendingTree shares to be voted by returning the enclosed proxy card(s) by mail or voting in person at the special meeting. Please note that LendingTree is providing separate proxy cards for holders of LendingTree common stock and LendingTree preferred stock, which cards will be mailed seperately, and that any stockholder who holds both LendingTree common stock and LendingTree preferred stock should receive two different proxy cards in two different mailings, both of which the stockholder will need to complete, sign and return to have all shares of LendingTree common stock and LendingTree preferred stock held by such holder represented by proxy at the special meeting. The proxies will vote all shares of LendingTree common stock and LendingTree preferred stock represented by properly executed proxy cards received before or at the special meeting, unless revoked, in accordance with the instructions indicated on those proxy cards. If you do not indicate instructions for a proposal on a properly executed and delivered proxy, the proxies will vote the shares covered by the proxy "**FOR**" the proposal. We urge you to mark your proxy card(s) to indicate how to vote your shares.

Abstentions may be specified on either proposal. LendingTree will count a properly executed proxy marked "ABSTAIN" with respect to either proposal as present for purposes of determining whether there is a quorum. Because approval of the proposal to approve and adopt the merger agreement at the special meeting requires the affirmative vote of a majority of the combined voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, whether or not voted, a proxy marked "ABSTAIN" with respect to that proposal will have the effect of a vote against the proposal. Similarly, because approval of the proposal to approve the charter amendment at the special meeting requires the affirmative vote of both (1) a specified percentage of the outstanding shares of LendingTree preferred stock entitled to vote and (2) a specified percentage of the combined voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, whether or not voted, a proxy marked "ABSTAIN" with respect to the proposal to approve the charter amendment will have the effect of a vote against the proposal to approve the charter amendment. In addition, the failure of a LendingTree stockholder to return a proxy and to vote in person at the special meeting will have the effect of a vote against both proposals.

If your shares are held in the name of a bank, broker or a nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares or when granting or revoking a proxy. Absent specific instructions from you, your broker is not permitted to vote your shares. A "broker non-vote" occurs when a bank, broker or nominee does not vote on a proposal because it does not have discretionary voting power for that proposal and it has not received instructions from the beneficial owner on how to vote on that proposal. LendingTree will count broker non-votes as present and represented at the special meeting for purposes of determining a quorum, but the bank, broker or nominee will not vote those shares on any proposal submitted to stockholders. As a result, a broker non-vote on either the proposal to approve the charter amendment or the proposal to approve and adopt the merger agreement will have the same effect as a vote against the proposal.

If you are a holder of record, you may revoke your proxy at any time before it is voted by:

- written notice to the Secretary of LendingTree at 11115 Rushmore Drive, Charlotte, North Carolina 28277 that you wish to revoke your proxy;

- timely submission of a subsequently dated proxy card; or

- appearing in person and voting at the special meeting.

Your attendance at the special meeting will not by itself revoke your proxy.

LendingTree is not aware of any business to be acted on at the special meeting, except as described in this proxy statement/prospectus. If any other matters are properly presented at the special meeting, or any adjournment of the special meeting, the persons appointed as proxies or their substitutes will have discretion to vote or act on the matter according to their best judgment and applicable law.

Stockholder Proposals

LendingTree's bylaws limit the business that may be transacted at a special meeting of stockholders to matters relating to the purposes of the meeting stated in the notice of the meeting. Accordingly, stockholders may not submit other proposals for consideration at the special meeting.

LendingTree will hold an annual meeting of its stockholders in 2004 only if the merger is not completed. If LendingTree holds an annual meeting and a stockholder wants the board of directors to consider including such stockholder's proposal in LendingTree's proxy statement and form of proxy for that meeting, LendingTree must receive the stockholder proposal at LendingTree's principal executive offices no later than November 17, 2003. In order for a stockholder proposal to be considered for submission at next year's annual meeting, in accordance with the advance notice requirement of

LendingTree's bylaws, LendingTree must receive such proposal at its executive offices no later than January 25, 2004. If LendingTree receives notice of a stockholder proposal after this date, the proposal will be considered untimely and the persons named in the proxy statement and the form of proxy for the 2004 annual meeting of stockholders will have discretionary authority to vote on such proposal without discussion of the matter in the proxy statement and without such proposal appearing as a separate item on the proxy card. However, if next year's annual meeting is called for a date that is not within 30 days before or after April 23, 2004, a proposal will be considered untimely if not received by the close of business on the 10th day following the date on which notice of the date of the annual meeting is mailed to stockholders or is publicly announced, whichever is earlier.

Persons Making the Solicitation

The proxies of the stockholders of LendingTree are being solicited by LendingTree's board of directors. LendingTree will pay its own costs of soliciting proxies and will share equally with IAC the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. LendingTree will also request banks, brokers and other nominees of shares of LendingTree's common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, upon request, reimburse the holders for their reasonable expenses in so doing. In addition to this solicitation by mail, officers and regular employees of LendingTree may solicit proxies in person or by mail, telephone, facsimile or other means of electronic transmission. We will not pay any additional compensation to directors, officers or employees for such solicitation efforts.

LendingTree has retained Innisfree M&A Incorporated to distribute proxy solicitation materials to brokers, banks and other nominees and to assist in the solicitation of proxies from LendingTree stockholders. The fee for such firm's service is estimated not to exceed $10,000 plus reimbursement for reasonable out-of-pocket costs and expenses.

LendingTree stockholders should not send in any stock certificates with their proxy cards. LendingTree common stockholders and LendingTree preferred stockholders will receive a transmittal letter with instructions for the surrender of their LendingTree stock certificates as soon as practicable after completion of the merger.

Voting Securities and Principal Holders Thereof

Information regarding the security ownership of LendingTree's directors and executive officers and persons known to LendingTree to own more than 5% of the outstanding LendingTree common stock or the outstanding LendingTree preferred stock is incorporated in this proxy statement/prospectus by reference to LendingTree's Annual Report on Form 10-K for the year ended December 31, 2002, which in turn incorporates the information under the heading "Security Ownership of Certain Beneficial Owners and Management" contained in LendingTree's proxy statement for its 2003 annual meeting of stockholders filed with the SEC on March 14, 2003.

Voting Agreements

At the time we entered into the merger agreement, IAC entered into voting agreements with each of the following parties: Douglas R. Lebda, Tara G. Lebda and the Douglas R. Lebda Grantor Annuity Trust, a North Carolina trust; Specialty Finance Partners, a Bermuda general partnership, and Capital Z Management, LLC, a Delaware limited liability company; and Fidelity National Title Company, a California corporation, Chicago Title Insurance Company, a Missouri corporation, Chicago Title Insurance Company of Oregon, an Oregon corporation, and Fidelity National Title Insurance Company, a California corporation. Together, the shares subject to these voting agreements represent as of the record date approximately 72.1% of LendingTree's outstanding preferred stock and approximately 30.9% of the combined total voting power of LendingTree's outstanding common stock

and preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis.

Pursuant to these voting agreements, each stockholder of LendingTree who is a party to a voting agreement has agreed to be present in person or by proxy and vote (or cause to be voted), and has granted to IAC an irrevocable proxy to vote, all of the LendingTree common stock and LendingTree preferred stock beneficially owned by that stockholder, together with any shares of LendingTree common stock, LendingTree preferred stock or other LendingTree voting securities acquired after the date of the voting agreement in favor of approval of the merger agreement and the transactions contemplated by the merger agreement, as well as in favor of the proposal to approve the charter amendment, including, in the case of the LendingTree preferred stock, voting both as a separate class and together with the LendingTree common stock as a single class. The LendingTree stockholders who are parties to these voting agreements have also agreed to vote their shares against any unsolicited bona fide written offer or proposal to acquire more than 25% of the business, properties or assets of LendingTree and its subsidiaries, or capital stock of LendingTree or its subsidiaries representing more than 15% of the total voting power of all of such entity's voting securities. The LendingTree stockholders who are parties to these voting agreements have also agreed to vote against any action or agreement that would impair the ability of LendingTree to consummate the merger or that would otherwise prevent or delay the merger and related transactions, and have pledged not to enter into any other arrangements with respect to disposition of their LendingTree shares. Each of these voting agreements will terminate automatically upon a termination of the merger agreement in accordance with its terms (see "The Merger Agreement Termination of the Merger Agreement; Effects of Termination"), and will also be deemed satisfied in full and terminated upon the completion of the merger.

THE CHARTER AMENDMENT

At the LendingTree special meeting, LendingTree stockholders will consider and vote upon a proposal to amend the certificate of designations of the LendingTree preferred stock forming a part of LendingTree's certificate of incorporation. Appendix A to this proxy statement/prospectus contains the form of charter amendment upon which LendingTree's stockholders will vote. The following description of certain terms of the certificate of designations of the LendingTree preferred stock does not purport to be complete and is qualified in its entirety by reference to the certificate of designations of the LendingTree preferred stock, which forms a part of the certificate of incorporation of LendingTree. See "Where You Can Find More Information."

The certificate of designations of the LendingTree preferred stock that is part of the certificate of incorporation of LendingTree currently provides that in connection with a merger of LendingTree with any other entity, at the option of each holder of shares of LendingTree preferred stock:

- the merger will be treated as a liquidation event in which the holder will receive, upon completion of the merger, an amount equal to the greater of (1) the liquidation preference of such LendingTree preferred shares (equal to $3.99 per share of preferred stock as of the record date) or (2) the consideration that would have been payable in the merger had such LendingTree preferred shares been converted into shares of LendingTree common stock immediately before the merger;

- the conversion price of the LendingTree preferred shares will be adjusted so that upon completion of the merger (1) the holder will have the right to convert its shares of LendingTree preferred stock, on the terms and conditions specified in the LendingTree preferred stock certificate of designations, into the consideration that the holder would have been entitled to receive in the merger had the LendingTree preferred shares been converted into shares of LendingTree common stock immediately before the merger, and (2) appropriate provisions will be made so that the terms and conditions of the LendingTree preferred stock certificate of designations are applicable as nearly as practicable in relation to any securities or assets delivered upon the conversion of the LendingTree preferred stock; or

- to the extent not treated under either of the above options, at the holder's election, the shares of LendingTree preferred stock will be repurchased by LendingTree or the surviving corporation following the merger for an amount in cash equal to the then-current liquidation preference of the shares of such LendingTree preferred stock.

The proposed charter amendment provides for the treatment of the LendingTree preferred stock in the merger as described under "The Merger Agreement Treatment of Securities in the Merger," and eliminates a separate class vote by the holders of LendingTree preferred stock on the merger agreement. The effectiveness of the charter amendment by the filing by LendingTree of a certificate of amendment to LendingTree's certificate of incorporation with the Delaware Secretary of State is a condition to IAC's and LendingTree's obligations to complete the merger.

THE MERGER

This section of the proxy statement/prospectus describes certain aspects of the merger agreement and the proposed merger. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement, which is attached as Appendix B to this proxy statement/prospectus and is incorporated herein by reference. We urge you to read the merger agreement carefully in its entirety.

Background to the Merger

Founded in 1996, LendingTree became a public company in February 2000, when the company sold approximately 21% of its common equity in an initial public offering. Certain private investors in LendingTree, including Specialty Finance Partners (an affiliate of Capital Z Partners), remained significant stockholders in LendingTree subsequent to the initial public offering, as did the company's founder and chief executive officer, Douglas R. Lebda.

From time to time beginning in the summer of 2002, members of management of IAC and LendingTree spoke informally regarding their companies and opportunities in their particular lines of business. In late December 2002, members of IAC's senior management met with members of LendingTree's senior management at LendingTree's corporate headquarters in Charlotte, North Carolina to explore generally the potential merits of the two companies engaging in business transactions with each other.

In early February 2003, LendingTree's chief executive officer and members of IAC senior management met in New York City. At the meeting, IAC's representatives expressed IAC's interest in pursuing a possible business combination transaction with LendingTree at a valuation for LendingTree's equity in the range of $500 to $600 million. IAC's representatives indicated that the consideration in any such transaction could consist of either shares of IAC common stock or a combination of shares of IAC common stock and contingent value rights that would potentially entitle the holders to receive additional consideration following the closing depending upon the trading price of IAC's common stock at a future date. Following this meeting, LendingTree engaged Merrill Lynch to assist it in the discussions with IAC as well as to assist in evaluating LendingTree's alternatives. Merrill Lynch was familiar with LendingTree's business and operations because it had been the lead underwriter for LendingTree's initial public offering in February 2000 and had also provided LendingTree with other financial advisory services from time to time in the past.

Following IAC's initial expression of interest in pursuing a business combination transaction, representatives of LendingTree contacted certain third parties that it believed would be interested in pursuing an acquisition transaction or other strategic transaction to assess their current interest in a transaction.

At a meeting of LendingTree's board of directors on February 12, 2003, LendingTree's chief executive officer advised the board of the status of the discussions with IAC. At this meeting, representatives of Merrill Lynch provided the board of directors with preliminary information regarding potential valuation ranges for LendingTree as well as information regarding IAC and its various lines of business. The board of directors also reviewed with LendingTree senior management and Merrill Lynch other potential acquirers as well as the status of recent discussions with certain third parties that had previously expressed an interest in a possible acquisition of LendingTree.

During mid and late February 2003, LendingTree's senior management reviewed and updated LendingTree's long-term plan. During this period, LendingTree's board of directors reviewed the plan and LendingTree's long-term prospects with senior management and further discussed with Merrill Lynch potential valuation ranges for LendingTree as well as a variety of information and analyses relating to IAC and its various lines of business.

In early March 2003, LendingTree preliminarily concluded that a transaction with IAC presented a potentially attractive opportunity that LendingTree should further explore. Representatives of

LendingTree informed IAC that LendingTree was prepared to enter into more formal discussions with IAC regarding a possible transaction involving the two companies. On March 4, 2003, IAC and LendingTree entered into a non-disclosure and standstill agreement.

On March 5, 2003, LendingTree senior management participated with representatives of Merrill Lynch in presenting an overview of LendingTree's business to members of IAC's management at IAC's corporate headquarters in New York. On March 11, 2003, representatives of Merrill Lynch discussed with representatives of IAC their analyses and views regarding the valuation of LendingTree.

Also during early March 2003, LendingTree's senior management continued to review with the board of directors LendingTree's long-range plan and the related assumptions, as well as the risks in those analyses.

Beginning on March 7, 2003, members of IAC management discussed potential transaction structures and valuation ranges with LendingTree's chief executive officer and representatives of Merrill Lynch. On March 11, 2003, LendingTree's board of directors met to discuss the status of discussions with IAC and other third parties. At this meeting, Merrill Lynch discussed its analyses with the board regarding an appropriate valuation range for LendingTree, and the board discussed LendingTree's long-range plan with senior management and Merrill Lynch.

On March 13, 2003, IAC delivered to LendingTree and Merrill Lynch two preliminary alternative proposals to acquire all of the outstanding capital stock of LendingTree, one of which was for a fixed number of shares of IAC common stock and the other of which was for a combination of a fixed number of shares of IAC common stock and contingent value rights that would entitle the holder to additional consideration if IAC's common stock was not trading at or above a specified price 18 months following the closing. The proposed contingent value right was structured to provide total consideration in exchange for all outstanding equity interests in LendingTree, measured on the 18-month anniversary of the closing, of approximately $600 million so long as IAC's common stock were to be trading in a specified range at such time. That same evening, representatives of LendingTree informed IAC that the board of directors of LendingTree had reviewed IAC's proposals and had found both proposals inadequate.

LendingTree's senior management and representatives of Merrill Lynch also had discussions with certain third parties during the first half of March regarding their interest in a possible strategic transaction with LendingTree. One of the companies that Merrill Lynch had contacted entered into a non-disclosure and standstill agreement with LendingTree. These discussions ultimately resulted in one party tentatively proposing a transaction with a valuation of LendingTree that was less than the implied valuation of the early March IAC proposal. Another third party indicated that, while it was not presently interested in a transaction, it might be interested in pursuing a transaction in the future.

Between March 14 and April 16, 2003, IAC's management had a number of further discussions with LendingTree's chief executive officer and representatives of Merrill Lynch regarding possible alternative transaction structures and terms, which generally involved a combination of shares of IAC common stock and contingent value rights. These discussions resulted in the delivery to LendingTree on April 16, 2003 of a revised proposal by IAC to acquire all of the outstanding capital stock of LendingTree for a combination of shares of IAC common stock and contingent value rights. The proposed contingent value right had an 18-month maturity and was structured to provide total consideration in exchange for all outstanding equity interests in LendingTree, measured on the 18-month anniversary of the closing, of approximately $629 million so long as IAC's common stock were to be trading in the range of $20.00 to $37.02 at such time.

LendingTree's board of directors met on April 16, 2003 to discuss IAC's revised proposal as well as the status of IAC's recently announced transactions involving Expedia and Hotels.com. Because of the improved valuation reflected in IAC's revised proposal, representatives of Merrill Lynch informed IAC that LendingTree's board of directors was willing to continue to discuss a potential transaction with

IAC and to proceed toward definitive transaction documents generally on the basis of IAC's revised proposal.

On April 19, 2003, LendingTree engaged Allen & Company as a second financial advisor to assist it in evaluating a possible business combination with IAC and entered into a formal engagement letter to that effect on April 28, 2003. The LendingTree board decided to engage Allen & Company because Allen & Company had in the past provided financial advisory services to LendingTree, and the board believed Allen & Company's particular familiarity with IAC would aid the LendingTree board in its evaluation of IAC's businesses and the value of any merger consideration payable in IAC securities. In deciding to engage Allen & Company, LendingTree's board of directors was aware of and considered Allen & Company's existing relationships with IAC. See " Opinion of LendingTree's Financial Advisors Opinion of Allen & Company LLC."

On April 22, 2003, IAC's outside legal counsel delivered a draft merger agreement to LendingTree and its outside legal counsel. On April 23 and 24, 2003, IAC management, together with IAC's outside legal and financial advisors, continued their due diligence investigation of LendingTree in Charlotte, North Carolina. Also in late April 2003, IAC retained J.P. Morgan Securities as its financial advisor.

On April 23, 2003, following LendingTree's annual meeting of stockholders, LendingTree's board of directors met to discuss further the terms of IAC's proposal and LendingTree's long-term business plan. In addition, on that date, LendingTree's board met with its outside legal counsel to discuss IAC's latest proposal, including the economic terms and proposed structure of the transaction, the proposed treatment of the LendingTree preferred stock in the transaction and considerations relating to the contingent value rights. At that meeting, LendingTree's chief executive officer informed the other members of the board that he had received a preliminary proposal from IAC regarding a management incentive plan for LendingTree officers that IAC would implement following the consummation of the transaction, as well as the preliminary terms of employment agreements to be entered into between IAC and senior executives of LendingTree effective upon closing of the transaction.

Members of IAC's senior management met with and made presentations to the board of directors of LendingTree on April 25, 2003 at IAC's corporate headquarters. In addition, LendingTree and its legal and financial advisors continued their financial and legal due diligence investigation of IAC.

On April 25, 2003, LendingTree's chief executive officer and a member of LendingTree's board contacted a representative of Fidelity National Financial, a significant LendingTree stockholder, and informed him generally about the potential transaction with IAC and that IAC would require Fidelity to enter into a voting agreement. That same day, Fidelity executed a confidentiality agreement with LendingTree so that Fidelity could receive more information about the potential transaction. Shortly thereafter, representatives of IAC contacted Fidelity to discuss the importance to IAC of the requested voting agreement.

On April 26, 2003, IAC's outside legal counsel delivered to LendingTree and its legal counsel a draft form of the voting agreement to be entered into between IAC and certain principal stockholders of LendingTree, which IAC had indicated was a condition to IAC's willingness to proceed with the proposed transaction.

On April 27, 2003, LendingTree's board of directors met with its outside legal counsel and financial advisors to discuss Allen & Company's views regarding an appropriate valuation range for LendingTree, as well as to discuss IAC and its businesses. The board of directors also received reports on the status of the various transaction documents at this meeting.

From April 26, 2003 until the announcement of the transaction on May 5, 2003, negotiations continued between IAC and LendingTree and their respective advisors regarding the terms of the proposed transaction, the merger agreement and related transaction agreements, including the proposed amendment of the certificate of designations of LendingTree's preferred stock. Two members of LendingTree's board of directors who are not employees of LendingTree were actively involved in

these discussions and negotiations. During this period, IAC and LendingTree agreed to change the form of merger consideration from a combination of IAC common stock and contingent value rights to a fixed number of shares of IAC common stock, with the consideration for the LendingTree common stock based on a fixed exchange ratio and the consideration for the LendingTree preferred stock based on the same exchange ratio applied to the number of LendingTree common shares that the holder would have received had it converted the preferred shares into common shares immediately before the merger. In evaluating this change in the form of the merger consideration, the LendingTree board of directors considered the advantages and risks associated with each type of consideration relative to fluctuations in IAC's stock price, and the tax consequences and complexity of each form of consideration, and determined that the greater upside potential, tax-free nature and simplicity of the stock-only consideration made it more favorable for LendingTree's stockholders.

Also during this period from April 26 until May 5, 2003, the parties continued their due diligence investigations and negotiations continued among the parties and their advisors regarding the terms of the voting agreements between IAC and certain principal stockholders of LendingTree. In addition, during this period, members of LendingTree's board from time to time conferred among themselves and with LendingTree's legal and financial advisors to discuss the terms of the proposed transaction and to provide guidance to LendingTree's legal and financial advisors regarding the matters being negotiated.

Late in the week of April 28, 2003, after IAC and LendingTree had made significant progress on the terms of the proposed transaction, LendingTree's chief executive officer began to negotiate the terms of the post-transaction management incentive arrangements, including the terms of the new employment agreements and a Restricted Share Grant and Shareholders' Agreement to be entered into by certain members of LendingTree senior management, each to be effective upon the closing of the proposed merger. Representatives of one of LendingTree's outside legal advisors participated in these management compensation negotiations, and the LendingTree board of directors received periodic updates on the status of the discussions. During this period, representatives of IAC and representatives of the stockholders that entered into voting agreements continued to discuss and negotiate the terms of the voting agreements.

On May 1, 2003, the IAC board of directors met and, after hearing presentations from IAC management and IAC's legal advisors, approved the proposed transaction in principle, delegating final approval of the definitive transaction terms and agreements to the executive committee of the board.

During the afternoon of May 4, 2003, LendingTree's board of directors met to consider the proposed transaction. At the meeting, LendingTree's management and its legal and financial advisors made presentations to the board concerning the proposed merger and the terms and conditions of the merger agreement, as well as the terms of the contemplated amendment to certificate of designations of the LendingTree preferred stock, including the treatment of the LendingTree preferred stock in the transaction, the proposed voting agreements between IAC and certain principal stockholders of the company and the proposed terms of new employment agreements and equity arrangements to be entered into by IAC with certain members of LendingTree's senior management. Merrill Lynch and Allen & Company each delivered an oral opinion to the LendingTree board of directors as to the fairness of the exchange ratio under the merger agreement. The LendingTree board of directors discussed the matters presented by management and by the company's legal and financial advisors, including the factors discussed under "LendingTree's Reasons for the Merger." After discussion, the LendingTree board of directors unanimously approved the draft merger agreement and other transaction agreements, the charter amendment and other related matters, subject to finalization by LendingTree's management and its legal advisors.

Also during the afternoon of May 4, 2003, the executive committee of IAC's board of directors convened to consider the proposed transaction. At the meeting, IAC's management and legal and financial advisors made presentations to the IAC executive committee concerning the proposed merger and the terms and conditions of the merger agreement, including the proposed charter amendment, as well as the terms of the voting agreements to be entered into between IAC and certain principal stockholders of LendingTree and the new employment agreements and Restricted Share Grant and Shareholders' Agreement to be entered into with certain members of LendingTree senior management. After discussion, the IAC executive committee unanimously approved the merger agreement and related transaction agreements, subject to finalization by IAC's management and its legal advisors.

On the evening of May 4, 2003, representatives of LendingTree's and IAC's management and legal advisors completed the definitive merger agreement and related transaction agreements. During this same evening, the voting agreements to be entered into between IAC and certain principal stockholders of LendingTree were also finalized.

The LendingTree board of directors reconvened on the morning of May 5, 2003 prior to the opening of the market to receive a final update on the definitive transaction agreements as well as the oral opinions of LendingTree's financial advisors, which were subsequently confirmed in writing, to the effect that, as of that date, and based on the considerations in their respective opinions, the exchange ratio pursuant to the proposed merger agreement was fair from a financial point of view to the holders of LendingTree common stock and LendingTree preferred stock. Following further discussion, the board of directors of LendingTree unanimously reconfirmed its approval of the merger agreement and the charter amendment, authorized the execution of the merger agreement with IAC and directed that the merger agreement and the charter amendment be submitted to the stockholders of LendingTree along with the LendingTree board of directors' unanimous recommendation that the LendingTree stockholders vote to approve the merger agreement and the charter amendment.

Following the meeting of LendingTree's board of directors on May 5, 2003, LendingTree and Wachovia Bank N.A. executed an amendment to LendingTree's stockholder rights agreement. Thereafter, LendingTree and IAC executed the merger agreement. In addition, Mr. Lebda and Mr. Reddin entered into the new employment agreements and the Restricted Share Grant and Shareholders' Agreement with IAC and its merger subsidiary, and Mr. Lebda, Specialty Finance Partners and Fidelity, as well as certain of their affiliates, entered into voting agreements with IAC. Thereafter, IAC and LendingTree issued a joint press release announcing the transaction and held a joint press conference later that morning.

Recommendation of the LendingTree Board of Directors

On May 5, 2003, LendingTree's board of directors unanimously:

- determined that the terms and provisions of the merger agreement were fair to, and in the best interests of, LendingTree and its common and preferred stockholders;
- approved and declared advisable the merger agreement;
- approved and declared advisable the charter amendment; and
- directed that the merger agreement and the charter amendment be submitted to LendingTree's stockholders for their consideration and approval.

The board of directors of LendingTree unanimously recommends that stockholders vote at the special meeting **"FOR"** approval of the charter amendment and **"FOR"** approval and adoption of the merger agreement.

LendingTree's Reasons for the Merger

In reaching its decision to approve the charter amendment and the merger agreement and recommend that LendingTree's stockholders vote to approve the charter amendment and to approve and adopt the merger agreement, LendingTree's board of directors consulted with its financial advisors

and legal counsel, as well as with LendingTree's management, and carefully considered a number of factors and potential benefits of the merger, including the following:

the financial terms and structure of the merger, including the relationship of the exchange ratio of 0.6199 of a share of IAC common stock for each share of LendingTree common stock to recent and historical market prices of LendingTree common stock as well as its relationship to the recent and historical ratio of the LendingTree common stock market price to the IAC common stock market price. In this respect, the board of directors noted that based on the closing price of IAC common stock on May 2, 2003, the last trading day prior to announcement of the merger agreement, the value of the merger consideration per share of LendingTree common stock equaled $21.67, which implied a premium of:

47.5% over the closing price of LendingTree common stock on May 2, 2003;

72.5% over the average closing prices of LendingTree common stock during the 30 day period ending on May 2, 2003; and

85.9% over the average closing prices of LendingTree common stock during the 60 day period ending on May 2, 2003;

current and historical market prices of LendingTree common stock relative to other industry participants and general market and sector indices;

IAC's business diversification relative to LendingTree, and the fact that IAC common stock has a larger public float and trading volume and is more liquid than LendingTree common stock;

the financial condition, results of operations, earnings and businesses of LendingTree and IAC and current industry, economic, political and market conditions;

the presentations and opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated to the board of directors that, as of May 5, 2003, and subject to and based upon the assumptions and other considerations set forth in its opinion, the exchange ratio of 0.6199 pursuant to the merger agreement is fair from a financial point of view to the holders of LendingTree common stock and LendingTree preferred stock;

the presentations and opinion of Allen & Company to the board of directors that, as of May 5, 2003, and subject to and based upon the assumptions and other considerations set forth in its opinion, the exchange ratio of 0.6199 pursuant to the merger agreement is fair, from a financial point of view, to the holders of LendingTree common stock and LendingTree preferred stock;

the efforts of Merrill Lynch and LendingTree's management to maintain active dialogues with other entities that might have considered a business combination transaction with LendingTree, the results of those discussions and the likelihood of receiving a superior proposal;

the trading history of LendingTree common stock and IAC common stock, and the business and investment community reputation of Mr. Diller;

the fact that the receipt of IAC common stock by the holders of LendingTree common stock and LendingTree preferred stock in the merger is expected to be tax-free to such holders for U.S. federal income tax purposes, except in respect of cash received instead of a fractional share of IAC common stock, and that the merger is expected to be tax-free for U.S. federal income tax purposes to IAC and LendingTree;

the complementary businesses of IAC and LendingTree, the potential prospects and businesses of the combined company following the merger and the ability of LendingTree common stockholders and LendingTree preferred stockholders to continue to participate in any growth of the businesses conducted by IAC and LendingTree after the merger;

- the terms of the merger agreement, including that the merger agreement permits, subject in certain circumstances to LendingTree's paying a termination fee to IAC:
  - LendingTree, prior to the receipt of stockholder approval of the charter amendment and the merger agreement, to provide information and enter into negotiations with a third party if LendingTree receives a bona fide written unsolicited proposal from a third party if the board determines in good faith that (1) the proposal would reasonably be expected to result in a transaction that is more favorable to LendingTree's stockholders than the IAC merger, and (2) the failure by the board to take such action would constitute a breach of the fiduciary duties of the board;
  - the board of directors to withdraw its recommendation to the LendingTree stockholders to approve the merger agreement if it determines that continuing to make such recommendation would cause the members of the board of directors to breach their fiduciary duties; and
  - LendingTree, prior to the receipt of LendingTree stockholder approval of the charter amendment and the merger agreement, to terminate the merger agreement to accept a proposal for an acquisition transaction that would result in a transaction more favorable to LendingTree's stockholders than the IAC merger if it has negotiated with IAC (if IAC so requests) without having obtained terms from IAC at least as favorable as the competing proposal, if the board of directors resolves that the failure to accept such proposal would constitute a breach of its fiduciary duties;
- the judgment, advice and analyses of LendingTree's management with respect to the potential strategic, financial and operational benefits of the merger, including management's favorable recommendation of the merger;
- the terms of the merger agreement and related agreements, including price and structure, which were considered by LendingTree's board of directors to provide a fair and equitable basis for the merger;
- the rights and interests of the holders of LendingTree preferred stock and that, even though IAC's proposed merger structure would require the preferred stock to be treated as if it had been converted into LendingTree common stock immediately before the effective time of the merger, such holders would receive merger consideration valued significantly higher than the liquidation preference of the LendingTree preferred stock;
- whether the transaction with IAC offered greater value to LendingTree's common stockholders and preferred stockholders than other alternatives available to LendingTree, including LendingTree continuing as an independent company; and
- the review of, and discussions with, the board of directors' legal and financial advisors and LendingTree's senior management regarding certain business, financial, legal and accounting aspects of the merger, and the results of legal and financial due diligence.

LendingTree's board of directors also considered and, as appropriate, balanced against the potential benefits of the merger a number of neutral and potentially negative factors, including the following:

- the possibility that the merger might not be completed because a condition to closing might not be satisfied;
- the costs, such as legal, accounting, financial advisor and financial printing fees, that will be incurred in seeking to consummate the merger;

the restrictions on LendingTree's businesses prior to the closing or termination of the merger agreement and the potential time frame that the company might be subject to those restrictions;

the risk of diverting management and employee resources from other strategic opportunities and operational matters for an extended period of time;

the terms of the voting agreements between IAC and certain of LendingTree's principal stockholders (as of a date shortly before the date of the merger agreement holding approximately 70.0% of LendingTree's outstanding preferred stock and approximately 31.5% of the combined total voting power of LendingTree's outstanding common stock and preferred stock, voting together as a single class with the LendingTree preferred stock voting on an as-converted basis) under which each of these stockholders has agreed to vote the shares of LendingTree common stock and LendingTree preferred stock held by such holder in favor of the approval of the merger agreement and the charter amendment at the LendingTree special meeting of stockholders;

the possibility that, notwithstanding the provisions of the merger agreement allowing LendingTree, under certain circumstances, to furnish information to and conduct discussions with a third party and terminate the merger agreement in connection with a superior proposal for a business combination or acquisition of the company, the termination fee payable upon such a termination might discourage other parties who might otherwise have an interest in a business combination with, or an acquisition of, LendingTree;

the circumstances under which LendingTree would have to pay the termination fee and the financial impact on LendingTree if it had to pay the termination fee;

the possibility that the common stockholders and preferred stockholders of LendingTree will not receive the full benefit of any future growth in the value of their equity that LendingTree may have achieved as an independent public company, and the possibility that IAC will not perform as well in the future as LendingTree might have performed as a public company without consummating the merger;

the impact of the merger on LendingTree's employees;

that the value of the merger consideration is determined by a fixed exchange ratio, and the possibility that the market value of IAC common stock might decrease, resulting in less aggregate value at closing being paid to LendingTree's stockholders;

the interests of certain executive officers and directors of LendingTree with respect to the merger, described under "Interests of Certain Persons in the Merger," in addition to their interests as stockholders of LendingTree generally; and

other matters described under "Risk Factors."

After detailed consideration of these factors, the LendingTree board of directors determined that the merger was fair to, and in the best interests of, LendingTree and its stockholders.

The above discussion of the information and factors considered by the LendingTree board of directors is not intended to be exhaustive but includes the material factors considered by the LendingTree board of directors. In view of the variety of factors and the amount of information considered, LendingTree's board of directors did not quantify, rank or otherwise find it practicable to assign relative weights to the specific factors it considered in reaching its decision. The determination was made after consideration of all the factors, both positive and negative, taken as a whole. In addition, individual members of the LendingTree board of directors may have given different weights to different factors.

Opinions of LendingTree's Financial Advisors

Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated

LendingTree retained Merrill Lynch, Pierce, Fenner & Smith Incorporated, or Merrill Lynch, to act as one of its financial advisors in connection with the proposed merger. As part of the engagement, LendingTree requested that Merrill Lynch deliver an opinion as to whether the exchange ratio in the proposed merger was fair from a financial point of view to the holders of the LendingTree common stock and LendingTree preferred stock. At the meeting of the LendingTree board of directors on May 4, 2003, Merrill Lynch made a presentation of certain financial analyses of the merger, as summarized below. At a meeting of the LendingTree board of directors held on May 5, 2003, Merrill Lynch rendered its oral opinion to the LendingTree board of directors (subsequently confirmed in writing) that, as of that date and based upon and subject to the assumptions, qualifications and limitations set forth in its written opinion, the exchange ratio in the proposed merger was fair from a financial point of view to the holders of the LendingTree common stock and LendingTree preferred stock.

The full text of the opinion of Merrill Lynch, dated May 5, 2003, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Merrill Lynch in rendering its opinion, is attached as Appendix C to this document and is incorporated into this document by reference. The summary of the Merrill Lynch fairness opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Holders of LendingTree common stock and LendingTree preferred stock are urged to read the entire opinion carefully. The Merrill Lynch opinion was prepared for, and is addressed to, LendingTree's board of directors and is directed to the fairness, from a financial point of view, of the exchange ratio in the proposed merger. The Merrill Lynch opinion does not constitute a recommendation to any holder of LendingTree common stock or LendingTree preferred stock as to how any such stockholder should vote with respect to the proposed merger or any other matter.

In connection with rendering its opinion, Merrill Lynch, among other things:

- reviewed certain publicly available business and financial information relating to LendingTree and IAC that Merrill Lynch deemed to be relevant;

- reviewed certain information, including financial forecasts, relating to the businesses, earnings, cash flow, assets, liabilities and prospects of LendingTree and IAC, furnished to Merrill Lynch by LendingTree and IAC, respectively;

- conducted discussions with members of the senior management of LendingTree and IAC concerning the matters described in the preceding two bullet points, as well as their respective businesses and prospects before and after giving effect to the proposed merger;

- reviewed the historical market prices and valuation multiples for LendingTree common stock and IAC common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- reviewed the results of operations of LendingTree and IAC;

- compared the proposed financial terms of the proposed merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

- participated in certain discussions and negotiations among representatives of LendingTree and IAC and their financial and legal advisors with respect to the proposed merger;

- reviewed a draft of the merger agreement and one draft form of the voting agreement, each dated May 3, 2003; and reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including Merrill Lynch's assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, discussed with or reviewed by or for it, or that was publicly available, and Merrill Lynch did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of LendingTree or IAC, nor was Merrill Lynch furnished with any such evaluation or appraisal. In addition, Merrill Lynch did not assume any obligation to conduct, nor did it conduct, any physical inspection of the properties or facilities of LendingTree or IAC. With respect to the financial and operating information, including, without limitation, financial forecasts, valuations of contingencies and future economic conditions furnished to or discussed with Merrill Lynch by LendingTree or IAC, Merrill Lynch assumed that all this information had been reasonably prepared and reflected the best currently available estimates and judgments of the senior management of LendingTree or IAC as to the future financial and operating performance of LendingTree or IAC, as the case may be. Merrill Lynch further assumed that the proposed merger would generally qualify as a tax-free reorganization for U.S. federal income tax purposes. Merrill Lynch also assumed that the final form of the merger agreement and voting agreements would be substantially similar to the last drafts that it reviewed.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed on, and on the information made available to Merrill Lynch as of, the date of its opinion. Merrill Lynch assumed that, in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the proposed merger, no restrictions, including any divestiture requirements or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of LendingTree or IAC or on the contemplated benefits of the proposed merger.

The Merrill Lynch opinion does not address the merits of the underlying decision by LendingTree to engage in the proposed merger and Merrill Lynch does not express any opinion as to the prices at which the shares of LendingTree common stock or IAC common stock will trade following the announcement or consummation of the proposed merger. In addition, LendingTree's board of directors did not ask Merrill Lynch to address, and its opinion did not address, (1) the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of LendingTree, other than the holders of the LendingTree common stock and LendingTree preferred stock or (2) the fairness of any other terms or provisions applicable to the LendingTree preferred stock, whether before or after giving effect to the proposed charter amendment. For purposes of its opinion, Merrill Lynch assumed that all shares of LendingTree preferred stock would be converted immediately prior to the effective time of the merger into LendingTree common stock at the conversion rate provided by LendingTree to Merrill Lynch, as set forth in the certificate of designations for the LendingTree preferred stock.

May 4, 2003 Presentation by Merrill Lynch

At the May 4, 2003 meeting of the LendingTree board of directors, and in connection with preparing its opinion for the board, Merrill Lynch made a presentation of certain financial analyses of the proposed merger.

The following is a summary of the material analyses contained in the presentation that was delivered to LendingTree's board of directors. Some of the summaries of financial analyses include information presented in tabular format. In order to understand fully the financial analyses performed by Merrill Lynch, the tables must be read together with the accompanying text of each summary. The tables alone do not constitute a complete description of the financial analyses, including the

methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Merrill Lynch.

Exchange Ratio Analysis

Merrill Lynch compared an assumed purchase price of $21.67 per share of LendingTree common stock to (1) the closing price of LendingTree common stock on May 2, 2003, the last trading day prior to the announcement of the proposed transaction, and (2) the average closing prices of LendingTree common stock during the 30 and 60 day periods ending on May 2, 2003. The assumed purchase price of $21.67 is based upon an exchange ratio of 0.6199 (the exchange ratio in the proposed transaction) and IAC's closing stock price of $34.96 on May 2, 2003. Merrill Lynch also calculated the per-share price implied by the exchange ratio as a multiple of LendingTree's estimated earnings per share (which Merrill Lynch refers to as EPS), and estimated per-share earnings before interest, taxes, depreciation and amortization (which Merrill Lynch refers to as EBITDA).

IAC share price		$ 32.00	$ 33.00	$ 34.00	$ 34.96(1)	$ 36.00	$ 37.00	$ 38.00
Aggregate IAC shares to be issued		21.0	21.0	21.0	21.0	21.0	21.0	21.0
Aggregate consideration value		$ 672.0	$ 693.0	$ 714.0	$ 734.2	$ 756.0	$ 777.0	$ 798.0
LendingTree common stock equivalents(2)		33.874	33.874	33.874	33.874	33.874	33.874	33.874
Exchange ratio		0.6199	0.6199	0.6199	0.6199	0.6199	0.6199	0.6199
Implied per-share value of LendingTree common stock		$ 19.84	$ 20.46	$ 21.08	$ 21.67	$ 22.32	$ 22.94	$ 23.56
Market premiums:								
LendingTree closing price (May 2, 2003)	$ 14.69	35.0%	39.3%	43.5%	47.5%	51.9%	56.1%	60.4%
30 day LendingTree average (ending May 2, 2003)	$ 12.56	57.9%	62.9%	67.8%	72.6%	77.7%	82.6%	87.6%
60 day LendingTree average (ending May 2, 2003)	$ 11.66	70.1%	75.5%	80.8%	85.9%	91.4%	96.7%	102.0%
Multiples of:								
2003E EPS(3)	$ 0.42	47.2x	48.7x	50.2x	51.6x	53.1x	54.6x	56.1x
2004E EPS(3)	$ 0.56	35.4x	36.5x	37.6x	38.7x	39.9x	41.0x	42.1x
2003E EBITDA(3)	$ 0.86	23.1x	23.8x	24.5x	25.2x	26.0x	26.7x	27.4x
2004E EBITDA(3)	$ 1.03	19.3x	19.9x	20.5x	21.0x	21.7x	22.3x	22.9x

(in millions, except per share data)

(1) Closing price on May 2, 2003, the last trading date before public announcement of the proposed transaction.

(2) Number of shares of LendingTree common stock estimated to be outstanding at time that the proposed merger is completed, as provided to Merrill Lynch by LendingTree senior management, calculated on a fully-diluted basis assuming an IAC share price of $34.96 for net treasury purposes.

(3) LendingTree's senior management provided Merrill Lynch with estimates of its 2003 and 2004 earnings per share and EBITDA per share. See "Certain LendingTree Financial Projections."

Merrill Lynch also reviewed the historical closing prices of LendingTree common stock and IAC common stock for the twelve-month period ending on May 2, 2003. Using this data, Merrill Lynch calculated the historical exchange ratio, by dividing the closing prices of LendingTree common stock by the closing prices of IAC common stock during that twelve-month period, yielding an implied exchange ratio assuming no premium was paid on the LendingTree common stock. The average implied exchange ratio over this period was 0.5322. Merrill Lynch also calculated the implied exchange ratio as of May 2, 2003, which was 0.4202, based on the relative closing prices of LendingTree common stock and IAC common stock on that date.

Premium Analysis

Merrill Lynch calculated the premium represented by a purchase price of $21.67 per share of LendingTree common stock, relative to the historical prices of LendingTree common stock, as summarized in the following table:

Implied Premium to Historical LendingTree Stock Prices Assuming a Purchase Price of $21.67[(1)]

Date	LendingTree common stock price	Implied premium of purchase price to LendingTree common stock price
LendingTree closing price (May 2, 2003)	$ 14.69	47.52%
30 day average	12.56	72.53
60 day average	11.66	85.85
180 day average	12.83	68.90
52 week high	16.25	33.35
52 week low	8.40	157.98

(1) Assumed purchase price of $21.67 is based upon an exchange ratio of 0.6199 (the exchange ratio in the proposed transaction) and IAC's closing stock price of $34.96 on May 2, 2003.

Merrill Lynch then compared the implied premium represented by the exchange ratio with the premiums paid in other acquisitions in general, and in Internet-only acquisitions in particular, in each case, based on transactions announced from the beginning of the second quarter of 2000 through Friday, May 2, 2003. Merrill Lynch reviewed the average of those premiums relative to closing prices of acquired entities (1) one day prior to public announcement of the transaction, (2) one week prior to public announcement and (3) four weeks prior to public announcement. Merrill Lynch reviewed that data both on a per-quarter basis as well as an average over the entire period presented. Merrill Lynch then compared those averages with the implied premium represented by the exchange ratio. Below is a summary presentation of those comparisons, with the averages calculated over the entire period.

All M&A acquisitions premium to closing stock price of acquired entity relative to the periods presented*

	Closing price one day prior to public announcement	Closing price one week prior to public announcement	Closing price four weeks prior to public announcement
Average[(1)]	29.11%	31.97%	35.22%
Proposed transaction	47.52	58.06	75.47

(1) Average of data from the second quarter of 2000 through May 2, 2003.

* Source of data: Securities Data Corporation

Internet-only acquisitions premium to closing stock price of acquired entity relative to the periods presented*

	Closing price one day prior to public announcement	Closing price one week prior to public announcement	Closing price four weeks prior to public announcement
Average(1)	13.53%	13.99%	13.48%
Proposed transaction	47.52	58.06	75.47

(1) Average of data from the second quarter of 2000 through May 2, 2003.

* Source of data: Securities Data Corporation

Comparable Public Company Analysis

Using publicly available information, Merrill Lynch compared selected historical trading and projected operating and financial data of LendingTree with corresponding data for selected publicly traded companies that Merrill Lynch deemed to be relevant. These companies are:

Internet

- Microsoft
- AOL Time Warner
- eBay
- IAC
- Yahoo! Inc.
- Amazon.com
- Expedia
- Hotels.com
- Overture Services
- Priceline.com

Financial Processing

- First Data Corp.
- Fiserv
- Total System Services
- Fair Isaac

Online Brokerage

- Charles Schwab
- Ameritrade Holding
- E*Trade Group Inc.

Online Financial Services

- Intuit
- Checkfree
- Netbank
- LendingTree
- E-Loan

Merrill Lynch used publicly available financial information and publicly available equity research to determine for each comparable company, among other matters, (1) enterprise value relative to 2003 and 2004 estimated EBITDA, and (2) stock prices relative to 2003 and 2004 estimated earnings per share. For the purposes of this analysis, Merrill Lynch used the closing prices per share of common stock on May 2, 2003 as the applicable closing stock price for each comparable company and for LendingTree and IAC. Merrill Lynch calculated the enterprise value of each comparable company and of LendingTree and IAC as the fully diluted market value of common stock as of May 2, 2003 plus long-term debt (including short-term maturities of long-term debt), minority interest and preferred stock, less cash and cash equivalents (treating marketable securities as cash equivalents). LendingTree's

senior management provided Merrill Lynch with estimates of its 2003 and 2004 earnings per share and EBITDA.

	Internet market comparables(2)		LendingTree implied value per share	
	Mean	Median	Mean	Median
Enterprise value/2003E EBITDA(1)	28.0x	35.0x	$ 24.07	$ 30.12
Enterprise value/2004E EBITDA(1)	22.1	26.9	22.79	27.68
Price/2003E EPS(3)	59.7	64.1	25.09	26.94
Price/2004E EPS(3)	40.6	44.7	22.71	25.05

	Online financial services market comparables		LendingTree implied value per share	
	Mean	Median	Mean	Median

	Online financial services market comparables		LendingTree implied value per share	
Enterprise value/2003E EBITDA[1]	16.4x	16.9x	$ 14.11	$ 14.50
Enterprise value/2004E EBITDA[1]	13.3	13.0	13.75	13.35
Price/2003E EPS[3]	23.7	28.7	9.94	12.06
Price/2004E EPS[3]	20.2	23.7	11.29	13.27

	Online brokerage market comparables		LendingTree implied value per share	
	Mean	Median	Mean	Median
Enterprise value/2003E EBITDA[1]	7.9x	7.9x	$ 6.77	$ 6.77
Enterprise value/2004E EBITDA[1]	NM	NM	NM	NM
Price/2003E EPS[3]	22.7	24.7	9.55	10.37
Price/2004E EPS[3]	15.7	14.3	8.79	8.01

	Financial processing market comparables		LendingTree implied value per share	
	Mean	Median		