IAC/INTERACTIVECORP
Form 10-Q
August 09, 2016

As filed with the Securities and Exchange Commission on August 9, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2016
Or
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from__________to__________
Commission File No. 0-20570

IAC/INTERACTIVECORP
(Exact name of registrant as specified in its charter)

Delaware	59-2712887
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 West 18th Street, New York, New York 10011
(Address of registrant's principal executive offices)
(212) 314-7300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

As of July 22, 2016, the following shares of the registrant's common stock were outstanding:

Common Stock	73,786,540
Class B Common Stock	5,789,499
Total outstanding Common Stock	79,576,039

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of July 22, 2016 was $4,393,601,209. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

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PART I
FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements
IAC/INTERACTIVECORP
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2016	December 31, 2015
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$1,245,984	$1,481,447
Marketable securities	79,208	39,200
Accounts receivable, net of allowance of $16,802 and $16,528, respectively	189,491	250,077
Other current assets	278,185	174,286
Total current assets	1,792,868	1,945,010
Property and equipment, net of accumulated depreciation and amortization of $312,916 and $284,494, respectively	306,999	302,817
Goodwill	1,937,675	2,245,364
Intangible assets, net	395,262	440,828
Long-term investments	127,318	137,386
Other non-current assets	99,900	117,286
TOTAL ASSETS	$4,660,022	$5,188,691
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	$50,000	$40,000
Accounts payable, trade	61,749	86,883
Deferred revenue	285,733	258,412
Accrued expenses and other current liabilities	294,724	383,251
Total current liabilities	692,206	768,546
Long-term debt, net of current portion	1,655,259	1,726,954
Income taxes payable	33,083	33,692
Deferred income taxes	259,738	348,773
Other long-term liabilities	82,382	64,510
Redeemable noncontrolling interests	38,421	30,391
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock $.001 par value; authorized 1,600,000,000 shares; issued 255,255,243 and 254,014,976 shares, respectively and outstanding 73,752,254 and 77,245,709 shares, respectively	255	254
Class B convertible common stock $.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 5,789,499 shares	16	16
Additional paid-in capital	11,862,670	11,486,315

Retained earnings	144,901	331,394
Accumulated other comprehensive loss	(117,407)	(152,103)
Treasury stock 191,870,989 and 187,137,267 shares, respectively	(10,075,985)	(9,861,350)
Total IAC shareholders' equity	1,814,450	1,804,526
Noncontrolling interests	84,483	411,299
Total shareholders' equity	1,898,933	2,215,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$4,660,022	$5,188,691

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
Revenue	$745,439	$771,132	$1,564,618	$1,543,644
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	170,397	177,963	364,131	364,700
Selling and marketing expense	295,525	324,710	677,866	687,192
General and administrative expense	152,135	129,349	288,377	244,143
Product development expense	49,911	46,430	105,741	91,687
Depreciation	17,575	15,500	33,370	31,068
Amortization of intangibles	36,975	14,411	50,795	26,966
Goodwill impairment	275,367	—	275,367	—
Total operating costs and expenses	997,885	708,363	1,795,647	1,445,756
Operating (loss) income	(252,446)	62,769	(231,029)	97,888
Interest expense	(27,644)	(15,214)	(55,504)	(29,278)
Other (expense) income, net	(7,192)	(1,638)	8,705	5,350
(Loss) earnings from continuing operations before income taxes	(287,282)	45,917	(277,828)	73,960
Income tax benefit	96,740	11,968	95,220	5,788
(Loss) earnings from continuing operations	(190,542)	57,885	(182,608)	79,748
Loss from discontinued operations, net of tax	—	(153)	—	(28)
Net (loss) earnings	(190,542)	57,732	(182,608)	79,720
Net (earnings) loss attributable to noncontrolling interests	(4,233)	1,573	(3,885)	5,990
Net (loss) earnings attributable to IAC shareholders	$(194,775)	$59,305	$(186,493)	$85,710
Per share information attributable to IAC shareholders:				
Basic (loss) earnings per share from continuing operations	$(2.45)	$0.72	$(2.31)	$1.03
Diluted (loss) earnings per share from continuing operations	$(2.45)	$0.68	$(2.31)	$0.98
Basic (loss) earnings per share	$(2.45)	$0.72	$(2.31)	$1.03
Diluted (loss) earnings per share	$(2.45)	$0.68	$(2.31)	$0.97
Dividends declared per share	$—	$0.34	$—	$0.68
Stock-based compensation expense by function:				
Cost of revenue	$694	$294	$1,307	$539
Selling and marketing expense	1,690	3,119	3,561	4,842
General and administrative expense	20,516	20,039	41,709	34,637
Product development expense	4,864	2,497	12,372	4,842
Total stock-based compensation expense	$27,764	$25,949	$58,949	$44,860

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Net (loss) earnings	$(190,542)	$57,732	$(182,608)	$79,720
Other comprehensive (loss) income, net of tax:				
Change in foreign currency translation adjustment [a]	(3,341)	8,613	12,404	(48,001)
Change in unrealized gains and losses of available-for-sale securities (net of tax benefits of $482 and $783 for the three and six months ended June 30, 2016, respectively, and net of tax benefits of $126 and $182 for the three and six months ended June 30, 2015, respectively) [b]	(3,782)	3,615	1,655	4,249
Total other comprehensive (loss) income, net of tax	(7,123)	12,228	14,059	(43,752)
Comprehensive (loss) income	(197,665)	69,960	(168,549)	35,968
Comprehensive (income) loss attributable to noncontrolling interests	(3,553)	2,323	(4,379)	7,147
Comprehensive (loss) income attributable to IAC shareholders	$(201,218)	$72,283	$(172,928)	$43,115

[a] The three and six months ended June 30, 2016 include amounts reclassified out of other comprehensive income into earnings. See Note 8 - Accumulated Other Comprehensive Loss for additional information.
[b] The three and six months ended June 30, 2016 and June 2015 include unrealized gains reclassified out of other comprehensive income into earnings. See Note 5 - Marketable Securities and Note 8 - Accumulated Other Comprehensive Loss for additional information.
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The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

		IAC Shareholders' Equity									
	Redeemable Noncontrolling Interests	Common Stock $.001 Par Value $	Shares	Class B Convertible Common Stock $.001 Par Value $	Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total IAC Shareholders' Equity	N I
		(In thousands)									
Balance of December 31, 2015	$30,391	$254	254,015	$16	16,157	$11,486,315	$331,394	$(152,103)	$(9,861,350)	$1,804,526	$4
Net (loss) earnings for the six months ended June 30, 2016	(2,584)	—	—	—	—	—	(186,493)	—	—	(186,493)	6,4
Other comprehensive income, net of tax	22	—	—	—	—	—	—	13,565	—	13,565	47
Stock-based compensation expense	816	—	—	—	—	27,937	—	—	—	27,937	26.
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	1	1,240	—	—	(12,705)	—	—	—	(12,704)	—
Income tax benefit related to stock-based awards	—	—	—	—	—	20,327	—	—	—	20,327	—
Purchase of treasury stock	—	—	—	—	—	—	—	—	(214,635)	(214,635)	—
Purchase of redeemable noncontrolling interests	(2,411)	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair	13,388	—	—	—	—	(12,966)	—	—	—	(12,966)	—

value											
Issuance of Match Group common stock pursuant to stock-based awards, net of withholding taxes	—	—	—	—	—	—	—	—	—	—	2,8
Reallocation of shareholders' equity balances related to the noncontrolling interests created in the Match Group initial public offering	—	—	—	—	—	342,507	—	21,131	—	363,638	(36
Changes in noncontrolling interests of Match Group due to the issuance of its common stock	—	—	—	—	—	(937)	—	—	—	(937)	93
Noncontrolling interests created in a recent acquisition	—	—	—	—	—	12,222	—	—	—	12,222	—
Other	(1,201)	—	—	—	—	(30)	—	—	—	(30)	(42
Balance as of June 30, 2016	$38,421	$255	255,255	$16	16,157	$11,862,670	$144,901	$(117,407)	$(10,075,985)	$1,814,450	$8

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
	(In thousands)	
Cash flows from operating activities attributable to continuing operations:		
(Loss) earnings from continuing operations	$(182,608)	$79,748
Adjustments to reconcile (loss) earnings from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Stock-based compensation expense	58,949	44,860
Depreciation	33,370	31,068
Amortization of intangibles	50,795	26,966
Goodwill impairment	275,367	—
Excess tax benefits from stock-based awards	(21,871)	(36,465)
Deferred income taxes	(90,902)	7,260
Equity in losses of unconsolidated affiliates	414	477
Acquisition-related contingent consideration fair value adjustments	10,470	(16,946)
Gains on sale of businesses and investments, net	(13,137)	(144)
Other adjustments, net	20,869	9,013
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	47,855	2,710
Other assets	(20,053)	(6,458)
Accounts payable and other current liabilities	(88,150)	(33,413)
Income taxes payable	(48,028)	(63,304)
Deferred revenue	32,589	40,407
Net cash provided by operating activities attributable to continuing operations	65,929	85,779
Cash flows from investing activities attributable to continuing operations:		
Acquisitions, net of cash acquired	(2,524)	(43,286)
Capital expenditures	(35,133)	(26,816)
Purchase of time deposits	(87,500)	—
Proceeds from maturities of time deposits	87,500	—
Proceeds from maturities and sales of marketable debt securities	32,500	14,613
Purchases of marketable debt securities	(79,366)	(93,134)
Purchases of investments	(5,056)	(12,840)
Net proceeds from the sale of businesses and investments	103,735	6,203
Other, net	4,815	2,396
Net cash provided by (used in) investing activities attributable to continuing operations	18,971	(152,864)
Cash flows from financing activities attributable to continuing operations:		
Purchase of treasury stock	(214,635)	(200,000)
Proceeds from Match Group 2016 Senior Notes offering	400,000	—
Principal payments on Match Group Term Loan	(410,000)	—
Debt issuance costs	(4,621)	—
Repurchase of Senior Notes	(61,110)	—
Dividends	—	(56,729)
Issuance of IAC common stock pursuant to stock-based awards, net of withholding taxes	(13,097)	(20,656)
	2,176	—

Issuance of Match Group common stock pursuant to stock-based awards, net of withholding taxes		
Excess tax benefits from stock-based awards	21,871	36,465
Purchase of noncontrolling interests	(2,411)	(15,338)
Acquisition-related contingent consideration payments	(2,150)	(5,705)
Increase in restricted cash related to bond redemptions	(30,002)	—
Other, net	(488)	430
Net cash used in financing activities attributable to continuing operations	(314,467)	(261,533)
Total cash used in continuing operations	(229,567)	(328,618)
Total cash used in discontinued operations	—	(243)
Effect of exchange rate changes on cash and cash equivalents	(5,896)	(5,135)
Net decrease in cash and cash equivalents	(235,463)	(333,996)
Cash and cash equivalents at beginning of period	1,481,447	990,405
Cash and cash equivalents at end of period	$1,245,984	$656,409

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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IAC/INTERACTIVECORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

IAC is a leading media and Internet company comprised of some of the world's most recognized brands and products, such as HomeAdvisor, Vimeo, About.com, Dictionary.com, The Daily Beast, Investopedia, and Match Group's online dating portfolio, which includes Match, OkCupid, Tinder and PlentyOfFish.

All references to "IAC," the "Company," "we," "our" or "us" in this report are to IAC/InterActiveCorp.

Basis of Presentation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP").

Basis of Consolidation and Accounting for Investments

The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest. Intercompany transactions and accounts have been eliminated.

Investments in the common stock or in-substance common stock of entities in which the Company has the ability to exercise significant influence over the operating and financial matters of the investee, but does not have a controlling financial interest, are accounted for using the equity method and are included in "Long-term investments" in the accompanying consolidated balance sheet.

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. Interim results are not necessarily indicative of the results that may be expected for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Accounting Estimates

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates and judgments including those related to: the fair values of marketable securities and other investments; the recoverability of goodwill and indefinite-lived intangible assets; the useful lives and recoverability of definite-lived intangible assets and property and equipment; the carrying value of accounts receivable, including the determination of the allowance for doubtful accounts; the determination of revenue reserves; the fair value of acquisition-related contingent consideration arrangements; the liabilities for uncertain tax positions; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets and other factors that the Company considers relevant.

Certain Risks and Concentrations

A substantial portion of the Company's revenue is derived from online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in advertising spending behavior or in customer buying behavior could adversely affect our operating results. Most of the Company's online advertising revenue is attributable to a services agreement with Google Inc. ("Google"). The Company's service agreement became effective on April 1, 2016, following the expiration of the previous services agreement. This services agreement expires on March 31, 2020; the Company may choose to terminate the agreement effective March 31, 2019. This services agreement requires that we comply with certain guidelines promulgated by Google. Google may generally unilaterally update its own policies and guidelines without advance notice; which could in turn require modifications to, or prohibit and/or render obsolete certain of our products, services and/or business practices, which could be costly to address or otherwise have an adverse effect on our business, financial condition and results of operations. For the three and six months ended June 30, 2016, revenue earned from Google was $181.5 million and $466.2 million, respectively. For the three and six months ended June 30, 2015, revenue earned from Google was $308.2 million and $647.8 million, respectively. This revenue is earned by the businesses comprising the Publishing and Applications segments. For the three and six months ended June 30, 2016, revenue earned from Google represents 69% and 78% of Publishing revenue and 85% and 88% of Applications revenue, respectively. For the three and six months ended June 30, 2015, revenue earned from Google represents 82% and 83% of Publishing revenue and 94% and 94% of Applications revenue, respectively. Accounts receivable related to revenue earned from Google totaled $57.2 million and $97.2 million at June 30, 2016 and December 31, 2015, respectively.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payments Accounting (Topic 718). The update is intended to simplify existing guidance on various aspects of the accounting and presentation of employee share-based payments in financial statements including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification on the statement of cash flows. The provisions of ASU 2016-09 are effective for reporting periods beginning after December 15, 2016; early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard update will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes existing guidance on accounting for leases in "Leases (Topic 840)" and generally requires all leases to be recognized in the statement of financial position. The provisions of ASU 2016-02 are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of ASU 2016-02 are to be applied using a modified retrospective approach. The Company is currently evaluating the impact the adoption of this standard update will have on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, and in August 2015, the FASB issued ASU 2015-15, Interest-Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. Together, this guidance requires that deferred debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability, while debt issuance costs related to line-of-credit arrangements may still continue to be classified as assets. The Company adopted the provisions of ASU 2015-03 and ASU 2015-15 in the first quarter of 2016 and applied the provisions retrospectively, resulting in $21.3 million of deferred debt issuance costs being reclassified from other non-current assets to long-term debt, net of current portion, in the accompanying December 31, 2015 consolidated balance sheet.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and develops a common standard for all industries. In July 2015, the FASB decided to defer the effective date for annual reporting periods beginning after December 15, 2017. In March, April and May 2016, the FASB issued ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively, which provide further revenue recognition guidance related to principal versus agent considerations, performance obligations and licensing, and narrow-scope improvements and practical expedients. Early adoption is permitted beginning on the original effective date of December 15, 2016. Upon adoption, ASU 2014-09 may either be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently evaluating the impact the adoption of this standard update will have on its consolidated financial statements, and the method and timing of adoption.

Reallocation of Noncontrolling Interests

During the quarter ended March 31, 2016, the Company reallocated amounts within the accounts comprising shareholders' equity to correct the amount of noncontrolling interests that was initially recorded following the initial public offering ("IPO") of Match Group, which occurred on November 24, 2015. The noncontrolling interests should have been recorded using the net book value of Match Group rather than the net IPO proceeds. In addition, the adjustment allocates the proportionate share of the accumulated other comprehensive loss to the noncontrolling interests balance. The reallocation has no effect on net income or earnings per share. Based on our assessment of both qualitative and quantitative factors, the reallocation was not considered material to the consolidated financial statements of the Company as of and for: (i) the year ended December 31, 2015, (ii) the three months ended March 31, 2016; and (iii) the six months ended June 30, 2016. Therefore, the adjustment was initially reflected in the consolidated financial statements of the Company as of and for the three months ended March 31, 2016 and will, therefore, also be reflected in the year-to-date consolidated financial statements of each subsequent interim period in 2016 and the annual consolidated financial statements for the year ending December 31, 2016.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2—INCOME TAXES

At the end of each interim period, the Company makes its best estimate of the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which they occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or the liabilities for uncertain tax positions is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realization of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or our tax environment changes. To the extent that the expected annual effective income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision in the quarter in which the change occurs.

For the three and six months ended June 30, 2016, the Company recorded an income tax benefit for continuing operations of $96.7 million and $95.2 million, respectively, which, in each case, represents an effective income tax rate of 34%. The effective tax rate each period is lower than the statutory rate of 35% due primarily to the non-deductible portion of the goodwill impairment at the Publishing segment, partially offset by state taxes. For the three and six months ended June 30, 2015, the Company recorded an income tax benefit for continuing operations of $12.0 million and $5.8 million, respectively. The income tax benefit for each period is due primarily to the realization of certain deferred tax assets, a reduction in tax reserves and related interest due to the expiration of statutes of limitations, and the non-taxable gain on contingent consideration fair value adjustments, partially offset by state taxes.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. At June 30, 2016 and December 31, 2015, the Company has accrued $2.8 million and $2.5 million, respectively, for the payment of interest. At June 30, 2016 and December 31, 2015, the Company has accrued $1.9 million and $2.2 million, respectively, for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service has substantially completed its audit of the

Company's federal income tax returns for the years ended December 31, 2010 through 2012. The statute of limitations for the years 2010 through 2012 has been extended to March 31, 2017. Various other jurisdictions are open to examination for tax years beginning with 2009. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon resolution of audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by the Company are recorded in the period they become known.

At June 30, 2016 and December 31, 2015, unrecognized tax benefits, including interest, are $42.4 million and $43.4 million, respectively. If unrecognized tax benefits at June 30, 2016 are subsequently recognized, $39.4 million, net of related deferred tax assets and interest, would reduce the income tax provision for continuing operations. The comparable amount as of December 31, 2015 was $41.0 million. The Company believes that it is reasonably possible that its unrecognized tax benefits could decrease by $10.6 million within twelve months of June 30, 2016, primarily due to expirations of statutes of limitations; $10.2 million of which would reduce the income tax provision for continuing operations.

NOTE 3—BUSINESS COMBINATION

On October 28, 2015, Match Group completed the acquisition of Plentyoffish Media Inc. ("PlentyOfFish"), a leading provider of subscription-based and ad-supported online personals servicing North America, Europe, Latin America and Australia. Services are provided through websites and mobile applications that PlentyOfFish owns and operates. The purchase price was $574.1 million in cash and is net of a $0.9 million working capital adjustment paid to Match Group in the second quarter of 2016. The financial results of PlentyOfFish are included in the Company's consolidated financial statements, within the Match Group segment, beginning October 28, 2015.

The table below summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	(In thousands)
Cash and cash equivalents	$ 4,626
Other current assets	4,460
Computer and other equipment	2,990
Goodwill	488,644
Intangible assets	84,100
Other non-current assets	1,073
Total assets	585,893
Current liabilities	(6,418)
Other long-term liabilities	(5,325)
Net assets acquired	$ 574,150

The purchase price was based on the expected financial performance of PlentyOfFish, not on the value of the net identifiable assets at the time of acquisition, which resulted in a significant portion of the purchase price being attributed to goodwill. The expected financial performance of PlentyOfFish reflects that it is complementary and synergistic to the existing Match Group dating businesses.

Intangible assets are as follows:

	(In thousands)	Weighted-Average Useful Life (Years)
Indefinite-lived trade name	$ 66,300	Indefinite
Customer relationships	10,100	Less than 1
New registrants	3,100	Less than 1
Non-compete agreement	3,000	5
Developed technology	1,600	2
Total intangible assets acquired	$ 84,100	

PlentyOfFish's other current assets, property and equipment, other non-current assets, current liabilities and other long-term liabilities were reviewed and adjusted to their fair values at the date of acquisition, as necessary. The fair values of trade names, customer relationships and the non-compete agreement were determined using variations of the income approach; specifically, in respective order, the relief from royalty, excess earnings and with or without methodologies. The fair values of new registrants and developed technology were determined using a cost approach that utilized the cost to replace methodology. The valuations of the intangible assets incorporate significant unobservable inputs and require significant judgment and estimates, including the amount and timing of future cash flows and the determination of royalty and discount rates. The amount attributed to goodwill is not tax deductible.

Pro forma Financial Information

The unaudited pro forma financial information in the table below presents the combined results of the Company and PlentyOfFish as if the acquisition of PlentyOfFish had occurred on January 1, 2015. The pro forma financial information includes adjustments required under the acquisition method of accounting and is presented for informational purposes only and is not necessarily indicative of what the results would have been had the acquisition actually occurred on January 1, 2015. For the three and six months ended June 30, 2015, pro forma adjustments reflected below include decreases to revenue of $1.7 million and $8.3 million, respectively, related to the write-off of deferred revenue at the date of acquisition and increases of $5.2 million and $9.0 million, respectively, in amortization of intangible assets.

	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
	(In thousands, except per share data)	
Revenue	$790,486	$1,575,155
Net earnings attributable to IAC shareholders	$62,746	$89,947
Basic earnings per share attributable to IAC shareholders	$0.76	$1.08
Diluted earnings per share attributable to IAC shareholders	$0.72	$1.02

NOTE 4—GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets, net are as follows:

	June 30, 2016	December 31, 2015
	(In thousands)	
Goodwill	$1,937,675	$ 2,245,364
Intangible assets with indefinite lives	336,078	380,137
Intangible assets with definite lives, net	59,184	60,691
Total goodwill and intangible assets, net	$2,332,937	$ 2,686,192

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The following table presents the balance of goodwill by reportable segment, including the changes in the carrying value of goodwill, for the six months ended June 30, 2016:

	Balance at December 31, 2015	Additions	Deductions	Impairment	Foreign Exchange Translation	Balance at June 30, 2016
	(In thousands)					
Match Group	$1,293,109	$603	$(2,983)	$—	$ 16,448	$1,307,177
HomeAdvisor	150,251	—	—	—	103	150,354
Publishing	277,192	—	(1,968)	(275,367)	143	—
Applications	447,242	—	—	—	—	447,242
Video	15,590	9,649	—	—	—	25,239
Other	61,980	—	(55,117)	—	800	7,663
Total	$2,245,364	$ 10,252	$(60,068)	$(275,367)	$ 17,494	$1,937,675

The June 30, 2016 goodwill balance includes accumulated impairment losses of $598.0 million, $529.1 million, $11.6 million and $42.1 million at Publishing, Applications, Connected Ventures (included in the Video segment), and ShoeBuy (included in the Other segment), respectively.

The additions primarily relate to the acquisition of VHX (included in the Video segment). The deductions primarily relate to the sale of PriceRunner (included in the Other segment).

The Company performs its annual impairment assessment of goodwill and indefinite-lived intangible assets as of October 1. In each reporting period, the Company assesses whether any events have occurred or circumstances have changed that would make it more likely than not that the carrying values of its reporting units and indefinite-lived intangible assets are in excess of their respective fair values. If the Company so concludes, the Company updates its estimate of the fair value of the applicable reporting unit and/or indefinite-lived intangible asset. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying value of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying value to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying value of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to the excess. Similarly, if the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment is recorded equal to the excess.

The Company concluded that it was more likely than not that the carrying value of the Publishing reporting unit and its indefinite-lived intangible assets were in excess of their respective fair values as of June 30, 2016 and, therefore, updated its estimated fair values of these assets as of that date. This conclusion was based upon the impact of new Google contract, traffic trends and monetization challenges and the anticipated corresponding impact on our estimate of fair value. In performing the first step of the goodwill impairment assessment, the Company determined the fair value of the Publishing reporting unit using both an income approach based on discounted cash flows ("DCF") and a market approach. Determining fair value using a DCF analysis requires the exercise of significant judgment with respect to several items, including judgment about the amount and timing of expected future cash flows and appropriate discount rates. The expected cash flows used in the Publishing DCF analysis were based on the Company's most recent forecast for the second half of 2016 and each of the years in the forecast period, which were updated to include the effects of the new Google contract, traffic trends and monetization challenges and the cost savings from our restructuring efforts. For years beyond the forecast period, the Company's estimated cash flows were based on forecasted growth rates. The discount rate used in the DCF analysis reflects the risks inherent in the expected future cash flows of the Publishing reporting unit. Determining fair value using a market approach considers multiples of financial metrics based on both acquisitions and trading multiples of a selected peer group of companies. From the comparable companies, a representative market multiple was determined which was applied to financial metrics to estimate the fair value of the Publishing reporting unit. To determine a peer group of companies for Publishing, we considered companies relevant in

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terms of consumer use, monetization model, margin and growth characteristics and brand strength operating in their respective sectors.

The second step of the impairment calculation is to determine the fair value of the goodwill of the Publishing reporting unit. The estimated fair value of the Publishing reporting unit was allocated to all of its assets and liabilities (which included unrecognized intangible assets) as if the Publishing reporting unit had been acquired in a business combination on June 30, 2016 and the fair value of the reporting unit was the purchase price paid. Publishing's other current assets, property and equipment, other non-current assets, current liabilities and other long-term liabilities were reviewed and adjusted to their fair values at June 30, 2016 as necessary. The fair values of trade names, advertiser relationships, and certain existing content at About.com were determined using variations of the income approach; specifically, in respective order, the relief from royalty, with or without and excess earnings methodologies. The fair values of developed technology and certain existing content at Investopedia were determined using a cost approach that utilized the cost to replace methodology. The valuations of the intangible assets incorporate significant unobservable inputs and require significant judgment and estimates, including the amount and timing of future cash flows and the determination of royalty and discount rates. The fair value of the goodwill of the Publishing reporting unit was determined to be zero and an impairment of the entire goodwill balance of $275.4 million was recognized in the second quarter of 2016. The goodwill impairment charge is a preliminary estimate that will be finalized in the third quarter of 2016.

The Company also recorded impairments of $11.6 million of certain trade names and trademarks in the second quarter of 2016. The impairments were due to reduced level of revenue and profits, which, in turn, also led to a reduction in the assumed royalty rates for these assets. The royalty rates used to value the trade names that were impaired ranged from 2% to 6% and the discount rate that was used reflects the risks inherent in the expected future cash flows of the trade names and trademarks.

The following table presents the balance of goodwill by reportable segment, including the changes in the carrying value of goodwill, for the year ended December 31, 2015:

	Balance at December 31, 2014	Additions	Impairment	Foreign Exchange Translation	Allocation of IAC's former Search & Applications Segment Goodwill Based on Relative Fair Value	Balance at December 31, 2015
	(In thousands)					
Search & Applications [a]	$774,822	$1,450	$—	$(1,230)	$(775,042)	$—
Match Group	791,474	547,910	—	(46,275)	—	1,293,109
HomeAdvisor	151,321	—	—	(1,070)	—	150,251
Publishing	—	3,504	—	963	272,725	277,192
Applications	—	—	—	—	447,242	447,242
Video	15,590	—	—	—	—	15,590
Other	21,719	—	(14,056)	(758)	55,075	61,980
Total	$1,754,926	$552,864	$(14,056)	$(48,370)	$—	$2,245,364

[a] Prior to the fourth quarter of 2015, Search & Applications was a reportable segment consisting of one operating segment and one reporting unit. In the fourth quarter of 2015, Search &Applications was split into three new operating

segments and reporting units: Publishing, Applications and PriceRunner (included in the Other segment). The goodwill of Search & Applications was allocated to these three reporting units based upon their relative fair values as of October 1, 2015. It is not possible to reflect this allocation on a retrospective basis because of acquisitions and dispositions during the three years in the period ended December 31, 2015.

The additions primarily relate to Match Group's acquisitions of PlentyOfFish and Eureka. The goodwill impairment charge at ShoeBuy (included in the Other segment) was due to increased investment and the seasonal effect of high inventory levels as of October 1, 2015.

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The December 31, 2015 goodwill balance includes accumulated impairment losses of $322.6 million, $529.1 million and $65.2 million, which were re-allocated from the former Search & Applications segment, to Publishing, Applications and PriceRunner (included in the Other segment), respectively, based on their relative fair values as of October 1, 2015 following the change in reportable segments that occurred during the fourth quarter of 2015. The goodwill balance at December 31, 2015 also includes accumulated impairment losses of $11.6 million and $42.1 million at Connected Ventures (included in the Video segment) and ShoeBuy (included in the Other segment), respectively.

Intangible assets with indefinite lives are trade names and trademarks acquired in various acquisitions. During the second quarter of 2016, the Company changed the classification of certain intangibles from indefinite-lived to definite-lived at Publishing. In addition, in connection with the goodwill impairment charge at Publishing described above, the Company recorded an $11.6 million impairment charge on certain indefinite-lived trade names. The impairment charge is included in "Amortization of intangibles" in the accompanying consolidated statement of operations. At June 30, 2016 and December 31, 2015, intangible assets with definite lives are as follows:

	June 30, 2016			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Useful Life (Years)
	(In thousands)			
Trade names	$65,746	$(42,385)	$23,361	3.2
Content	62,082	(53,228)	8,854	4.1
Technology	56,474	(39,205)	17,269	3.3
Customer lists	28,443	(22,709)	5,734	2.2
Advertiser and supplier relationships and other	10,346	(6,380)	3,966	4.3
Total	$223,091	$(163,907)	$59,184	3.4

	December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Useful Life (Years)
	(In thousands)			
Content	$62,082	$(48,937)	$13,145	4.1
Technology	55,487	(37,012)	18,475	3.2
Trade names	32,123	(26,268)	5,855	2.5
Customer lists	28,836	(13,078)	15,758	2.1
Advertiser and supplier relationships and other	15,709	(8,251)	7,458	4.2
Total	$194,237	$(133,546)	$60,691	3.3

At June 30, 2016, amortization of intangible assets with definite lives for each of the next five years is estimated to be as follows:

For the twelve months ending June 30,	(In thousands)
2017	$ 32,581
2018	14,896
2019	7,044
2020	4,463
2021	200
Total	$ 59,184

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NOTE 5—MARKETABLE SECURITIES

At June 30, 2016, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Corporate debt securities	$29,614	$ 45	$ (15)	$29,644
Treasury discount notes	44,949	23	—	44,972
Total debt securities	74,563	68	(15)	74,616
Equity security	4,385	207	—	4,592
Total marketable securities	$78,948	$ 275	$ (15)	$79,208

At December 31, 2015, current available-for-sale marketable securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Corporate debt securities	$27,765	$ —	$ (187)	$27,578
Equity security	8,659	2,963	—	11,622
Total marketable securities	$36,424	$ 2,963	$ (187)	$39,200

The unrealized gains and losses in the tables above are included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. The gross unrealized losses on the marketable debt securities relate primarily to changes in interest rates. The Company does not consider the gross unrealized losses to be other-than-temporary because the Company does not intend to sell the marketable debt securities that generated the gross unrealized losses at June 30, 2016, and it is not more likely than not that the Company will be required to sell these securities before recovery of their amortized cost bases, which may be maturity. The aggregate fair value of available-for-sale marketable debt securities with unrealized losses is $17.3 million as of June 30, 2016. There is one investment in current available-for-sale marketable debt securities that has been in a continuous unrealized loss position for longer than twelve months as of June 30, 2016.

The contractual maturities of debt securities classified as current available-for-sale at June 30, 2016 are as follows:

	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	$69,536	$69,551
Due after one year through five years	5,027	5,065
Total	$74,563	$74,616

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The following table presents the proceeds from maturities and sales of current and non-current available-for-sale marketable securities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Proceeds from maturities and sales of available-for-sale marketable securities	$44,216	$8,563	$54,216	$14,613
Gross realized gains	3,125	5	3,125	5

There were no gross realized losses from the maturities and sales of available-for-sale marketable securities for the three and six months ended June 30, 2016 and 2015.

Gross realized gains from the maturities and sales of available-for-sale marketable securities and losses that were deemed to be other-than-temporary are included in "Other (expense) income, net" in the accompanying consolidated statement of operations.

The specific-identification method is used to determine the cost of securities sold and the amount of unrealized gains and losses reclassified out of accumulated other comprehensive income (loss) into earnings.

NOTE 6—FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company categorizes its financial instruments measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.
- Level 2: Other inputs, which are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair values of the Company's Level 2 financial assets are primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case an average market price is used.
- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the assets or liabilities. See below for a discussion of fair value measurements made using Level 3 inputs.

The following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

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	June 30, 2016			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$523,659	$ —	$ —	$ 523,659
Time deposits	—	125,192	—	125,192
Treasury discount notes	62,496	—	—	62,496
Commercial paper	—	93,989	—	93,989
Marketable securities:				
Corporate debt securities	—	29,644	—	29,644
Treasury discount notes	44,972	—	—	44,972
Equity security	4,592	—	—	4,592
Total	$635,719	$ 248,825	$ —	$ 884,544
Liabilities:				
Contingent consideration arrangements	$—	$—	$ (45,526)	$ (45,526)

	December 31, 2015			
	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$601,848	$ —	$ —	$ 601,848
Time deposits	—	125,038	—	125,038
Commercial paper	—	302,418	—	302,418
Marketable securities:				
Corporate debt securities	—	27,578	—	27,578
Equity security	11,622	—	—	11,622
Long-term investments:				
Auction rate security	—	—	4,050	4,050

Marketable equity security	7,542	—	—	7,542
Total	$621,012	$455,034	$4,050	$1,080,096
Liabilities:				
Contingent consideration arrangements	$—	$—	$(33,873)	$(33,873)

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The following tables present the changes in the Company's financial instruments that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Three Months Ended June 30,		
	2016	2015	
	Contingent Consideration Arrangements	Auction Rate Security	Contingent Consideration Arrangements
	(In thousands)		
Balance at April 1	$(37,243)	$6,190	$ (20,964)
Total net (losses) gains:			
Included in earnings:			
Fair value adjustments	(6,801)	—	9,950
Foreign currency exchange losses	—	—	(4)
Included in other comprehensive (loss) income	(3,375)	440	384
Fair value at date of acquisition	55	—	(26,749)
Settlements	1,838	—	5,525
Balance at June 30	$(45,526)	$6,630	$ (31,858)

	Six Months Ended June 30,			
	2016		2015	
	Auction Rate Security	Contingent Consideration Arrangements	Auction Rate Security	Contingent Consideration Arrangements
	(In thousands)			
Balance at January 1	$4,050	$ (33,873)	$6,070	$ (30,140)
Total net (losses) gains:				
Included in earnings:				
Fair value adjustments	—	(10,470)	—	16,946
Foreign currency exchange gains	—	—	—	626
Included in other comprehensive income (loss)	5,950	(5,281)	560	2,117
Fair value at date of acquisition		1,948	—	(27,112)
Settlements	—	2,150	—	5,705
Proceeds from sale	(10,000)	—	—	—
Balance at June 30	$—	$ (45,526)	$6,630	$ (31,858)

Contingent Consideration Arrangements

As of June 30, 2016, there are eight contingent consideration arrangements related to business acquisitions. Seven of the contingent consideration arrangements have limits as to the maximum amount that can be paid; the maximum contingent payments related to these arrangements are $141.8 million and the fair value of these arrangements at June 30, 2016 is $45.4 million. The fair value of the one contingent consideration arrangement without a limit on the maximum amount is $0.1 million at June 30, 2016.

The contingent consideration arrangements are generally based upon earnings performance and/or operating metrics such as monthly active users. The Company determines the fair value of the contingent consideration arrangements by using probability-weighted analyses to determine the amounts of the gross liability, and, if the arrangement is long-term in nature, applying a discount rate that appropriately captures the risks associated with the obligation to determine the net amount reflected in the consolidated financial statements. The number of scenarios in the probability-weighted analyses can vary;

generally, more scenarios are prepared for longer duration and more complex arrangements. The fair values of the contingent consideration arrangements at June 30, 2016 reflect discount rates ranging from 12% to 25%.

The fair values of the contingent consideration arrangements are sensitive to changes in the forecasts of earnings and/or the relevant operating metrics and changes in discount rates. The Company remeasures the fair value of the contingent consideration arrangements each reporting period, including the accretion of the discount, if applicable, and changes are recognized in “General and administrative expense” in the accompanying consolidated statement of operations. The contingent consideration arrangement liability at June 30, 2016 and December 31, 2015 includes a current portion of $10.8 million and $2.6 million, respectively, and non-current portion of $34.7 million and $31.2 million, respectively, which are included in “Accrued expenses and other current liabilities” and “Other long-term liabilities,” respectively, in the accompanying consolidated balance sheet.

Marketable equity security

The cost basis of the Company's long-term marketable equity security at December 31, 2015 was $5.0 million, with gross unrealized gains of $2.6 million. The gross unrealized gains at December 31, 2015 was included in "Accumulated other comprehensive loss" in the accompanying consolidated balance sheet. During the second quarter of 2016 this marketable equity security was classified as short-term due to the Company's decision to sell this security.

Assets measured at fair value on a nonrecurring basis

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment, as well as equity and cost method investments, are adjusted to fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs. See Note 4 for additional information on the Publishing goodwill and indefinite-lived intangible asset impairment charges.

Cost method investments

At June 30, 2016 and December 31, 2015, the carrying values of the Company's investments accounted for under the cost method totaled $116.5 million and $114.5 million, respectively, and are included in "Long-term investments" in the accompanying consolidated balance sheet. The Company evaluates each cost method investment for impairment on a quarterly basis and recognizes an impairment loss if a decline in value is determined to be other-than-temporary. If the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of a cost method investment, then the fair value of such cost method investment is not estimated, as it is impracticable to do so.

Financial instruments measured at fair value only for disclosure purposes

The following table presents the carrying value and the fair value of financial instruments measured at fair value only for disclosure purposes:

	June 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Current portion of long-term debt	$(50,000)	$(52,025)	$(40,000)	$(39,850)
Long-term debt, net of current portion	(1,655,259)	(1,722,286)	(1,726,954)	(1,761,601)

The fair value of long-term debt, including the current portion, is estimated using market prices or indices for similar liabilities and takes into consideration other factors such as credit quality and maturity, which are Level 3 inputs.

NOTE 7—LONG-TERM DEBT

Long-term debt consists of:

	June 30, 2016	December 31, 2015
	(In thousands)	
Match Group Debt:		
6.375% Senior Notes due June 1, 2024 (the "2016 Match Group Senior Notes"); interest payable each June 1 and December 1, which commences December 1, 2016	$400,000	$—
6.75% Senior Notes due December 15, 2022 (the "2015 Match Group Senior Notes"); interest payable each June 15 and December 15, which commenced June 15, 2016	445,172	445,172
Match Group Term Loan due November 16, 2022[a]	390,000	800,000
Total Match Group long-term debt	1,235,172	1,245,172
Less: Current maturities of Match Group long-term debt	—	40,000
Less: Unamortized original issue discount and original issue premium, net	5,308	11,691
Less: Unamortized debt issuance costs	15,076	16,610
Total Match Group debt, net of current maturities	1,214,788	1,176,871
IAC Debt:		
4.875% Senior Notes due November 30, 2018 (the "2013 Senior Notes"); interest payable each May 30 and November 30, which commenced May 30, 2014	445,003	500,000
4.75% Senior Notes due December 15, 2022 (the "2012 Senior Notes"); interest payable each June 15 and December 15, which commenced June 15, 2013	48,619	54,732
Total IAC long-term debt	493,622	554,732
Less: Current portion of IAC long-term debt	50,000	—
Less: Unamortized debt issuance costs	3,151	4,649
Total IAC debt, net of current portion	440,471	550,083
Total long-term debt, net of current portion	$1,655,259	$1,726,954

[a] The Match Group Term Loan matures on November 16, 2022; provided that, if any of the 2015 Match Group Senior Notes remain outstanding on the date that is 91 days prior to the maturity date of the 2015 Match Group Senior Notes, the Match Group Term Loan maturity date shall be the date that is 91 days prior to the maturity date of the 2015 Match Group Senior Notes.

Match Group Senior Notes:

The 2016 Match Group Senior Notes were issued on June 1, 2016. The proceeds of $400 million were used to repay a portion of indebtedness outstanding under the Match Group Term Loan. At any time prior to June 1, 2019, these notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at the redemption prices set forth below, together with accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

Year	Percentage
2019	104.781 %
2020	103.188 %
2021	101.594 %
2022 and thereafter	100.000 %

The 2015 Match Group Senior Notes were issued on November 16, 2015, in exchange for a portion of the IAC 2012 Senior Notes (the "Match Exchange Offer").

The indentures governing the 2016 and 2015 Match Group Senior Notes contain covenants that would limit Match Group's ability to pay dividends or to make distributions and repurchase or redeem Match Group stock in the event a default has occurred or Match Group's leverage ratio (as defined in the indentures) exceeds 5.0 to 1.0. At June 30, 2016, there were no limitations pursuant thereto. There are additional covenants that limit Match Group's ability and the ability of its subsidiaries to, among other things, (i) incur indebtedness, make investments, or sell assets in the event Match Group is not in compliance with the financial ratio set forth in the indenture, and (ii) incur liens, enter into agreements restricting Match Group subsidiaries' ability to pay dividends, enter into transactions with affiliates and consolidate, merge or sell substantially all of their assets.

Match Group Term Loan and Match Group Credit Facility:

On November 16, 2015, under a credit agreement (the "Match Group Credit Agreement"), the Match Group borrowed $800 million in the form of a term loan (the "Match Group Term Loan"). On March 31, 2016, the Company made a $10 million principal payment on the Match Group Term Loan. In addition, on June 1, 2016, the $400 million in proceeds from the 2016 Match Group Senior Notes were used to repay a portion of the Match Group Term Loan. The remaining principal balance at June 30, 2016 of $390 million is due at maturity. The Match Group Term Loan would require additional annual principal payments as part of an excess cash flow sweep provision, the amount of which, if any, is governed by the secured net leverage ratio contained in the Match Group Credit Agreement. The Match Group Term Loan bears interest, at our option, at a base rate or LIBOR, plus 3.50% or 4.50%, respectively, and in the case of LIBOR, a floor of 1.00%. Interest payments are due at least semi-annually through the term of the loan.

Match Group has a $500 million revolving credit facility (the "Match Group Credit Facility") that expires on October 7, 2020. At June 30, 2016 and December 31, 2015, there were no outstanding borrowings under the Match Group Credit Facility. The annual commitment fee on undrawn funds based on the current leverage ratio is 30 basis points. Borrowings under the Match Group Credit Facility bear interest, at Match Group's option, at a base rate or LIBOR, in each case plus an applicable margin, which is determined by reference to a pricing grid based on Match Group's consolidated net leverage ratio. The terms of the Match Group Credit Facility require Match Group to maintain a leverage ratio of not more than 5.0 to 1.0 and a minimum interest coverage ratio of not less than 2.5 to 1.0.

There are additional covenants under the Match Group Credit Facility and the Match Group Term Loan that limit the ability of Match Group and its subsidiaries to, among other things, incur indebtedness, pay dividends or make distributions. While the Match Group Term Loan remains outstanding, these same covenants under the Match Group Credit Agreement are more restrictive than the covenants that are applicable to the Match Group Credit Facility.

Obligations under the Match Group Credit Facility and Match Group Term Loan are unconditionally guaranteed by certain Match Group wholly-owned domestic subsidiaries, and are also secured by the stock of certain Match Group domestic and foreign subsidiaries. The Match Group Term Loan and outstanding borrowings, if any, under the Match Group Credit Facility rank equally with each other, and have priority over the 2016 and 2015 Match Group Senior Notes to the extent of the value of the assets securing the borrowings under the Match Group Credit Agreement.

IAC Senior Notes:

The 2013 and 2012 Senior Notes were issued by IAC on November 15, 2013 and December 21, 2012, respectively. The 2013 and 2012 Senior Notes are unconditionally guaranteed by certain wholly-owned domestic subsidiaries, which are designated as guarantor subsidiaries. The guarantor subsidiaries are the same for the 2013 and 2012 Senior Notes. See Note 14 for guarantor and non-guarantor financial information.

The indenture governing the 2013 Senior Notes contains covenants that would limit our ability to pay dividends or to make distributions and repurchase or redeem our stock in the event a default has occurred or our leverage ratio (as defined in the indenture) exceeds 3.0 to 1.0. At June 30, 2016, there were no limitations pursuant thereto. There are additional covenants that limit the Company's ability and the ability of its restricted subsidiaries to, among other things, (i) incur indebtedness, make investments, or sell assets in the event we are not in compliance with the financial ratio set forth in the indenture, and (ii) incur liens, enter into agreements limiting our restricted subsidiaries' ability to pay dividends, enter into transactions with affiliates and consolidate, merge or sell substantially all of our assets. The indenture governing the 2012 Senior Notes was amended to eliminate substantially all of the restrictive covenants contained therein in connection with the Match Exchange Offer.

IAC Credit Facility:

IAC has a $300 million revolving credit facility (the "IAC Credit Facility") that expires October 7, 2020. At June 30, 2016 and December 31, 2015, there were no outstanding borrowings under the IAC Credit Facility. The annual commitment fee on undrawn funds is currently 35 basis points, and is based on the leverage ratio most recently reported. Borrowings under the IAC Credit Facility bear interest, at the Company's option, at a base rate or LIBOR, in each case, plus an applicable margin, which is determined by reference to a pricing grid based on the Company's leverage ratio. The terms of the IAC Credit Facility require that the Company maintains a leverage ratio (as defined in the agreement) of not more than 3.25 to 1.0 and restrict our ability to incur additional indebtedness. Borrowings under the IAC Credit Facility are unconditionally guaranteed by the same domestic subsidiaries that guarantee the 2013 and 2012 Senior Notes and are also secured by the stock of certain of our domestic and foreign subsidiaries. The 2013 Senior Notes and 2012 Senior Notes rank equally with each other, and are subordinate to outstanding borrowings under the IAC Credit Facility.

NOTE 8—ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the components of accumulated other comprehensive (loss) income and items reclassified out of accumulated other comprehensive loss into earnings:

	Three Months Ended June 30, 2016		
	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) On Available-For-Sale Securities	Accumulated Other Comprehensive Loss
	(In thousands)		
Balance as of April 1	$(118,485)	$ 7,521	$ (110,964)
Other comprehensive loss before reclassifications, net of tax benefit of $0.5 million related to unrealized losses on available-for-sale securities	(5,588)	(683)	(6,271)
Amounts reclassified to earnings	2,461	(2,633) [(a)]	(172)
Net current period other comprehensive loss	(3,127)	(3,316)	(6,443)
Balance as of June 30	$(121,612)	$ 4,205	$ (117,407)

(a) Amount is net of a tax provision of less than $0.1 million.

	Three Months Ended June 30, 2015		
	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains On Available-For-Sale Securities	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance as of April 1	$(143,182)	$ (91)	$ (143,273)
Other comprehensive income, net of tax benefit of $0.2 million related to unrealized losses on available-for-sale securities	9,287	3,528	12,815
Amounts reclassified to earnings related to unrealized losses on available-for-sale securities, net of a tax benefit of $0.1 million	—	163	163
Net current period other comprehensive income	9,287	3,691	12,978

Balance as of June 30	$(133,895)	$ 3,600	$ (130,295)

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	Six Months Ended June 30, 2016		
	Foreign Currency Translation Adjustment	Unrealized Gains On Available-For-Sale Securities	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance as of January 1	$(154,645)	$ 2,542	$ (152,103)
Other comprehensive income before reclassifications, net of tax benefit of $0.8 million related to unrealized losses on available-for-sale securities	1,594	4,754	6,348
Amounts reclassified to earnings	9,850	(2,633) [(b)]	7,217
Net current period other comprehensive income	11,444	2,121	13,565
Reallocation of accumulated other comprehensive loss (income) related to the noncontrolling interests created in the Match Group initial public offering	21,589	(458)	21,131
Balance as of June 30	$(121,612)	$ 4,205	$ (117,407)

(b) Amount is net of a tax provision of less than $0.1 million.

	Six Months Ended June 30, 2015		
	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains On Available-For-Sale Securities	Accumulated Other Comprehensive (Loss) Income
	(In thousands)		
Balance as of January 1	$(86,848)	$ (852)	$ (87,700)
Other comprehensive (loss) income, net of tax benefit of $0.3 million related to unrealized losses on available-for-sale securities	(47,047)	4,289	(42,758)
Amounts reclassified to earnings related to unrealized losses on available-for-sale securities, net of a tax benefit of $0.1 million	—	$ 163	163
Net current period other comprehensive (loss) income	(47,047)	4,452	(42,595)
Balance as of June 30	$(133,895)	$ 3,600	$ (130,295)

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NOTE 9—(LOSS) EARNINGS PER SHARE

The following tables set forth the computation of basic and diluted (loss) earnings per share attributable to IAC shareholders.

	Three Months Ended June 30,			
	2016		2015	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
(Loss) earnings from continuing operations	$(190,542)	$(190,542)	$57,885	$57,885
Net (earnings) loss attributable to noncontrolling interests	(4,233)	(4,233)	1,573	1,573
Impact from Match Group's dilutive securities[(a)(b)]	—	—	—	—
(Loss) earnings from continuing operations attributable to IAC shareholders	(194,775)	(194,775)	59,458	59,458
Loss from discontinued operations attributable to IAC shareholders	—	—	(153)	(153)
Net (loss) earnings attributable to IAC shareholders	$(194,775)	$(194,775)	$59,305	$59,305
Denominator:				
Weighted average basic shares outstanding	79,523	79,523	82,416	82,416
Dilutive securities including subsidiary denominated equity, stock options and RSUs[(c)(d)]	—	—	—	4,674
Denominator for earnings per share—weighted average shares[(c)(d)]	79,523	79,523	82,416	87,090
(Loss) earnings per share attributable to IAC shareholders:				
(Loss) earnings per share from continuing operations	$(2.45)	$(2.45)	$0.72	$0.68
Discontinued operations	—	—	—	—
(Loss) earnings per share	$(2.45)	$(2.45)	$0.72	$0.68

	Six Months Ended June 30,			
	2016		2015	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
(Loss) earnings from continuing operations	$(182,608)	$(182,608)	$79,748	$79,748
Net (earnings) loss attributable to noncontrolling interests	(3,885)	(3,885)	5,990	5,990
Impact from Match Group's dilutive securities[(a)(b)]	—	—	—	—
(Loss) earnings from continuing operations attributable to IAC shareholders	(186,493)	(186,493)	85,738	85,738
Loss from discontinued operations attributable to IAC shareholders	—	—	(28)	(28)
Net (loss) earnings attributable to IAC shareholders	$(186,493)	$(186,493)	$85,710	$85,710
Denominator:				
Weighted average basic shares outstanding	80,775	80,775	82,932	82,932
Dilutive securities including subsidiary denominated equity, stock options and RSUs[(c)(d)]	—	—	—	4,989
Denominator for earnings per share—weighted average shares[(c)(d)]	80,775	80,775	82,932	87,921
(Loss) earnings per share attributable to IAC shareholders:				
(Loss) earnings per share from continuing operations	$(2.31)	$(2.31)	$1.03	$0.98
Discontinued operations	—	—	—	(0.01)
(Loss) earnings per share	$(2.31)	$(2.31)	$1.03	$0.97

(a) The impact on earnings of Match Group's dilutive securities is not applicable for the three and six months ended June 30, 2015 as it was a wholly-owned subsidiary of the Company until its IPO on November 24, 2015.
(b) For the three and six months ended June 30, 2016, the impact on earnings related to Match Group's dilutive securities under the if-converted method are excluded as the impact is anti-dilutive.
(c) For the three and six months ended June 30, 2016, the Company had a loss from continuing operations and as a result, approximately 10.1 million potentially dilutive securities were excluded from computing dilutive earnings per share because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute all earnings per share amounts.
(d) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of subsidiary denominated equity and stock options and vesting of restricted stock units ("RSUs"). For the three and six months ended June 30, 2015, 1.0 million and 1.2 million potentially dilutive securities, respectively, are excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

NOTE 10—SEGMENT INFORMATION

The overall concept that IAC employs in determining its operating segments is to present the financial information in a manner consistent with: how the chief operating decision maker views the businesses; how the businesses are organized as to segment management; and the focus of the businesses with regards to the types of services or products offered or the target market. Operating segments are combined for reporting purposes if they meet certain aggregation criteria, which principally relate to the similarity of their economic characteristics or, in the case of the Other reportable segment, do not meet the quantitative thresholds that require presentation as separate operating segments.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Revenue:				
Match Group	$301,119	$248,817	$586,402	$483,886
HomeAdvisor	130,173	94,150	241,662	169,994
Publishing	85,291	154,447	251,293	333,472
Applications	143,157	190,801	302,953	388,268
Video	47,311	40,720	102,406	87,192
Other	38,484	42,318	80,116	81,171
Inter-segment eliminations	(96)	(121)	(214)	(339)
Total	$745,439	$771,132	$1,564,618	$1,543,644

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Operating Income (Loss):				
Match Group	$73,668	$40,522	$102,856	$67,562
HomeAdvisor	11,910	1,589	13,824	(2,408)
Publishing	(316,934)	10,160	(310,158)	29,536
Applications	18,921	52,631	46,599	91,537
Video	(5,039)	(10,457)	(22,524)	(30,926)
Other	(1,686)	(399)	(1,788)	(940)
Corporate	(33,286)	(31,277)	(59,838)	(56,473)
Total	$(252,446)	$62,769	$(231,029)	$97,888

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Adjusted EBITDA:[(a)]				
Match Group	$100,120	$63,448	$164,706	$96,698
HomeAdvisor	15,016	4,700	19,982	3,864
Publishing	(11,845)	17,337	(431)	43,990
Applications	29,082	49,095	60,140	94,644
Video	(3,975)	(12,135)	(20,876)	(31,841)
Other	(944)	878	115	1,600
Corporate	(15,418)	(14,644)	(25,714)	(25,119)
Total	$112,036	$108,679	$197,922	$183,836

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	June 30, 2016	December 31, 2015
	(In thousands)	
Segment Assets:[b]		
Match Group	$411,832	$329,269
HomeAdvisor	51,937	32,112
Publishing	457,116	390,951
Applications	94,192	108,997
Video	92,268	90,671
Other	26,229	64,550
Corporate	1,193,511	1,485,949
Total	$2,327,085	$2,502,499

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[a] The Company's primary financial measure is Adjusted EBITDA, which is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and impairments of goodwill and intangible assets, if applicable, and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. The Company believes this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business, from which capital investments are made and debt is serviced. Adjusted EBITDA has certain limitations in that it does not take into account the impact to IAC's statement of operations of certain expenses.

[b] Consistent with the Company's primary metric (described in (a) above), the Company excludes, if applicable, goodwill and intangible assets from the measure of segment assets presented above.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Revenue:				
United States	$549,725	$566,224	$1,154,216	$1,136,237
All other countries	195,714	204,908	410,402	407,407
Total	$745,439	$771,132	$1,564,618	$1,543,644

	June 30, 2016	December 31, 2015
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$283,208	$ 279,913
All other countries	23,791	22,904
Total	$306,999	$ 302,817

The following tables reconcile operating income (loss) for the Company's reportable segments and net earnings attributable to IAC shareholders to Adjusted EBITDA:

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	Three Months Ended June 30, 2016						
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Goodwill Impairment	Adjusted EBITDA
	(In thousands)						
Match Group	$73,668	$ 12,698	$ 8,090	$ 6,419	$ (755)	$—	$100,120
HomeAdvisor	11,910	408	1,925	773	—	—	15,016
Publishing	(316,934)	—	2,148	27,574	—	275,367	(11,845)
Applications	18,921	—	1,082	1,523	7,556	—	29,082
Video	(5,039)	—	477	587	—	—	(3,975)
Other	(1,686)	—	643	99	—	—	(944)
Corporate	(33,286)	14,658	3,210	—	—	—	(15,418)
Total	(252,446)	$ 27,764	$ 17,575	$ 36,975	$ 6,801	$275,367	$112,036
Interest expense	(27,644)						
Other expense, net	(7,192)						
Loss from continuing operations before income taxes	(287,282)						
Income tax benefit	96,740						
Loss from continuing operations	(190,542)						
Loss from discontinued operations, net of tax	—						
Net loss	(190,542)						
Net earnings attributable to noncontrolling interests	(4,233)						
Net loss attributable to IAC shareholders	$(194,775)						

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	Three Months Ended June 30, 2015					
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group	$40,522	$ 11,626	$ 6,622	$ 5,901	$ (1,223)	$63,448
HomeAdvisor	1,589	420	1,589	1,102	—	4,700
Publishing	10,160	—	2,423	4,754	—	17,337
Applications	52,631	—	1,188	1,573	(6,297)	49,095
Video	(10,457)	147	226	379	(2,430)	(12,135)
Other	(399)	—	575	702	—	878
Corporate	(31,277)	13,756	2,877	—	—	(14,644)
Total	62,769	$ 25,949	$ 15,500	$ 14,411	$ (9,950)	$108,679
Interest expense	(15,214)					
Other expense, net	(1,638)					
Earnings from continuing operations before income taxes	45,917					
Income tax benefit	11,968					
Earnings from continuing operations	57,885					
Loss from discontinued operations, net of tax	(153)					
Net earnings	57,732					
Net loss attributable to noncontrolling interests	1,573					
Net earnings attributable to IAC shareholders	$59,305					

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	Six Months Ended June 30, 2016						
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Goodwill Impairment	Adjusted EBITDA
	(In thousands)						
Match Group	$102,856	$ 30,196	$ 14,577	$ 14,671	$ 2,406	$—	$164,706
HomeAdvisor	13,824	815	3,798	1,545	—	—	19,982
Publishing	(310,158)	—	4,337	30,023	—	275,367	(431)
Applications	46,599	—	2,231	3,054	8,256	—	60,140
Video	(22,524)	—	875	965	(192)	—	(20,876)
Other	(1,788)	—	1,366	537	—	—	115
Corporate	(59,838)	27,938	6,186	—	—	—	(25,714)
Total	(231,029)	$ 58,949	$ 33,370	$ 50,795	$ 10,470	$275,367	$197,922
Interest expense	(55,504)						
Other income, net	8,705						
Loss from continuing operations before income taxes	(277,828)						
Income tax benefit	95,220						
Loss from continuing operations	(182,608)						
Loss from discontinued operations, net of tax	—						
Net loss	(182,608)						
Net earnings attributable to noncontrolling interests	(3,885)						
Net loss attributable to IAC shareholders	$(186,493)						

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	Six Months Ended June 30, 2015					
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Acquisition-related Contingent Consideration Fair Value Adjustments	Adjusted EBITDA
	(In thousands)					
Match Group	$67,562	$ 17,925	$ 13,667	$ 9,778	$ (12,234)	$96,698
HomeAdvisor	(2,408)	840	3,140	2,292	—	3,864
Publishing	29,536	—	4,930	9,524	—	43,990
Applications	91,537	—	2,230	3,154	(2,277)	94,644
Video	(30,926)	294	424	802	(2,435)	(31,841)
Other	(940)	—	1,124	1,416	—	1,600
Corporate	(56,473)	25,801	5,553	—	—	(25,119)
Total	97,888	$ 44,860	$ 31,068	$ 26,966	$ (16,946)	$183,836
Interest expense	(29,278)					
Other income, net	5,350					
Earnings from continuing operations before income taxes	73,960					
Income tax benefit	5,788					
Earnings from continuing operations	79,748					
Loss from discontinued operations, net of tax	(28)					
Net earnings	79,720					
Net loss attributable to noncontrolling interests	5,990					
Net earnings attributable to IAC shareholders	$85,710					

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The following tables reconcile segment assets to total assets:

	June 30, 2016				
	Segment Assets	Goodwill	Indefinite-Lived Intangible Assets	Definite-Lived Intangible Assets	Total Assets
	(In thousands)				
Match Group	$411,832	$1,307,177	$ 246,894	$ 18,241	$1,984,144
HomeAdvisor	51,937	150,354	600	4,193	207,084
Publishing	457,116	—	15,004	24,362	496,482
Applications	94,192	447,242	60,600	4,910	606,944
Video	92,268	25,239	1,800	7,378	126,685
Other	26,229	7,663	11,180	100	45,172
Corporate[(a)]	1,193,511	—	—	—	1,193,511
Total	$2,327,085	$1,937,675	$ 336,078	$ 59,184	$4,660,022

	December 31, 2015				
	Segment Assets	Goodwill	Indefinite-Lived Intangible Assets	Definite-Lived Intangible Assets	Total Assets
	(In thousands)				
Match Group	$329,269	$1,293,109	$ 243,697	$ 32,711	$1,898,786
HomeAdvisor	32,112	150,251	600	5,727	188,690
Publishing	390,951	277,192	59,805	7,849	735,797
Applications	108,997	447,242	60,600	7,964	624,803
Video	90,671	15,590	1,800	3,343	111,404
Other	64,550	61,980	13,635	3,097	143,262
Corporate[(a)]	1,485,949	—	—	—	1,485,949
Total	$2,502,499	$2,245,364	$ 380,137	$ 60,691	$5,188,691

[(a)] Corporate assets consist primarily of cash and cash equivalents, marketable securities and IAC's headquarters building.

NOTE 11—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Other (expense) income, net consists of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
(Losses) gains on sale of businesses and investments	$(1,563)	$(42)	$13,137 [(a)]	$144
Foreign currency exchange gains (losses)	8,644	(1,311)	13,139	4,537
Interest income	1,116	1,242	2,762	2,473
Impairment on long-term investments	(400)	(500)	(2,702)	(500)
Loss on bond redemption	(1,714)	—	(3,113)	—
Loss on partial extinguishment of Match Group Term Loan	(11,056)	—	(11,056)	—
Other	(2,219)	(1,027)	(3,462)	(1,304)
Total	$(7,192)	$(1,638)	$8,705	$5,350

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[a] Includes a gain of $12.0 million related to PriceRunner, which was sold on March 18, 2016 and a loss of $3.7 million related to ASKfm, which was sold on June 30, 2016. PriceRunner's full year 2015 revenue, operating income and Adjusted EBITDA were $32.3 million, $9.7 million and $13.0 million, respectively. Included in PriceRunner's operating income were $2.9 million of depreciation and $0.4 million of amortization of intangibles. ASKfm's full year 2015 revenue, operating loss and Adjusted EBITDA loss were $10.9 million, $9.1 million and $6.1 million, respectively. Included in ASKfm's operating loss were $2.0 million of amortization of intangibles and $1.0 million of depreciation.

NOTE 12—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Non-Cash Transactions:

The Company recorded acquisition-related contingent consideration liabilities of $27.1 million during the six months ended June 30, 2015. See Note 6 for additional information on contingent consideration arrangements.

NOTE 13—CONTINGENCIES

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

NOTE 14—GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

The 2013 and 2012 Senior Notes are unconditionally guaranteed, jointly and severally, by certain domestic subsidiaries, which are 100% owned by the Company. The following tables present condensed consolidating financial information at June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016 and 2015 for: IAC, on a stand-alone basis; the combined guarantor subsidiaries of IAC; the combined non-guarantor subsidiaries of IAC; and IAC on a consolidated basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Balance sheet at June 30, 2016:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	IAC Consolidated
	(In thousands)				
Cash and cash equivalents	$680,859	$—	$ 565,125	$—	$ 1,245,984
Marketable securities	79,208	—	—	—	79,208
Accounts receivable, net	—	88,726	100,765	—	189,491
Other current assets	124,877	44,075	109,233	—	278,185
Intercompany receivables	—	634,253	1,157,945	(1,792,198)	—
Property and equipment, net	5,190	193,923	107,886	—	306,999
Goodwill	—	529,403	1,408,272	—	1,937,675
Intangible assets, net	—	106,734	288,528	—	395,262
Investment in subsidiaries	3,520,513	597,981	—	(4,118,494)	—
Other non-current assets	51,803	104,751	179,700	(109,036)	227,218
Total assets	$4,462,450	$2,299,846	$ 3,917,454	$(6,019,728)	$ 4,660,022
Current portion of long-term debt	$50,000	$—	$ —	$—	$ 50,000
Accounts payable, trade	3,089	37,191	21,469	—	61,749
Other current liabilities	28,622	105,392	446,443	—	580,457
Long-term debt, net of current portion	440,471	—	1,214,788	—	1,655,259
Income taxes payable	445	3,937	28,701	—	33,083
Intercompany liabilities	1,792,198	—	—	(1,792,198)	—
Other long-term liabilities	333,175	18,671	99,310	(109,036)	342,120
Redeemable noncontrolling interests	—	—	38,421	—	38,421
IAC shareholders' equity	1,814,450	2,134,655	1,983,839	(4,118,494)	1,814,450
Noncontrolling interests	—	—	84,483	—	84,483
Total liabilities and shareholders' equity	$4,462,450	$2,299,846	$ 3,917,454	$(6,019,728)	$ 4,660,022

IAC/INTERACTIVECORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Balance sheet at December 31, 2015:

	IAC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	IAC Consolidated
	(In thousands)				
Cash and cash equivalents	$1,073,053	$—	$ 408,394	$—	$ 1,481,447
Marketable securities	27,578	—	11,622	—	39,200
Accounts receivable, net	33	115,280	134,764	—	250,077
Other current assets	30,813	46,128	97,345	—	174,286
Intercompany receivables	—	637,324	963,146	(1,600,470)	—
Property and equipment, net	4,432	198,890	99,495	—	302,817
Goodwill	—	776,569	1,468,795	—	2,245,364
Intangible assets, net	—	135,817	305,011	—	440,828
Investment in subsidiaries	3,128,765	466,601	—	(3,595,366)	—
Other non-current assets	84,368	11,258	174,038	(14,992)	254,672
Total assets	$4,349,042	$2,387,867	$ 3,662,610	$(5,210,828)	$ 5,188,691
Current portion of long-term debt	$—	$—	$ 40,000	$—	$ 40,000
Accounts payable, trade	4,711	42,104	40,068	—	86,883
Other current liabilities	62,833	140,077	438,753	—	641,663
Long-term debt, net of current portion	550,083	—	1,176,871	—	1,726,954
Income taxes payable	152	3,435	30,105	—	33,6