

IAC/INTERACTIVECORP
Form DEFR14A
May 23, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

IAC/InterActiveCorp

(Name of Registrant as Specified In Its Charter)

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

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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

May 24, 2006

Dear Stockholder:

You are invited to attend the 2006 Annual Meeting of Stockholders of IAC/InterActiveCorp, which will be held on Tuesday, June 20, 2006 at 9:00 a.m., local time, at Le Parker Meridien Hotel, 118 West 57th Street, New York, New York 10019.

At the 2006 Annual Meeting, you will be asked to elect 12 directors and to ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm. The Board of Directors unanimously recommends a vote FOR each of these proposals.

It is important that your shares be represented and voted at the 2006 Annual Meeting regardless of the size of your holdings. Whether or not you plan to attend the 2006 Annual Meeting, please complete, sign, date and return the accompanying proxy card in the enclosed envelope to make certain your shares will be represented at the meeting. You may also submit a proxy for your shares by telephone or through the internet by following the instructions on the enclosed proxy card.

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

Sincerely,

Barry Diller
Chairman and Chief Executive Officer

152 WEST 57TH STREET 42ND FLOOR NEW YORK, NEW YORK 10019 212.314.7300 FAX 212.314.7309

IAC/INTERACTIVECORP
152 West 57th Street
42nd Floor
New York, New York 10019

NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

IAC/InterActiveCorp (IAC) is providing this proxy statement to holders of our common stock, Class B common stock and Series B preferred stock in connection with the solicitation of proxies by IAC s Board of Directors for use at the 2006 Annual Meeting of Stockholders to be held at 9:00 a.m., local time, on Tuesday, June 20, 2006, at Le Parker Meridien Hotel, 118 West 57th Street, New York, New York 10019. At the 2006 Annual Meeting, stockholders will be asked:

1. to elect 12 members of the IAC Board of Directors, each to hold office for a one-year term ending on the date of the next succeeding annual meeting of stockholders or until such director s successor shall have been duly elected and qualified (or, if earlier, such director s removal or resignation from IAC s Board of Directors);
2. to ratify the appointment of Ernst & Young LLP as IAC s independent registered public accounting firm for the 2006 fiscal year; and
3. to transact such other business as may properly come before the meeting and any related adjournments or postponements.

IAC s Board of Directors has set April 26, 2006 as the record date for the 2006 Annual Meeting. This means that holders of record of our common stock, Class B common stock and Series B preferred stock at the close of business on that date are entitled to receive notice of the 2006 Annual Meeting and vote their shares at the 2006 Annual Meeting and any related adjournments or postponements.

Only stockholders and persons holding proxies from stockholders may attend the 2006 Annual Meeting. Seating is limited, however, and admission to the 2006 Annual Meeting will be on a first-come, first-served basis. If your shares are registered in your name, you should bring a form of photo identification to the 2006 Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or letter from that broker, trust, bank or other nominee that confirms you are the beneficial owner of those shares, together with a form of photo identification. Cameras, recording devices and other electronic devices will not be permitted at the 2006 Annual Meeting.

By order of the Board of Directors,

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

May 24, 2006

IAC/INTERACTIVECORP

152 West 57th Street

42nd Floor

New York, NY 10019

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2006 ANNUAL MEETING AND VOTING

Q: Who is entitled to vote at the 2006 Annual Meeting?

A: Holders of IAC common stock, Class B common stock and Series B preferred stock as of the close of business on April 26, 2006, the record date for the 2006 Annual Meeting established by IAC's Board of Directors, are entitled to receive notice of the 2006 Annual Meeting and vote their shares at the 2006 Annual Meeting and any related adjournments or postponements. The enclosed Notice of 2006 Annual Meeting, proxy statement and form of proxy are first expected to be mailed to these stockholders on or about May 24, 2006.

On the record date, there were 290,381,257 shares of IAC common stock, 25,599,998 shares of Class B common stock and 846 shares of Series B preferred stock outstanding and entitled to vote. Holders of IAC common stock are entitled to one vote per share, holders of Class B common stock are entitled to ten votes per share and holders of Series B preferred stock are entitled to two votes per share.

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

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

You may examine a list of the stockholders of record as of the close of business on April 26, 2006 for any purpose germane to the 2006 Annual Meeting during normal business hours during the 10-day period preceding the date of the meeting at the offices of IAC, located at 152 West 57th Street, 42nd Floor, New York, New York 10019. This list will also be made available at the 2006 Annual Meeting.

Q: What shares are included on the enclosed proxy card?

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

Q: What are the quorum requirements for the 2006 Annual Meeting?

A: The presence in person or by proxy by holders having a majority of the total votes entitled to be cast by holders of IAC common stock, Class B common stock and Series B preferred stock at the 2006 Annual Meeting constitutes a quorum. When the holders of IAC common stock vote as a separate class, the presence of holders of a majority of the total votes by holders of IAC common stock is required for quorum to be met. Shares of IAC common stock, Class B common stock and Series B preferred stock represented by a properly executed proxy will be treated as present at the 2006 Annual Meeting for purposes of determining whether there is a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Q: What matters will IAC stockholders vote on at the 2006 Annual Meeting?

A: IAC stockholders will vote on the following proposals:

- to elect 12 members of the IAC Board of Directors, each to hold office for a one-year term ending on the date of the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from IAC's Board of Directors);
- to ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for the 2006 fiscal year; and
- to transact such other business as may properly come before the meeting and any related adjournments or postponements.

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

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

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

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

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

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

A: In the vote on the ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2006, you may vote in favor of the ratification, vote against the ratification or abstain from voting on the ratification. Abstentions will have the same effect as a vote against this proposal.

The ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2006 requires the affirmative vote of the holders of a majority of the voting power of the shares of IAC capital stock present in person or represented by proxy and voting together as a single class.

The Board recommends that the stockholders vote **FOR** ratification of the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2006.

Q: Could other matters be decided at the 2006 Annual Meeting?

A: As of the date of the filing of this proxy statement, we did not know of any matters to be raised at the 2006 Annual Meeting, other than those referred to in this proxy statement.

If other matters are properly presented at the 2006 Annual Meeting for consideration, the three IAC officers who have been designated as proxies for the 2006 Annual Meeting, Gregory R. Blatt, Joanne Hawkins and Thomas J. McInerney, will have the discretion to vote on those matters for stockholders who have returned their proxy.

Q: How do arrangements between Mr. Diller and Liberty Media Corporation regarding the voting of IAC shares held by these parties affect votes cast in connection with the 2006 Annual Meeting?

A: As of the 2006 Annual Meeting record date, Mr. Diller held an irrevocable proxy over all IAC securities beneficially owned by Liberty Media Corporation, or Liberty, and its subsidiaries. This irrevocable proxy includes authority to vote on each of the proposals presented for approval at the 2006 Annual Meeting. By virtue of this proxy, as well as through shares owned by Mr. Diller directly, Mr. Diller is effectively able to control the vote of approximately 17.0% of the IAC common stock and 100% of the IAC Class B common stock and, consequently, approximately 55.8% of the combined voting power of the outstanding IAC capital stock. Thus, regardless of the vote of any other IAC stockholder, Mr. Diller has control over the vote on each matter submitted for stockholder approval at the 2006 Annual Meeting, other than the election of the three directors that holders of IAC common stock elect as a separate class.

Q: What do I need to do now to vote at the 2006 Annual Meeting?

A: IAC's Board of Directors is soliciting proxies for use at the 2006 Annual Meeting. Stockholders of record may vote their shares in any of four ways:

- **Submitting a Proxy by Mail:** If you choose to submit your proxy by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope provided;
- **Submitting a Proxy by Telephone:** Submit a proxy for your shares by telephone by using the toll-free telephone number provided on your proxy card. Telephone voting is available 24 hours a day and will close at 5:00 p.m., Eastern Standard Time, on June 19, 2006;
- **Submitting a Proxy by Internet:** Submit your proxy via the internet. The website for internet proxy voting is on your proxy card. Internet proxy voting is also available 24 hours a day and will close at 5:00 p.m., Eastern Standard Time, on June 19, 2006; or
- **Voting in Person:** If you were registered as a stockholder on IAC's books on April 26, 2006 or if you have a letter from your broker identifying you as a beneficial owner of IAC shares as of that date, you may vote in person by attending the 2006 Annual Meeting.

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

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

A: If you hold IAC shares in street name, you must provide your broker, bank or other holder of record with instructions in order to vote these shares. To do so, you should follow the directions regarding voting instructions provided to you by your bank, broker or other holder of record. Banks, brokers and other holders of record have discretionary authority to vote shares held in street name, even if they do not receive instructions from the beneficial owner, on routine proposals, which include the election of directors and the ratification of the appointment of an

independent registered public accounting firm. Accordingly, if you do not provide your bank, broker or other holder of record with voting instructions with respect to the election of directors and/or the ratification of the appointment of independent registered public accounting firm, such holder will have discretionary authority to vote your IAC shares held in street name on these proposals at the 2006 Annual Meeting. As a result of this discretionary authority, broker non-votes will not occur in connection with the 2006 Annual Meeting.

Q: What happens if I abstain?

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

Q: Can I change my vote?

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before the vote at the 2006 Annual Meeting by:

- delivering to The Bank of New York a written notice, bearing a date later than the proxy, stating that you revoke the proxy;
- submitting a later-dated proxy relating to the same shares by mail, telephone or the internet prior to the vote at the 2006 Annual Meeting; or
- attending the 2006 Annual Meeting and voting in person (although attendance at the 2006 Annual Meeting will not, by itself, revoke a proxy).

You should send any written notice or a new proxy card to IAC/InterActiveCorp c/o The Bank of New York at the following address: P.O. Box 11001, New York, New York 10203-0001, or follow the instructions provided on your proxy card to submit a proxy by telephone or via the internet. You may request a new proxy card by calling IAC's proxy solicitor, MacKenzie Partners, Inc., at 1-800-322-2885 (toll-free).

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

A: If you do not give specific instructions, proxies that are signed and returned will be voted FOR the election of all director nominees and FOR the proposal to ratify the appointment of Ernst & Young LLP as IAC's independent registered public accounting firm for 2006.

Q: How are proxies solicited and what is the cost?

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

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

Q: What should I do if I have questions regarding the 2006 Annual Meeting?

A: If you have any questions about the 2006 Annual Meeting, or would like copies of any of the documents referred to in this proxy statement, you should call MacKenzie Partners, Inc. at 1-800-322-2885.

ITEM 1
ELECTION OF DIRECTORS AND MANAGEMENT INFORMATION

Information Concerning Nominees

At the upcoming 2006 Annual Meeting, a board of 12 directors will be elected, each to hold office until the next succeeding annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from IAC's Board of Directors). The Board has designated Messrs. Keough and Lourd and Gen. Schwarzkopf as nominees for the positions on the Board to be elected by the holders of IAC common stock voting as a separate class. Although management does not anticipate that any of the persons named below will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute designated by the Board. All of the Board's nominees are incumbent directors of IAC.

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

William H. Berkman, age 41, has been a director of IAC since February 2006. Mr. Berkman is Managing Partner of Associated Group, LLC, the general partner of Liberty Associated Partners, LP, an investment fund that makes private and public market investments in telecommunications, media, internet and related technology companies. He has held this position since early 2000. In addition, Mr. Berkman is the Chairman of the Board of Directors of CURRENT Communications Group, LLC, a commercial fully-integrated broadband over power line (BPL) communications solutions provider. Formerly, Mr. Berkman was President of the Associated Group, Inc. affiliate that founded Teligent, Inc., a competitive local exchange carrier servicing business customers, of which he was a director until January 2000. He currently serves on the Board of Advisors of New Mountain Capital, a private equity spin-out of Forstmann Little & Co., and on the Board of Advisors of the Edgewater Funds, a middle market private equity fund. Mr. Berkman lectures on communications technology at New York University's School for Interactive Telecommunications. He is a member of the Communications Sector Group of the New York City Investment Fund and holds patents for a variety of communications systems and components. Mr. Berkman's family established the *Berkman Center For Internet & Society* at Harvard Law School.

Mr. Berkman was nominated as a director by Liberty, which has the right to nominate two individuals for election to IAC's Board of Directors pursuant to an amended and restated governance agreement among IAC, Liberty and Mr. Diller. See "Certain Relationships and Related Party Transactions" Relationships Between IAC and Liberty Media Corporation.

Edgar Bronfman, Jr., age 51, has been a director of IAC since February 1998. Mr. Bronfman has served as the Chairman and Chief Executive Officer of Warner Music Group since March 2004. Prior to joining Warner Music Group, Mr. Bronfman served as Chairman and Chief Executive Officer of Lexa Partners LLC, which he founded, from April 2002. Mr. Bronfman also currently serves as a partner of Accretive Technologies LLC. Mr. Bronfman was appointed Executive Vice Chairman of Vivendi Universal, S.A. in December 2000. Mr. Bronfman resigned from his position as an executive officer and as Vice Chairman of the Board of Directors of Vivendi Universal, S.A. in March 2002 and December 2003, respectively. Prior to December 2000, Mr. Bronfman served as President and Chief Executive Officer of The Seagram Company Ltd., a post he had held since June 1994, and from 1989 to June 1994 he served as the President and Chief Operating Officer of Seagram. Mr. Bronfman is currently a member of the board of directors of Fandango and is a member of the Board of New York University Medical Center and the Board of Governors of The Joseph H. Lauder Institute of Management & International Studies at the University of Pennsylvania. He is also the Chairman of the Board of Endeavor Global, Inc.

Barry Diller, age 64, has been a director and the Chairman and Chief Executive Officer of IAC (and its predecessors) since August 1995. Mr. Diller also serves as the Chairman of Expedia, Inc., which position he has held since August 9, 2005. Prior to joining the Company, Mr. Diller was Chairman of the Board and Chief Executive Officer of QVC, Inc. from December 1992 through December 1994. From 1984 to 1992,

Mr. Diller served as the Chairman of the Board and Chief Executive Officer of Fox, Inc. Prior to joining Fox, Inc., Mr. Diller served for 10 years as Chairman of the Board and Chief Executive Officer of Paramount Pictures Corporation. Mr. Diller is currently a member of the boards of directors of The Washington Post Company and The Coca-Cola Company. He also serves on the Board of the Museum of Television and Radio, Conservation International and The Educational Broadcasting Company. In addition, Mr. Diller is a member of the Board of Councilors for the University of Southern California's School of Cinema Television, the New York University Board of Trustees, the Tisch School of the Arts Dean's Council and the Executive Board for the Medical Sciences of University of California, Los Angeles.

Victor A. Kaufman, age 62, has been a director of IAC (and its predecessors) since December 1996 and has been Vice Chairman of IAC since October 1999. Mr. Kaufman also serves as Vice Chairman of Expedia, which position he has held since August 9, 2005. Previously, Mr. Kaufman served in the Office of the Chairman from January 1997 to November 1997 and as Chief Financial Officer of IAC from November 1997 to October 1999. Prior to his tenure with IAC, Mr. Kaufman served as Chairman and Chief Executive Officer of Savoy Pictures Entertainment, Inc. from March 1992 and as a director of Savoy from February 1992. Mr. Kaufman was the founding Chairman and Chief Executive Officer of Tri-Star Pictures, Inc. and served in such capacities from 1983 until December 1987, at which time he became President and Chief Executive Officer of Tri-Star's successor company, Columbia Pictures Entertainment, Inc. He resigned from these positions at the end of 1989 following the acquisition of Columbia by Sony USA, Inc. Mr. Kaufman joined Columbia in 1974 and served in a variety of senior positions at Columbia and its affiliates prior to the founding of Tri-Star.

Donald R. Keough, age 79, has been a director of IAC since September 1998. He currently serves as Chairman (in a non-executive capacity) of Allen & Company LLC (and its predecessors), a New York investment banking firm. He was appointed to this position in April 1993. Mr. Keough is currently a member of the boards of directors of Berkshire Hathaway, Inc., The Coca-Cola Company and Convera Corporation. He is a past Chairman of the board of trustees of the University of Notre Dame and a trustee of several other educational institutions. He also serves on the boards of a number of national charitable and civic organizations.

Bryan Lourd, age 45, has been a director of IAC since April 2005. Mr. Lourd has served as partner and Managing Director of Creative Artists Agency (CAA) since October 1995. CAA is among the world's leading entertainment agencies based in Beverly Hills, California, with offices in Nashville, New York and Beijing. He is a graduate of the University of Southern California.

John C. Malone, age 65, has been a director of IAC since May 2006 and previously served as a director of IAC (or its predecessors) from October 2001 through September 2004. Dr. Malone has served as the Chairman of the Board of Liberty since 1990 and served as Liberty's Chief Executive Officer from August 2005 through February 2006. Dr. Malone also served as Chairman of the Board and Chief Executive Officer of TCI from November 1996 to March 1999. Prior to that, Dr. Malone served as President and Chief Executive Officer of TCI since 1973. Dr. Malone also serves as Chairman of the Board of Liberty Global, Inc. and as a director of Expedia, Inc., The Bank of New York and Discovery Holding Company.

Dr. Malone was nominated as a director by Liberty, which has the right to nominate two individuals for election to IAC's Board of Directors pursuant to an amended and restated governance agreement among IAC, Liberty and Mr. Diller. See Certain Relationships and Related Party Transactions Relationships Between IAC and Liberty Media Corporation.

Arthur C. Martinez, age 66, has been a director of IAC since September 2005. Mr. Martinez retired in 2000 as Chairman of the Board, President and Chief Executive officer of Sears, Roebuck and Co., positions he held from 1995. He was Chairman and Chief Executive Officer of the former Sears Merchandise Group from 1992 to 1995. Prior to his tenure at Sears, he served as Vice Chairman and a director of Saks Fifth Avenue from 1990 to 1992. Mr. Martinez is currently a member of the boards of

directors of PepsiCo, Inc., Liz Claiborne, Inc. and International Flavors & Fragrances Inc., and currently serves as Vice Chair of the Supervisory Board of ABN AMRO Holding, N.V. Mr. Martinez also serves as a Trustee of Greenwich Hospital, Northwestern University, the Chicago Symphony Orchestra and Polytechnic University.

Steven Rattner, age 53, has been a director of IAC since April 2004. He is a Managing Principal of Quadrangle Group LLC, a private investment firm that invests in mature and high-growth media and communications companies in the United States and Europe through a private equity fund and in the securities of financially troubled companies across industry groups through a separately managed distressed debt investment program. Prior to the formation of Quadrangle in March 2000, Mr. Rattner served as Deputy Chairman and Deputy Chief Executive Officer of Lazard Frères & Co., which he joined as a General Partner in 1989 and where he founded the firm's Media and Communications Group. Prior to joining Lazard Frères & Co., Mr. Rattner was a Managing Director at Morgan Stanley, where he also founded the firm's Media and Communications Group. Mr. Rattner is currently a member of the boards of directors of Ntelos Holdings Corp. and Protection One, Inc. Mr. Rattner also serves as Chairman of the boards of directors and as trustee of a number of national and local charitable, civic and educational organizations and institutions.

Gen. H. Norman Schwarzkopf, age 71, has been a director of IAC since December 1996. He previously had served as a director of Home Shopping Network, Inc. since May 1996. Since his retirement from the military in August 1991, Gen. Schwarzkopf has been an author, a lecturer and a participant in several television specials and worked as a consultant for NBC Universal, Inc. and its predecessor companies from October 1995 through December 2005. From August 1990 to August 1991, he served as Commander-in-Chief, United States Central Command and Commander of Operations, Desert Shield and Desert Storm. Gen. Schwarzkopf had 35 years of service with the military. He is also a member of the Nature Conservancy's President's Conservation Council, co-founder of the Boggy Creek Gang, a member of the University of Richmond Board of Trustees, and serves on the boards of directors of Remington Arms Company and Association for the Cure of Cancer of the Prostate.

Alan G. Spoon, age 54, has been a director of IAC since February 2003. Since May 2000, Mr. Spoon has been Managing General Partner at Polaris Venture Partners, a private investment firm that provides venture capital and management assistance to development-stage information technology and life sciences companies. Mr. Spoon was Chief Operating Officer and a director of The Washington Post Company from March 1991 through May 2000 and served as President from September 1993 through May 2000. Prior to that, he held a wide variety of positions at The Washington Post Company, including President of Newsweek from September 1989 to May 1991. Mr. Spoon is currently a member of the board of directors of Danaher Corporation. In his not-for-profit affiliations, Mr. Spoon is a Regent of the Smithsonian Institution and a member of the MIT Corporation.

Diane Von Furstenberg, age 59, has been a director of IAC since March 1999. She is a designer and the founder of Diane Von Furstenberg Studio, L.P. and has served as its Chairman since August 1995. Previously, she was the Chairman of Diane Von Furstenberg Studio, which she also founded. Mr. Diller and Ms. Von Furstenberg are married.

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

Information Concerning Executive Officers

Background information about IAC's executive officers who are not nominees for election as directors is set forth below.

Gregory R. Blatt, age 38, has been Executive Vice President, General Counsel and Secretary of IAC since March 2005 and had previously served as Senior Vice President, General Counsel and Secretary of IAC since November 2003. Prior to joining IAC in November 2003, Mr. Blatt served as Executive Vice President, Business Affairs and General Counsel of Martha Stewart Living Omnimedia, Inc. (MSO) from January 2001 to October 2003, Executive Vice President and General Counsel of MSO from September 1999 to January 2001 and Senior Vice President, General Counsel of MSO from May 1999 to September 1999. Prior to joining MSO, Mr. Blatt was an associate with Grubman Indursky & Schindler, P.C., a New York entertainment and media law firm, from 1997 to May 1999, and prior to that, was an associate at Wachtell, Lipton, Rosen & Katz, a New York law firm, from 1995 to 1997.

Douglas R. Lebda, age 36, became President and Chief Operating Officer of IAC in January 2006. Prior to assuming his current role at IAC, Mr. Lebda served as the Chief Executive Officer of LendingTree, which he founded, since September 1998. Prior to his tenure as Chief Executive Officer of LendingTree, Mr. Lebda served as Chairman of the Board and President of LendingTree since June 1996. Before founding LendingTree in June 1996, Mr. Lebda worked as an auditor and consultant for PriceWaterhouseCoopers. Mr. Lebda holds a bachelor of business administration degree from Bucknell University. He sits on the Board of Trustees for the Darden School Foundation.

Thomas J. McInerney, age 41, has been Executive Vice President and Chief Financial Officer of IAC since January 2005. Mr. McInerney previously served as Chief Executive Officer of IAC's Retailing sector from January 2003 through December 2005. Prior to this time, Mr. McInerney served as Executive Vice President and Chief Financial Officer of Ticketmaster (prior to its acquisition by IAC in January 2003) and its predecessor company, Ticketmaster Online-Citysearch, Inc., since May 1999. Prior to joining Ticketmaster, Mr. McInerney worked at Morgan Stanley, most recently as a Principal.

Board of Directors

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

Pursuant to an amended and restated stockholders agreement between Mr. Diller and Liberty, Mr. Diller, through shares owned by him as well as those beneficially owned by Liberty as of the record date, generally controls the vote on approximately 17.0% of the IAC common stock and 100% of the IAC Class B common stock and, consequently, approximately 55.8% of the combined voting power of the outstanding IAC capital stock. Mr. Diller and Liberty have filed a Statement of Beneficial Ownership on Schedule 13D (and related amendments) relating to their respective IAC holdings and related voting arrangements with the SEC. On this basis, IAC is relying on the exemption for Controlled Companies from all applicable Nasdaq requirements.

The Board met seven times and acted by written consent three times during 2005. During 2005, all then incumbent directors attended at least 75% of the meetings of the Board and the Board committees on which they served. Directors are not required to attend annual meetings of IAC stockholders. One member of the Board of Directors attended IAC's 2005 Annual Meeting of Stockholders.

Board Committees

The Board currently has three standing committees: the Audit Committee, the Compensation and Human Resources Committee (which, through May 2006, was referred to as the Compensation/Benefits Committee) and the Executive Committee. Through April 2005, the Board had, in addition to the three committees listed above, a Performance-Based Compensation Committee. The Board does not have a nominating committee.

Audit Committee. The Audit Committee of the Board of Directors currently consists of Messrs. Lour, Rattner and Spoon, each of whom satisfies the independence and other requirements under the current standards imposed by the rules of the SEC and the Marketplace Rules. The Board has previously concluded that Mr. Spoon is an audit committee financial expert, as such term is defined in Item 401(h) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Audit Committee functions pursuant to a written charter adopted by the Board of Directors, pursuant to which it has been granted the responsibilities and authority necessary to comply with Rule 10A-3 of the Exchange Act. A copy of the Audit Committee's written charter is attached to this proxy statement as Exhibit A. The Audit Committee is appointed by the Board to assist the Board with a variety of matters described in the charter, which include monitoring (1) the integrity of IAC's financial statements, (2) the effectiveness of IAC's internal control over financial reporting, (3) the qualifications and independence of IAC's independent registered public accounting firm, (4) the performance of IAC's internal audit function and independent registered public accounting firm and (5) the compliance by IAC with legal and regulatory requirements. Mr. Spoon is the Chairman of the Audit Committee. The Audit Committee met eight times during 2005. The formal report of the Audit Committee with respect to the year 2005 is set forth under the heading Audit Committee Report below.

Compensation and Human Resources Committee. The Board of Directors currently has a Compensation and Human Resources Committee consisting of Messrs. Berkman and Martinez and Gen. Schwarzkopf, with Messrs. Berkman and Martinez joining the Committee in May 2006 and September 2005, respectively, and Ms. Marie-Josée Kravis (a current director who is not standing for re-election at the 2006 Annual Meeting) and Mr. Bronfman leaving the Committee in November 2005. Ms. Kravis joined the Committee following Mr. Keough's departure from the Committee in April 2005. Mr. Martinez is the Chairman of the Compensation and Human Resources Committee, which position he assumed following the departure of Mr. Bronfman, the former Chairman, in November 2005. Until its dissolution in April 2005, the Board also had a Performance-Based Compensation Committee, which consisted of Mr. Bronfman and Gen. Schwarzkopf, with Mr. Bronfman serving as Chairman.

The Compensation and Human Resources Committee is authorized to exercise all of the powers of the Board of Directors with respect to matters pertaining to compensation and benefits, including, but not limited to, salary matters, incentive/bonus plans, stock compensation plans, retirement programs and insurance plans. None of the members of the Compensation and Human Resources Committee is or was in the past an officer or employee of IAC or any of its businesses. The Compensation and Human Resources Committee met twelve times and acted by written consent two times during 2005. The formal report of the Compensation and Human Resources Committee with respect to the year 2005 is set forth under the heading Report on Executive Compensation below.

Executive Committee. The Executive Committee of the Board of Directors currently consists of Messrs. Diller, Kaufman and Bronfman. The Executive Committee has all the power and authority of the Board of Directors of IAC, except those powers specifically reserved to the Board by Delaware law or IAC's organizational documents. The Executive Committee met two times and acted by written consent two times during 2005.

Director Nominations

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

Mr. Martinez, who was appointed to the Board in September 2005 and is currently standing for election, was recommended by the Chairman and elected by the entire Board. Mr. Berkman and Dr. Malone, who were appointed to the Board in February 2006 and May 2006, respectively, and are currently standing for election, were nominated by Liberty and elected by the entire Board. See Certain Relationships and Related Party Transactions Relationships Between IAC and Liberty Media Corporation.

The Board does not have a formal policy regarding the consideration of director nominees recommended by stockholders, as historically IAC has not received such recommendations. However, the Board would consider such recommendations if made in the future. Stockholders who wish to make such a recommendation should send the recommendation to IAC/InterActiveCorp, 152 West 57th Street, 42nd Floor, New York, New York 10019, Attention: Corporate Secretary. The envelope must contain a clear notation that the enclosed letter is a Director Nominee Recommendation. The letter must identify the author as a stockholder, provide a brief summary of the candidate's qualifications and history and must be accompanied by evidence of the sender's stock ownership. Any director recommendations will be reviewed by the Corporate Secretary and, if deemed appropriate, forwarded to the Chairman for further review. If the Chairman believes that the candidate fits the profile of a director described above, the recommendation will be shared with the entire Board.

Communications with the IAC Board

Stockholders who wish to communicate with IAC's Board of Directors or a particular director may send such communication to IAC/InterActiveCorp, 152 West 57th Street, 42nd Floor, New York, New York 10019, Attention: Corporate Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Stockholder-Board Communication or Stockholder-Director Communication. All such letters must identify the author as a stockholder, provide evidence of the sender's stock ownership and clearly state whether the intended recipients are all members of the Board or a particular director or directors. The Corporate Secretary will then review such correspondence and forward it to the Board, or to the specified director(s), if appropriate.

Compensation of Outside Directors

Each director of IAC who is not an employee of IAC or any of its businesses receives an annual retainer of \$30,000, the chairpersons of the Audit and Compensation and Human Resources Committees and each member of the Audit Committee (including the chairperson) receive an additional annual retainer of \$10,000 and each member of the Compensation and Human Resources Committee (including the chairperson) receives an additional annual retainer of \$5,000. IAC also pays each non-employee

director \$1,000 for each IAC Board and IAC Board Committee meeting attended, plus reimbursement for all reasonable expenses incurred by a director as a result of attendance at any of these meetings. In addition, non-employee directors receive a grant of 7,500 restricted stock units (or such lesser number of restricted stock units with a dollar value of \$250,000) upon their initial election to the Board and annually thereafter on the date of IAC's annual meeting of stockholders at which the director is re-elected. These restricted stock units vest in three equal annual installments commencing on the first anniversary of the grant date.

Non-employee directors received compensation for Board and Committee service in 2005 pursuant to the arrangements described above. In addition, in the case of Messrs. Bronfman and Spoon, 2005 compensation also included a \$5,000 retainer and a \$1,000 per meeting fee for Special Committee service. The Special Committee, which met eight times in 2005, was established by the IAC Board to review certain aspects of the spin-off by IAC of certain of its travel and travel-related businesses, subsidiaries and investments (the Spin-Off), which was completed on August 9, 2005. Dr. Malone has agreed that he will not receive compensation for his IAC Board service. Effective July 1, 2006, the arrangements described above will be modified to increase the amount of the annual Board, Audit Committee Chairperson and Compensation and Human Resources Committee Chairperson retainers to \$45,000, \$15,000 and \$15,000, respectively, and to eliminate per meeting attendance fees.

Under IAC's Deferred Compensation Plan for Non-Employee Directors, non-employee directors may defer all or a portion of their annual retainer and meeting fees. Eligible directors who defer their directors' fees can elect to have such deferred fees applied to the purchase of share units, representing the number of shares of IAC common stock that could have been purchased on the relevant date, or credited to a cash fund. If any dividends are paid on IAC common stock, dividend equivalents will be credited on the share units. The cash fund will be credited with deemed interest at an annual rate equal to the weighted average prime lending rate of JPMorgan Chase Bank. Upon termination, a director will receive (1) with respect to share units, such number of shares of IAC common stock as the share units represent and (2) with respect to the cash fund, a cash payment. Payments upon termination will be made in either one lump sum or up to five installments, as previously elected by the eligible director at the time of the related deferral election.

Security Ownership of Certain Beneficial Owners and Management

The following table presents, as of February 28, 2006, information relating to the beneficial ownership of common stock and Class B common stock, by (1) each person known by IAC to own beneficially more than 5% of the outstanding shares of common stock and Class B common stock, (2) each current director and director nominee, (3) each of the Chief Executive Officer and the four Named Executive Officers who served in such capacities as of December 31, 2005 and (4) all executive officers and directors of IAC as a group.

Unless otherwise indicated, the beneficial owners listed below may be contacted at IAC's corporate headquarters located at 152 West 57th Street, 42nd Floor, New York, New York 10019. For each listed person, the number of shares of IAC common stock and percent of such class listed assumes the conversion or exercise of any IAC equity securities owned by such person that are or will become convertible or exercisable, and the vesting of any restricted stock units that will vest, within 60 days of February 28, 2006, but does not assume the conversion, exercise or vesting of any such equity securities owned by any other person. Shares of IAC Class B common stock may at the option of the holder be converted on a one-for-one basis into shares of IAC common stock.

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The percentage of votes for all classes of capital stock is based on one vote for each share of common stock, two votes for each share of Series B preferred stock and ten votes for each share of Class B common stock. As of February 28, 2006, there were 846 shares of Series B preferred stock outstanding, which shares collectively represented a de minimis percentage of the total voting power of the outstanding IAC capital stock as of this date. Based on statements filed with the SEC pursuant to Section 13(d) or 13(g) of the Exchange Act, IAC does not know of any person who beneficially owns more than 5% of the outstanding shares of Series B preferred stock. Accordingly, although the shares of Series B preferred stock outstanding are considered for purposes of determining total voting power, no information regarding holders of Series B preferred stock has been provided in the table below.

Name and Address of Beneficial Owner	IAC Common Stock			IAC Class B Common Stock			Percent of Votes		
	Shares		%	Shares		%	(All Classes)		
CAM North America, LLC, <i>et al</i> 399 Park Avenue New York, New York 10022	17,759,518	(1)	6.0 %						3.2 %
Capital Research and Management Company, <i>et al</i> 333 South Hope Street Los Angeles, CA 90071	35,099,130	(2)	11.9 %						6.4 %
Janus Capital Management LLC 151 Detroit Street Denver, CO 80206	18,553,940								