

INTERACTIVECORP
Form S-4/A
July 10, 2003

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

Registration No. 333-105876

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTERACTIVECORP

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

4833
(Primary Standard Industrial
Classification Code Number)

59-2712887
(I.R.S. Employer
Identification Number)

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

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

Copies to:

Andrew J. Nussbaum
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000

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

Sean M. Jones
Kennedy, Covington, Lobdell &
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214 North Tryon Street
Charlotte, North Carolina 28202
(704) 331-7400

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767 Fifth Avenue
New York, New York 10153
(212) 310-8000

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

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

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

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

Calculation of Registration Fee

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

- (1) Based on the maximum number of shares of common stock, par value \$0.01 per share, of the registrant ("IAC common stock") that may be issued in connection with the merger described in the enclosed proxy statement/prospectus, calculated as the product of (a) 35,956,012 (the sum of (i) 23,354,967 shares of common stock, par value \$0.01 per share, of LendingTree, Inc. ("LendingTree common stock") outstanding on May 30, 2003, (ii) 6,556,198 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock into which the 5,925,247 shares of preferred stock, par value \$0.01 per share, of LendingTree, Inc. ("LendingTree preferred stock") outstanding as of May 30, 2003 are convertible prior to the merger; and (iii) 5,934,286 shares of LendingTree common stock reserved for issuance upon the exercise of LendingTree common stock options and common stock warrants outstanding on May 30, 2003 and (iv) 110,561 shares of LendingTree common stock, this being the maximum number of shares of LendingTree common stock issuable to participants in LendingTree's Employee Stock Purchase Plan as of May 30, 2003), multiplied by (b) 0.6199, the exchange ratio in the merger. Outstanding shares exclude shares of LendingTree common stock or LendingTree preferred stock held by LendingTree or any subsidiary of LendingTree.
- (2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) and Rule 457(c) under the Securities Act, based on the product of (a) 35,956,012, multiplied by (b) \$22.95, the average of the high and low sale prices for shares of LendingTree common stock as reported on the Nasdaq National Market on May 29, 2003.
- (3) Reflects the product of (a) 0.00008090 multiplied by (b) the Proposed Maximum Aggregate Offering Price for shares of IAC common stock.
- (4) \$41,384 was previously paid on June 5, 2003.

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

Dear Stockholders:

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

If LendingTree and IAC complete the merger, each outstanding share of LendingTree common stock will be converted into the right to receive 0.6199 of a share of IAC common stock, and each share of LendingTree preferred stock (other than shares held by holders who validly perfect appraisal rights under Delaware law) will be converted into the right to receive the number of shares of IAC common stock that the holder would have received had such preferred stock been converted into LendingTree common stock immediately before the merger. In the

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transaction, IAC expects to issue approximately 18.7 million basic shares of IAC common stock and approximately 21 million shares on a fully diluted, treasury method basis, representing approximately 3.8% of the IAC common stock outstanding as of June 15, 2003.

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

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

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

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

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

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

Sincerely,

Douglas R. Lebda
Chief Executive Officer

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

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

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

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

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purpose of transacting the following business:

1. To consider and vote upon a proposal to approve an amendment to the preferred stock certificate of designations of LendingTree's Series A 8% Convertible Preferred Stock that is part of the certificate of incorporation of LendingTree, Inc. (a copy of which amendment is attached to this proxy statement/prospectus as Appendix A).
2. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of May 5, 2003, by and among USA Interactive (currently named InterActiveCorp), Forest Merger Corp. and LendingTree, Inc. (a copy of which agreement is attached to this proxy statement/prospectus as Appendix B).
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

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

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

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

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

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

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

By Order of the Board of Directors

Robert J. Flemma, Jr.
Secretary

Charlotte, North Carolina

July 10, 2003

IMPORTANT

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

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

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

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

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

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

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

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

TABLE OF CONTENTS

Edgar Filing: INTERACTIVECORP - Form S-4/A

QUESTIONS AND ANSWERS ABOUT THE MERGER	i
SUMMARY	1
The Companies	1
The Merger	1
Charter Amendment	2
Interests of Certain Persons in the Merger	2
Votes Required; Voting Agreements	2
Reasons for the Merger	3
Recommendations to LendingTree Stockholders	3
Opinions of LendingTree's Financial Advisors	3
Treatment of LendingTree Stock Options	4
Treatment of LendingTree Warrants	4
Regulatory Approvals	4
Non-Solicitation Covenant	4
Termination of the Merger Agreement; Effects of Termination	5
Resale of IAC Common Stock	6
Accounting Treatment	6
Comparison of Stockholder Rights	6
Appraisal Rights	6
Tax Consequences	6
Selected Historical Financial Information of IAC and LendingTree	7
Selected Unaudited Pro Forma Combined Condensed Financial Information of IAC	12
Certain Historical and Pro Forma Per Share Data	13
Comparative Per Share Market Price Information and Dividend Policy	14
RISK FACTORS	15
Risk Factors Relating to the Merger	15
Risk Factors Relating to IAC	16
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	19
THE LENDINGTREE SPECIAL MEETING	20
Time and Place; Purposes	20
Record Date	20
Recommendation of the LendingTree Board of Directors	20
Quorum; Votes Required for Approval	20
Voting; Revocation of Proxies	21
Stockholder Proposals	22
Persons Making the Solicitation	23
Voting Securities and Principal Holders Thereof	23
Voting Agreements	23
THE CHARTER AMENDMENT	25
THE MERGER	26
Background to the Merger	26
Recommendation of the LendingTree Board of Directors	30
LendingTree's Reasons for the Merger	30
Opinions of LendingTree's Financial Advisors	34
IAC's Reasons for the Merger	49
Material United States Federal Income Tax Consequences	49
Appraisal Rights	52
Regulatory Approvals Required for the Merger	55
Certain Effects of the Merger	56
Accounting Treatment for the Merger	56
Resale of IAC Common Stock	56
CERTAIN LENDINGTREE FINANCIAL PROJECTIONS	57

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INTERESTS OF CERTAIN PERSONS IN THE MERGER	58
LendingTree Stock Held by Directors and Executive Officers	59
Stock Options and Warrants	59
Acceleration of Stock Options	60
Stock Retention Policy	60
Management Incentive Plan	61
Employment Agreements	61
Restricted Share Grant and Shareholders' Agreement	65
Indemnification of Directors and Officers; Directors' and Officers' Insurance	67
THE MERGER AGREEMENT	68
General Terms of the Merger Agreement	68
Treatment of Securities in the Merger	68
Exchange of Certificates	70
Representations and Warranties	72
Covenants	73
Conditions to the Merger	79
Termination of the Merger Agreement; Effects of Termination	81
Amendment; Extension; Waiver	83
Fees and Expenses	84
UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS OF IAC	85
CERTAIN IAC LITIGATION	93
THE COMPANIES	94
InterActiveCorp	94
LendingTree, Inc.	94
Forest Merger Corp.	94
COMPOSITION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT OF THE SURVIVING CORPORATION	94
Board of Directors	94
Executive Officers	95
DESCRIPTION OF IAC CAPITAL STOCK	95
IAC Common Stock and IAC Class B Common Stock	95
IAC Preferred Stock	96
Anti-Takeover Provisions in IAC's Bylaws	98
<hr/>	
Effect of Delaware Anti-Takeover Statute	98
Action by Written Consent	99
Transfer Agent	99
COMPARISON OF STOCKHOLDER RIGHTS	100
WHERE YOU CAN FIND MORE INFORMATION	106
General	106
Reconciliations of Non-GAAP Financial Measures	107
LEGAL MATTERS	110
EXPERTS	110
MISCELLANEOUS	110
Appendix A: Proposed Charter Amendment	A-1
Appendix B: Agreement and Plan of Merger	B-1
Appendix C: Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated	C-1
Appendix D: Opinion of Allen & Company LLC	D-1
Appendix E: Certificate of Incorporation of the Surviving Corporation	E-1
Appendix F: Text of Section 262 of the Delaware General Corporation Law	F-1

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:
What is the proposed transaction?

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

Q:
What is InterActiveCorp?

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

Q:
What will I receive in exchange for my LendingTree shares?

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

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

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

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

i

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

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

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

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

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

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

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

Q: Will I have appraisal rights in connection with the merger?

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

ii

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

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

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

A:

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

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

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

Q: What do I need to do now?

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

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

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

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

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

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

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

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

iii

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

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

Q: Should I send in my LendingTree stock certificates now?

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

Q: When do you expect to complete the merger?

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

Q: Where can I find more information?

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

Q: Who can help answer my questions?

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

iv

SUMMARY

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

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

The Companies

InterActiveCorp

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

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

LendingTree, Inc.

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

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

Forest Merger Corp.

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

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

The Merger (Page 26)

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

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

Charter Amendment (Page 25)

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

Interests of Certain Persons in the Merger (Page 58)

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

Votes Required; Voting Agreements (Pages 20 and 23)

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

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

voting as a separate class, is required to approve the proposed charter amendment.

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

2

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

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

Reasons for the Merger (Pages 30 and 49)

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

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

Recommendations to LendingTree Stockholders

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

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

Opinions of LendingTree's Financial Advisors (Page 34)

In deciding to recommend approval of the merger agreement and the charter amendment, the board of directors of LendingTree considered the separate opinions of its financial advisors, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Allen & Company LLC, each to the effect that, as of May 5, 2003, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinions, the exchange ratio under the merger agreement was fair from a financial point of view to the holders of LendingTree common

3

stock and LendingTree preferred stock. The full text of the written opinion of Merrill Lynch, dated May 5, 2003, is attached as Appendix C to this proxy statement/prospectus, and the full text of the written opinion of Allen & Company, dated May 5, 2003, is attached as Appendix D to this proxy statement/prospectus. We encourage you to read these opinions carefully for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. These opinions are directed to LendingTree's board of directors and do not constitute recommendations to any holder of LendingTree common stock or LendingTree preferred stock as to how any such stockholder should vote on any of the proposals that will be considered at the special meeting of LendingTree stockholders.

Treatment of LendingTree Stock Options (Page 69)

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

Treatment of LendingTree Warrants (Page 70)

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

Regulatory Approvals (Page 55)

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

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

Non-Solicitation Covenant (Page 75)

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

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

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

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

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

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

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

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

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

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

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

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

Resale of IAC Common Stock (Page 56)

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

Accounting Treatment (Page 56)

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

Comparison of Stockholder Rights

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

Appraisal Rights (Page 52)

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

Tax Consequences

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

6

Selected Historical Financial Information of IAC and LendingTree

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

IAC Selected Historical Consolidated Financial Data

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

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

7

Year Ended December 31,					Three-Months Ended March 31,	
1998 ⁽¹⁾⁽²⁾	1999 ⁽³⁾	2000 ⁽⁴⁾	2001 ⁽⁵⁾	2002 ⁽⁶⁾⁽⁷⁾	2002 ⁽⁶⁾⁽¹⁰⁾	2003 ⁽⁸⁾

(In thousands, except per share data)

(unaudited)

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Year Ended December 31,

Three-Months Ended March 31,

Statement of Operations

	Year Ended December 31,				Three-Months Ended March 31,			
Statement of Operations Data:								
Net revenue	\$ 1,639,828	\$ 2,001,108	\$ 2,964,612	\$ 3,468,860	\$ 4,621,224	\$ 971,945	\$ 1,392,066	
Operating profit (loss)	59,391	(48,842)	(349,746)	(216,423)	86,753	27,783	93,489	
Earnings (loss) from continuing operations before cumulative effect of accounting change	26,848	(69,212)	(172,398)	(186,799)	7,378	3,970	(106,796)	
Earnings (loss) before cumulative effect of accounting change	76,874	(27,631)	(147,983)	392,795	2,414,492	25,900	(106,796)	
Net earnings (loss) available to common shareholders	76,874	(27,631)	(147,983)	383,608	1,941,344	(437,456)	(110,060)	
Basic earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders(9)(11)	0.09	(0.21)	(0.48)	(0.50)	(0.01)	0.01	(0.23)	
Diluted earnings (loss) per common share from continuing operations before cumulative effect of accounting change available to common shareholders(9)(11)	0.04	(0.21)	(0.48)	(0.50)	(0.02)	(0.01)	(0.23)	
Basic earnings (loss) per common share before cumulative effect of accounting change available to common shareholders(9)(11)	0.27	(0.08)	(0.41)	1.05	5.64	0.06	(0.23)	
Diluted earnings (loss) per common share before cumulative effect of accounting change available to common shareholders(9)(11)	0.21	(0.08)	(0.41)	1.05	5.62	0.06	(0.23)	
Basic earnings (loss) per common share available to common shareholders(9)(11)	0.27	(0.08)	(0.41)	1.03	4.55	(1.11)	(0.23)	
Diluted earnings (loss) per common share available to common shareholders(9)(11)	0.21	(0.08)	(0.41)	1.03	4.54	(0.53)	(0.23)	

Balance Sheet Data (end of period):

Working capital	\$ 443,408	\$ 381,046	\$ 355,157	\$ 1,380,936	\$ 3,080,766	\$ 1,347,776	\$ 2,812,679
Total assets	4,161,873	5,151,160	5,646,290	6,527,068	15,663,113	7,990,358	16,220,043
Long-term obligations, net of current maturities	775,683	573,056	551,766	544,372	1,211,145	544,501	1,189,155
Minority interest	336,788	742,365	908,831	706,688	1,074,501	629,903	610,350
Shareholders' equity	2,571,405	2,769,729	3,439,871	3,945,501	7,931,463	5,274,245	8,735,625

Other Data:

Net cash provided by (used in):

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

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

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

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

8

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

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

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

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

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

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

- (8) Loss from continuing operations before cumulative effect of accounting change includes a charge related to IAC'S proportionate share of the 2002 results of VUE, which is recorded on a one-quarter lag due to delays in VUE's financial reporting. During the first quarter of 2003, IAC received the audited financial statements of VUE for the year ended December 31, 2002, which disclosed that VUE had recorded an impairment charge for goodwill and intangible assets and other long-lived assets of \$4.5 billion in the period May 7, 2002 to December 31, 2002 based on VUE management's review of the estimated fair value of VUE as of December 4, 2002. IAC recorded its 5.44% proportionate share of this charge which amounted to approximately \$245 million before a tax benefit of \$96 million.
- (9) Earnings (loss) per common share data and shares outstanding retroactively reflect the impact of two-for-one stock splits of IAC common stock and IAC Class B common stock paid on February 24, 2000 and March 26, 1998. All share numbers give effect to these stock splits.
- (10) Net earnings available to common shareholders includes an after-tax expense of \$461.4 million related to the cumulative effect of adoption as of January 1, 2002 of Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets."
- (11) The following table adjusts IAC's reported net earnings (loss) and basic and diluted net earnings (loss) per share to exclude amortization expense related to goodwill and other intangible assets with indefinite lives as if Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets," was effective January 1, 1999: (table appears on next page)

9

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

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

10

LendingTree Selected Historical Consolidated Financial Data

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

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

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

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

11

Selected Unaudited Pro Forma Combined Condensed Financial Information of IAC

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

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

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

Pro Forma

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

12

Certain Historical and Pro Forma Per Share Data*Unaudited Comparative Per Share Data*

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

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

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

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

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

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

13

Comparative Per Share Market Price Information and Dividend Policy

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

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

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

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

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

RISK FACTORS

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

Risk Factors Relating to the Merger

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

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

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

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

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

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

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

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

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

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

Risk Factors Relating to IAC

IAC depends on its key personnel.

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

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

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

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

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

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

16

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

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

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

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

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

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

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

17

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

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

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

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

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

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

adverse effect on IAC's businesses, financial condition and results of operations.

18

**CAUTIONARY STATEMENT CONCERNING
FORWARD-LOOKING STATEMENTS**

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

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

the risk that IAC's and LendingTree's businesses will not be integrated successfully;

material adverse changes in economic conditions generally or in IAC's and LendingTree's markets or industries;

future regulatory and legislative actions and conditions affecting IAC's and LendingTree's operating areas;

competition from other companies;

product demand and market acceptance;

the ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;

the ability to maintain the integrity of IAC's and LendingTree's systems and infrastructure;

the ability to expand into and successfully operate in foreign markets;

obtaining and retaining key executives and skilled employees;

acts of terrorism;

war or political instability; and

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

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

19

THE LENDINGTREE SPECIAL MEETING

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

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

Time and Place; Purposes

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

Record Date

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

Recommendation of the LendingTree Board of Directors

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

Quorum; Votes Required for Approval

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

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

20

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

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

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

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

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

Voting; Revocation of Proxies

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

21

Abstentions may be specified on either proposal. LendingTree will count a properly executed proxy marked "ABSTAIN" with respect to either proposal as present for purposes of determining whether there is a quorum. Because approval of the proposal to approve and adopt the merger agreement at the special meeting requires the affirmative vote of a majority of the combined voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, whether or not voted, a proxy marked "ABSTAIN" with respect to

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that proposal will have the effect of a vote against the proposal. Similarly, because approval of the proposal to approve the charter amendment at the special meeting requires the affirmative vote of both (1) a specified percentage of the outstanding shares of LendingTree preferred stock entitled to vote and (2) a specified percentage of the combined voting power of the outstanding shares of LendingTree common stock and LendingTree preferred stock entitled to vote, whether or not voted, a proxy marked "ABSTAIN" with respect to the proposal to approve the charter amendment will have the effect of a vote against the proposal to approve the charter amendment. In addition, the failure of a LendingTree stockholder to return a proxy and to vote in person at the special meeting will have the effect of a vote against both proposals.

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

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

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

timely submission of a subsequently dated proxy card; or

appearing in person and voting at the special meeting.

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

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

Stockholder Proposals

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

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

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

Persons Making the Solicitation

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

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

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

Voting Securities and Principal Holders Thereof

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

Voting Agreements

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

23

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

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

24

THE CHARTER AMENDMENT

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

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

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

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

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

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

25

THE MERGER

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

Background to the Merger

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

From time to time beginning in the summer of 2002, members of management of IAC and LendingTree spoke informally regarding their companies and opportunities in their particular lines of business. In late December 2002, members of IAC's senior management met with

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members of LendingTree's senior management at LendingTree's corporate headquarters in Charlotte, North Carolina to explore generally the potential merits of the two companies engaging in business transactions with each other.

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

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

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

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

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

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

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

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

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

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

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

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

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

27

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

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

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

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

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

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

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

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

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

28

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

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

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

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

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

Also during the afternoon of May 4, 2003, the executive committee of IAC's board of directors convened to consider the proposed transaction. At the meeting, IAC's management and legal and financial advisors made presentations to the IAC executive committee concerning the proposed merger

29

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and the terms and conditions of the merger agreement, including the proposed charter amendment, as well as the terms of the voting agreements to be entered into between IAC and certain principal stockholders of LendingTree and the new employment agreements and Restricted Share Grant and Shareholders' Agreement to be entered into with certain members of LendingTree senior management. After discussion, the IAC executive committee unanimously approved the merger agreement and related transaction agreements, subject to finalization by IAC's management and its legal advisors.

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

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

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

Recommendation of the LendingTree Board of Directors

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

determined that the terms and provisions of the merger agreement were fair to, and in the best interests of, LendingTree and its common and preferred stockholders;

approved and declared advisable the merger agreement;

approved and declared advisable the charter amendment; and

directed that the merger agreement and the charter amendment be submitted to LendingTree's stockholders for their consideration and approval.

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

LendingTree's Reasons for the Merger

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the terms of the merger agreement, including that the merger agreement permits, subject in certain circumstances to LendingTree's paying a termination fee to IAC:

LendingTree, prior to the receipt of stockholder approval of the charter amendment and the merger agreement, to provide information and enter into negotiations with a third party if LendingTree receives a bona fide written unsolicited proposal from a third party if the board determines in good faith that (1) the proposal would reasonably be expected to result in a transaction that is more favorable to LendingTree's stockholders than the IAC merger, and (2) the failure by the board to take such action would constitute a breach of the fiduciary duties of the board;

the board of directors to withdraw its recommendation to the LendingTree stockholders to approve the merger agreement if it determines that continuing to make such recommendation would cause the members of the board of directors to breach their fiduciary duties; and

LendingTree, prior to the receipt of LendingTree stockholder approval of the charter amendment and the merger agreement, to terminate the merger agreement to accept a proposal for an acquisition transaction that would result in a transaction more favorable to LendingTree's stockholders than the IAC merger if it has negotiated with IAC (if IAC so requests) without having obtained terms from IAC at least as favorable as the competing proposal, if the board of directors resolves that the failure to accept such proposal would constitute a breach of its fiduciary duties;

the judgment, advice and analyses of LendingTree's management with respect to the potential strategic, financial and operational benefits of the merger, including management's favorable recommendation of the merger;

the terms of the merger agreement and related agreements, including price and structure, which were considered by LendingTree's board of directors to provide a fair and equitable basis for the merger;

the rights and interests of the holders of LendingTree preferred stock and that, even though IAC's proposed merger structure would require the preferred stock to be treated as if it had been converted into LendingTree common stock immediately before the effective time of the merger, such holders would receive merger consideration valued significantly higher than the liquidation preference of the LendingTree preferred stock;

whether the transaction with IAC offered greater value to LendingTree's common stockholders and preferred stockholders than other alternatives available to LendingTree, including LendingTree continuing as an independent company; and

the review of, and discussions with, the board of directors' legal and financial advisors and LendingTree's senior management regarding certain business, financial, legal and accounting aspects of the merger, and the results of legal and financial due diligence.

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

the possibility that the merger might not be completed because a condition to closing might not be satisfied;

the costs, such as legal, accounting, financial advisor and financial printing fees, that will be incurred in seeking to consummate the merger;

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

32

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

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

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

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

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

the impact of the merger on LendingTree's employees;

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

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

other matters described under "Risk Factors."

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

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

33

Opinions of LendingTree's Financial Advisors

Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated

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

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

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

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

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

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

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

reviewed the results of operations of LendingTree and IAC;

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

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

reviewed a draft of the merger agreement and one draft form of the voting agreement, each dated May 3, 2003; and

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reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including Merrill Lynch's assessment of general economic, market and monetary conditions.

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

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

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

May 4, 2003 Presentation by Merrill Lynch

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

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

35

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

Exchange Ratio Analysis

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

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

(in millions, except per share data)

- (1) Closing price on May 2, 2003, the last trading date before public announcement of the proposed transaction.
- (2) Number of shares of LendingTree common stock estimated to be outstanding at time that the proposed merger is completed, as provided to Merrill Lynch by LendingTree senior management, calculated on a fully-diluted basis assuming an IAC share price of \$34.96 for net treasury purposes.
- (3) LendingTree's senior management provided Merrill Lynch with estimates of its 2003 and 2004 earnings per share and EBITDA per share. See "Certain LendingTree Financial Projections."

Merrill Lynch also reviewed the historical closing prices of LendingTree common stock and IAC common stock for the twelve-month period ending on May 2, 2003. Using this data, Merrill Lynch calculated the historical exchange ratio, by dividing the closing prices of LendingTree common stock by the closing prices of IAC common stock during that twelve-month period, yielding an implied exchange ratio

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assuming no premium was paid on the LendingTree common stock. The average implied exchange ratio over this period was 0.5322. Merrill Lynch also calculated the implied exchange ratio as of May 2, 2003, which was 0.4202, based on the relative closing prices of LendingTree common stock and IAC common stock on that date.

Premium Analysis

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

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

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

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

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

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

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

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

* Source of data: Securities Data Corporation

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

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

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

* Source of data: Securities Data Corporation

Comparable Public Company Analysis

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

<i>Internet</i>	<i>Financial Processing</i>	<i>Online Financial Services</i>
Microsoft	First Data Corp.	Intuit
AOL Time Warner	Fiserv	Checkfree
eBay	Total System Services	Netbank
IAC	Fair Isaac	LendingTree
Yahoo! Inc.		E-Loan
Amazon.com	<i>Online Brokerage</i>	
Expedia		
Hotels.com	Charles Schwab	
Overture Services	Ameritrade Holding	
Priceline.com	E*Trade Group Inc.	

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

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

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

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	Online financial services market comparables		LendingTree implied value per share	
Enterprise value/2003E EBITDA ⁽¹⁾	16.4x	16.9x	\$ 14.11	\$ 14.50
Enterprise value/2004E EBITDA ⁽¹⁾	13.3	13.0	13.75	13.35
Price/2003E EPS ⁽³⁾	23.7	28.7	9.94	12.06
Price/2004E EPS ⁽³⁾	20.2	23.7	11.29	13.27
	Online brokerage market comparables		LendingTree implied value per share	
	Mean	Median	Mean	Median
Enterprise value/2003E EBITDA ⁽¹⁾	7.9x	7.9x	\$ 6.77	\$ 6.77
Enterprise value/2004E EBITDA ⁽¹⁾	NM	NM	NM	NM
Price/2003E EPS ⁽³⁾	22.7	24.7	9.55	10.37
Price/2004E EPS ⁽³⁾	15.7	14.3	8.79	8.01
	Financial processing market comparables		LendingTree implied value per share	
	Mean	Median	Mean	Median
Enterprise value/2003E EBITDA ⁽¹⁾	NA	NA	NA	NA
Enterprise value/2004E EBITDA ⁽¹⁾	NA	NA	NA	NA
Price/2003E EPS ⁽³⁾	22.3x	21.9x	\$ 9.36	\$ 9.18
Price/2004E EPS ⁽³⁾	19.1	18.4	10.71	10.33

NA=not applicable
 NM=not meaningful

- (1) LendingTree's senior management provided Merrill Lynch with estimates of its 2003 and 2004 EBITDA. See "Certain LendingTree Financial Projections." The estimates of 2003 EBITDA and 2004 EBITDA for all comparable companies was obtained from Merrill Lynch research (if available) or otherwise from estimates of research analysts at other firms.
- (2) Excludes Microsoft, AOL Time Warner, Hotels.com and Expedia.
- (3) LendingTree's senior management provided Merrill Lynch with estimates of its 2003 and 2004 earnings per share. See "Certain LendingTree Financial Projections." The consensus estimates of First Call as of May 2, 2003 was the source for EPS data for all comparable companies.

Merrill Lynch applied each of the multiples for the comparable companies to comparable data for LendingTree. Using the resulting mean and median values, Merrill Lynch calculated a range of implied per-share values of LendingTree common stock as of May 2, 2003.

No comparable company identified above is identical to LendingTree. A complete analysis involves considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies; mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using comparable public company data.

Precedent Acquisitions Analysis

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Merrill Lynch reviewed publicly available information supplied by Securities Data Corporation for acquisition transactions that were announced between May 1, 2001 and May 1, 2003 with an equity value at the time of announcement of \$250 million to \$1.25 billion, where the target was a U.S. Internet company.

For these acquisition transactions, Merrill Lynch used financial information available from Securities Data Corporation to determine, for each of the acquired businesses, the target's equity value, as proposed to be paid in such acquisition transaction at the time it was announced, (1) as a multiple of the target's net sales for the twelve months preceding the announcement of the acquisition, (2) as a multiple of the target's earnings before interest and taxes (which Merrill Lynch refers to as EBIT) for the twelve months preceding the announcement of the acquisition and (3) as a multiple of the target's net income for the twelve months preceding the announcement of the acquisition. These multiples were available for some, but not all, of these acquisition transactions. Below is a list of transactions that, according to Securities Data Corporation, met the specified criteria and for which any of the data described in this paragraph was available:

Acquirer / Target

IAC	/	Hotels.com
Fidelio Acquisition Co LLC	/	InterTrust Technologies Corp.
IAC	/	Ticketmaster
Sabre Holdings Corp.	/	Travelocity.com Inc. (Sabre Hlg)
SmartForce PLC	/	Centra Software Inc.
IDT Corp.	/	IDT Corp.
Yahoo! Inc.	/	HotJobs.com Ltd.
Toronto-Dominion Bank	/	TD Waterhouse Group Inc.
GlobeSpan Inc.	/	Virata Corp.
SBC Communications Inc.	/	Prodigy Communications Corp.
E*Trade Group Inc.	/	E*Trade Group Inc.
TMP Worldwide Inc.	/	HotJobs.com Ltd.
E*Trade Group Inc.	/	Web Street Inc.
Vivendi Universal, S.A.	/	MP3.COM Inc.
Cable & Wireless PLC	/	Digital Island Inc.
Dimension Data Holdings PLC	/	Proxicom Inc.

40

Merrill Lynch applied each of the multiples for the precedent acquisition transactions to comparable data for LendingTree and, using the resulting high, mean, median and low values, calculated a range of the implied per-share value of LendingTree common stock as of May 2, 2003.

Equity value/	Comparable transactions⁽¹⁾				Lending Tree⁽²⁾	Implied per-share value of LendingTree common stock			
	High	Mean	Median	Low		High	Mean	Median	Low
LTM net sales	38.3x	5.3x	3.5x	0.8x	\$ 3.33	\$ 127.50	\$ 17.75	\$ 11.69	\$ 2.53
LTM EBIT	89.0	41.7	34.0	2.1	0.46	40.70	19.07	15.54	0.96
LTM net income	126.0	79.7	71.5	49.7	0.34	43.37	27.43	24.63	17.11

LTM=last twelve months

(1) Transactions between May 1, 2001 and May 1, 2003 with an equity value of \$250 million to \$1.25 billion where target was a U.S. Internet company, as reported by Securities Data Corporation.

(2) These figures are based upon LendingTree's publicly disclosed financial results for the one-year period ended on March 31, 2003, as adjusted to reflect the assumption that there were 32.8 million shares of LendingTree common stock outstanding during such period.

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No selected acquisition transaction identified above is identical to the proposed merger. A complete analysis involves considerations and judgments concerning differences in the selected acquisition transactions and other factors that could affect the premiums paid in such comparable transactions to which the proposed merger is being compared; mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected acquisition transaction data.

Implied Present Value Per Share Analysis

Merrill Lynch performed an analysis of the implied per-share present value of LendingTree common stock based on LendingTree management's per-share EBITDA and U.S. generally accepted accounting principles earnings financial estimates for the years 2003 through 2007. Merrill Lynch calculated a range of discounted values per share of LendingTree common stock by applying different multiples to LendingTree's estimated per-share earnings and EBITDA in each respective period. In conducting this analysis, Merrill Lynch used a discount rate of 20%. The discount rate utilized in this analysis was based upon Merrill Lynch's estimate of the equity cost of capital of LendingTree after taking into account the five-year "betas" of the entities listed under "Comparable Public Company Analysis" above. The "beta" is the covariance of a stock in relation to the rest of the stock market and is often used as a measure of a stock's relative volatility. The purpose of estimating present value per share was not to attempt to predict prices at which LendingTree common stock would trade. Rather, the analysis was one of many performed by Merrill Lynch in connection with preparing its opinion.

Discounted Cash Flow Analysis of LendingTree

Merrill Lynch performed a discounted cash flow analysis of LendingTree as a stand-alone entity based on LendingTree management's U.S. generally accepted accounting principles earnings-per-share financial estimates for the years 2003 through 2007. Merrill Lynch calculated a range of equity values per share of LendingTree common stock based upon the sum of the present value of LendingTree's projected stream of after-tax free cash flows through 2007, plus the present value of LendingTree's terminal value based on a range of multiples of its projected 2007 estimated net income. In conducting this analysis, Merrill Lynch used discount rates ranging from 15% to 25%, and terminal value multiples

41

of 2007 estimated net income ranging from 10x to 20x. The discount rates utilized in this analysis were based upon Merrill Lynch's estimate of the equity cost of capital of LendingTree after taking into account the five-year betas of the entities listed under "Comparable Public Company Analysis" above.

General Matters

In connection with the review of the proposed merger by the LendingTree board of directors, Merrill Lynch performed a variety of financial and comparable analyses for purposes of rendering its opinion. The above summary of these analyses does not purport to be a complete description of the analyses performed by Merrill Lynch in arriving at its opinion. The preparation of a fairness opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Merrill Lynch considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Furthermore, Merrill Lynch believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of their analyses, without considering all of them, would create an incomplete view of the process underlying its analyses and opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of Merrill Lynch with respect to the actual value of LendingTree, IAC or the combined entity.

In performing its analyses, Merrill Lynch made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Merrill Lynch, LendingTree or IAC. Any estimates contained in the analyses of Merrill Lynch are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of the analyses of Merrill Lynch of the fairness of the exchange ratio, from a financial point of view, to the holders of LendingTree common stock and LendingTree preferred stock, and were prepared in connection with the delivery by Merrill Lynch of its opinion to the LendingTree board of directors. The analyses do not purport to be appraisals or to reflect the prices at which the shares of LendingTree common stock or IAC common stock will trade following the announcement or consummation of the proposed merger.

The exchange ratio and other terms of the proposed merger were determined through arms' length negotiations between LendingTree and IAC and were approved by LendingTree's board of directors. Merrill Lynch provided advice to LendingTree's board of directors during such negotiations. However, Merrill Lynch did not recommend any specific exchange ratio or other form of consideration to LendingTree's board of directors or that any specific exchange ratio or other form of consideration constituted the only appropriate consideration for the proposed merger. The opinion of Merrill Lynch was one of many factors taken into consideration by LendingTree's board of directors in making its

determination to approve the proposed merger. The analyses of Merrill Lynch summarized above should not be viewed as determinative of the opinion of the LendingTree's board of directors with respect to the value of LendingTree, IAC or the combined entity or of whether the LendingTree's board of directors would have been willing to agree to a different exchange ratio or other forms of consideration.

The LendingTree board of directors selected Merrill Lynch as its financial advisor because of its reputation as an internationally recognized investment banking and advisory firm with substantial experience in transactions similar to the proposed merger and because Merrill Lynch is familiar with LendingTree and its business. As part of its investment banking and financial advisory business, Merrill Lynch is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

42

Merrill Lynch provides a full range of financial advisory and securities services. In the past, Merrill Lynch has provided financial advisory and other financing services to LendingTree. Merrill Lynch has received fees for those services and also may provide such services to LendingTree or IAC in the future for which it would expect to receive fees. In the ordinary course of its business, Merrill Lynch may actively trade LendingTree or IAC securities for its own account or for the accounts of its customers and, accordingly, may at any time hold long or short positions in such securities.

Under the terms of a separate letter agreement, dated May 2, 2003, LendingTree engaged Merrill Lynch as financial advisor in connection with the proposed merger and requested that Merrill Lynch render an opinion as to the fairness from a financial point of view of the exchange ratio to the holders of the LendingTree common stock and the LendingTree preferred stock. Pursuant to its letter agreement with Merrill Lynch, LendingTree agreed to pay Merrill Lynch a customary fee upon consummation of the proposed merger. Under the letter agreement, LendingTree also agreed to reimburse Merrill Lynch for its reasonable expenses incurred in connection with the engagement and to indemnify Merrill Lynch and related parties for certain liabilities arising out of its engagement.

Opinion of Allen & Company LLC

The board of directors of LendingTree also received a written fairness opinion, dated May 5, 2003, from Allen & Company LLC to the effect that the exchange ratio in the proposed merger is fair from a financial point of view to the holders of LendingTree common stock and LendingTree preferred stock.

The full text of the Allen & Company fairness opinion, which sets forth the assumptions made, general procedures followed, matters considered and methods employed by Allen & Company in arriving at its opinion is attached as Appendix D to this proxy statement/prospectus. The summary of the Allen & Company fairness opinion contained in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

Allen & Company's written opinion is addressed to LendingTree's board of directors in connection with its consideration of the merger agreement and the proposed merger and does not constitute a recommendation as to how any holder of LendingTree common stock or LendingTree preferred stock should vote on the proposal to approve the merger agreement. Holders of LendingTree common stock and LendingTree preferred stock are urged to and should read the opinion in its entirety.

In arriving at its opinion, Allen & Company:

reviewed trends in the financial services and online commerce industries;

reviewed the terms and conditions of the merger, including the draft merger agreement and related draft agreements (none of which prior to the delivery of the opinion had been executed by the parties);

analyzed certain financial aspects of the merger, including the exchange ratio of 0.6199 of a share of IAC common stock for each share of LendingTree common stock, and the number of shares of IAC common stock to be exchanged for each share of LendingTree preferred stock based on that exchange ratio and the formula for converting shares of LendingTree preferred stock into shares of LendingTree common stock set forth in the certificate of designations of the Lending Tree preferred stock;

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reviewed and analyzed publicly available historical business and financial information relating to LendingTree and IAC as presented in documents filed with the SEC;

analyzed selected summary non-public financial and operating results of operations of LendingTree, including the long range plan for fiscal years 2003 through 2007;

analyzed the financial conditions and prospects of LendingTree and IAC;

43

reviewed and analyzed public information, including certain stock market data and financial information relating to selected companies with businesses which Allen & Company deemed comparable to those of LendingTree and IAC;

reviewed the trading histories of LendingTree common stock and IAC common stock and their relation to those of companies which Allen & Company deemed comparable to LendingTree and IAC;

analyzed the market multiples of LendingTree and IAC and their business segments in relation to certain selected companies which Allen & Company deemed comparable to LendingTree and IAC;

conferred with the respective management teams of LendingTree and IAC;

analyzed the discounted present value of LendingTree's future cash flows, based on the long range plan for fiscal years 2003 through 2007 of LendingTree's management;

analyzed the discounted present value of IAC's future cash flows, based on IAC's publicly released budget for 2003 and certain Wall Street research estimates, as adjusted, for 2004 through 2008;

reviewed public financial and transaction information relating to premiums paid in selected mergers which Allen & Company deemed comparable;

reviewed public financial and transaction information related to selected multiples paid for certain selected companies in selected mergers which Allen & Company deemed comparable to the merger; and

conducted such other financial analyses and investigations as Allen & Company deemed necessary or appropriate for the purposes of the opinion.

Allen & Company's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Allen & Company's opinion does not provide or imply any conclusion as to the likely trading range of any security issued by any party following the approval of the merger. This may vary depending upon, among other factors, changes in interest rates, dividend rates, market conditions, general economic conditions and other factors that generally influence the price of securities. Although Allen & Company evaluated the exchange ratio from a financial point of view, Allen & Company was not requested to, and did not, recommend any specific exchange ratio or other form of consideration payable in the merger. LendingTree and IAC determined the exchange ratio and the other terms of the merger through arms' length negotiations. Allen & Company advised LendingTree's board of directors during such negotiations.

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For purposes of its opinion, Allen & Company assumed that all shares of LendingTree preferred stock had been converted immediately prior to the effective time of the merger into LendingTree common stock at the conversion rate set forth in the certificate of designations for the LendingTree preferred stock as provided by LendingTree to Allen & Company. Allen & Company made this assumption because the merger agreement provides that each share of LendingTree preferred stock will be exchanged for the number of shares of IAC common stock that the holder would have received had such LendingTree preferred stock been converted into LendingTree common stock immediately before the merger.

As of the date of the opinion, Allen & Company and its affiliates were stockholders in IAC and LendingTree, and Donald R. Keough, Chairman of Allen & Company, also served as a director of IAC and as chair of its audit committee. In addition, in the ordinary course of its business as a broker-dealer and market maker, Allen & Company may have long or short positions, either on a discretionary or nondiscretionary basis, for its own account or for those of its clients, in the securities of IAC and LendingTree. Further, Allen & Company has been engaged by IAC (and its predecessors) to render financial advisory services from time to time in the past on numerous separate transactions for which

44

Allen & Company has received customary fees, and may do so in the future, and Allen & Company has been engaged by LendingTree to render financial advisory services from time to time in the past for which Allen & Company has received customary fees. It is contemplated that Allen & Company will be available to provide investment banking and related services to IAC in the future on other engagements.

The following is the summary of the material analyses Allen & Company performed while preparing its fairness opinion.

Analysis of LendingTree

Analysis of the Historical Trading Activity of LendingTree Common Stock

Allen & Company analyzed the historical price and trading activity of LendingTree common stock. For the twelve months ended May 2, 2003, the price of LendingTree common stock ranged from \$8.40 to \$16.25, with an average daily volume of approximately 353,000 shares. For the 90 trading days ended May 2, 2003, the price of LendingTree common stock ranged from \$9.21 to \$14.98, with an average daily volume of approximately 389,000 shares. For the ten trading days ended May 2, 2003, the price of LendingTree common stock ranged from \$12.97 to \$14.69, with an average daily volume of approximately 856,000 shares.

For the twelve months ended May 2, 2003, the general trading pattern for LendingTree common stock was similar to the trading patterns of companies which Allen & Company deemed comparable to LendingTree and IAC, and the closing price of \$14.69 of LendingTree common stock on May 2, 2003 was a representative price for LendingTree common stock in that there was no evidence to assert that it was not an accurate reflection of the market price for LendingTree common stock on such date.

Business Segment Valuation of LendingTree Analysis

Allen & Company performed a valuation analysis on the two main business segments of LendingTree, its lending exchange, or lending, business and its realty services, or realty, business. For the lending business segment, Allen & Company performed a discounted cash flow analysis utilizing LendingTree management's budgeted and projected financial results for the fiscal years 2003 through 2007. Using this information, Allen & Company discounted to present value the projected stream of after-tax free cash flows (unlevered net income plus non-cash charges less capital expenditures and working capital changes) at discount rates ranging from 18.9% to 23.3%. Allen & Company also calculated a terminal value for the lending business segment by applying multiples of 7.6x, 9.6x and 11.6x to projected fiscal 2007 earnings before interest, taxes, depreciation and amortization (which Allen & Company refers to as EBITDA). Allen & Company derived these multiples from the multiples of selected companies in the online commerce industry which Allen & Company obtained from publicly available information and stock prices as of May 2, 2003. To estimate the enterprise value of the realty business segment at low, mid- and high points, Allen & Company used trailing revenue multiples of 0.7x, 4.0x and 7.3x, respectively, and 2002 realty revenue of approximately \$9.4 million. Allen & Company derived these multiples from the multiples of selected companies in the online commerce industry which Allen & Company obtained from publicly available information and stock prices as of May 2, 2003.

Based on this data and the assumptions indicated, Allen & Company calculated that the implied equity value per share of LendingTree common stock ranged from a low point of \$14.18 per share to a midpoint of \$18.40 per share and a high point of \$23.14 per share. The proposed consideration of \$21.67 per share of LendingTree common stock as of May 2, 2003, is within the range of implied values of LendingTree common stock in the business segment valuation analysis.

45

Analysis of Premiums Paid in Stock-for-Stock Merger Transactions

Allen & Company identified and analyzed over 100 public stock-for-stock merger transactions valued between \$250 million and \$2 billion that occurred from March 2001 to April 2003. Allen & Company did this analysis to determine premiums paid in these transactions over the applicable stock price of the target company one day, one week and one month prior to announcement of the acquisition offer. The premiums one day prior to announcement had a mean of approximately 28% and a median of approximately 24%; the premiums one week prior to the announcement had a mean of approximately 29% and a median of approximately 24% and the premiums one month prior to announcement had a mean of approximately 33% and a median of approximately 29%. Based on closing stock prices for the stock of LendingTree and IAC on May 2, 2003, the premium one day before the announcement of the merger was 47.5%; the premium one week before announcement was 58.1% and the premium one month prior to announcement was 77.6%.

The proposed premium to be paid in the merger is above the mean and median premiums paid in the above 100 public stock-for-stock merger transactions that Allen & Company analyzed.

Allen & Company also analyzed the premiums paid in the above 100 public stock-for-stock merger transactions as applied to publicly traded comparable companies' market multiples. Allen & Company calculated the implied enterprise value of LendingTree based on estimated 2003 EBITDA using multiples of 3.9x, 15.5x and 22.2x, which were the low, mean and high enterprise value to EBITDA multiples for the publicly traded comparable companies, and then calculated an implied enterprise value range of LendingTree based on those multiples giving effect to a 29% premium paid in the above 100 public stock-for-stock merger transactions (the mean premium for one week prior to announcement). This resulted in an implied enterprise value range with a low of \$145.2 million, a mean of \$580.9 million and a high of \$829.2 million. The enterprise value of LendingTree implied by the merger is \$708.5 million, which represents a 388% premium over the low of the enterprise value range, a 22% premium over the mean of the enterprise value range and a 15% discount from the high of the enterprise value range.

Allen & Company also calculated the implied equity value of LendingTree based on estimated 2003 after-tax earnings using multiples of 11.7x, 28.7x and 49.4x which were the low, mean and high equity value to after-tax earnings multiples for the publicly traded comparable companies, and then calculated an implied equity value range of LendingTree based on those multiples giving effect to a 29% premium paid in the above 100 public stock-for-stock merger transactions that Allen & Company analyzed (the mean premium for one week prior to announcement). This resulted in an implied equity value range with a low of \$221.2 million, a mean of \$541.1 million and a high of \$932.7 million. The equity value of LendingTree implied by the merger is \$734.2 million, which represents a 232% premium over the low end of the equity value range, a 36% premium over the mean of the equity value range and a 21% discount from the high of the equity value range. The proposed premium to be paid in the merger is within the range of multiples paid in the above 100 public stock-for-stock merger transactions as applied to current comparable companies' market trading multiples.

Analysis of Selected Comparable Merger Transactions

Allen & Company also compared the enterprise values implied by 17 comparable merger transactions in the financial services and online commerce industries which occurred between February 10, 2000 and May 2, 2003 as multiples of last twelve months (which Allen & Company refers to as LTM) sales, EBITDA, and the ratio of price to earnings per share (which Allen & Company

refers to as P/E). All multiples were based on financial information available at the closing date of the relevant transaction. The analysis indicated the following multiples:

	<u>Low</u>	<u>High</u>	<u>Median</u>	<u>Multiples of the Merger</u>
Enterprise Value as a Multiple of:				
LTM Sales	2.1x	8.1x	3.0x	6.4x
LTM EBITDA	7.5	104.8	28.7	42.9
P/E	15.6	125.6	61.9	NM

Based on the ranges of enterprise value multiples for LTM sales and LTM EBITDA and the equity value multiple for LTM earnings, this analysis indicated a value range for LendingTree common stock between \$2.56 and \$50.14 per share, with a median range for LendingTree common stock between \$9.55 and \$15.13 per share. The proposed consideration of \$21.67 per share of LendingTree common stock as of May 2,

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2003 is within the range of implied values of LendingTree common stock in the above 17 comparable merger transactions.

Analysis of IAC

Analysis of the Historical Trading Activity of IAC Common Stock

Allen & Company analyzed the historical price and trading activity of IAC common stock. For the twelve months ended May 2, 2003, the price of IAC common stock ranged from \$15.31 to \$35.00, with an average daily volume of approximately 5.3 million shares. For the 90 trading days ended May 2, 2003, the price of IAC common stock ranged from \$20.73 to \$35.00, with an average daily volume of approximately 6.9 million shares. For the ten trading days ended May 2, 2003, the price of IAC common stock ranged from \$28.19 to \$35.00, with an average daily volume of approximately 10.5 million shares.

Discounted Cash Flow Analysis

Allen & Company also reviewed the historical and projected financial results of IAC and performed a discounted cash flow analysis on the different business segments of IAC for the fiscal years 2003 through 2008. This discounted cash flow analysis was based upon IAC management's guidance and publicly available Wall Street analyst research for 2004 through 2008, subject to certain adjustments. Using this information, Allen & Company discounted to present value the projected stream of after-tax free cash flows (unlevered net income plus non-cash charges less capital expenditures and working capital changes). To estimate the enterprise value range of IAC's electronic retailing segment, Allen & Company used exit multiples of 10.0x to 14.0x of trailing EBITDA and discount rates ranging from 10% to 14%. To estimate the enterprise value range of IAC's information and services segment, Allen & Company used exit multiples of 10.0x to 14.0x of trailing EBITDA and discount rates ranging from 10% to 14%. To estimate the enterprise value range of IAC's travel services segment, Allen & Company used exit multiples of 14.0x to 18.0x of trailing EBITDA and discount rates ranging from 12% to 16%.

Based on this data and the assumptions indicated, including IAC's net non-operating/corporate segment, Allen & Company calculated that the implied equity value per share of IAC common stock ranged from \$25.18 per share to \$33.15 per share plus a positive, unquantified value intrinsic to IAC that includes potential value from (1) integration benefits in connection with companies which IAC recently acquired and (2) future IAC acquisitions.

Analysis of Comparable Public Companies

Allen & Company analyzed the equity values implied by certain stock market data and financial information for three selected comparable companies in the interactive commerce industry, Yahoo!, eBay and Amazon.com. Allen & Company used enterprise value as a multiple of estimated EBITDA

47

and earnings before interest, taxes and amortization (which Allen & Company refers to as EBITA) for 2003, and stock price as a multiple of estimated cash earnings per share (or cash P/E) for 2003. All multiples for the selected comparable companies were based on publicly available Wall Street analyst research estimates and stock prices as of May 2, 2003, and the multiples for IAC were based on IAC's internal budgets, publicly available Wall Street analyst research estimates and the stock price on May 2, 2003. The analysis indicated the following multiples:

	<u>Yahoo!</u>	<u>eBay</u>	<u>Amazon</u>	<u>IAC</u>
Stock Price as a Multiple of:				
Cash P/E	83.8x	71.1x	98.1x	46.4x
Enterprise Value as a Multiple of:				
EBITDA	42.2	42.5	40.3	21.9
EBITA	60.5	54.0	52.6	26.8

Allen & Company also analyzed these comparable companies on a growth-adjusted multiple basis, using a consensus growth rate based on the I/B/E/S mean estimate of five year earnings growth. This analysis indicated the following results:

	<u>Yahoo!</u>	<u>eBay</u>	<u>Amazon</u>	<u>IAC</u>
5 Year Growth	29%	40%	26%	25%

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	Yahoo!	eBay	Amazon	IAC
P/E as a Multiple of Growth Rate	2.9x	1.8x	3.7x	1.8x
Enterprise Value/EBITDA as a Multiple of Growth Rate	1.5x	1.1x	1.5x	0.9x

From this analysis, Allen & Company determined that the IAC common stock trades at a discount to these other major interactive commerce companies, both on a simple multiple basis and a growth-adjusted basis.

Based on the analyses described above, Allen & Company determined that the closing price of \$34.96 of IAC common stock on May 2, 2003 was a representative price for IAC common stock in that there was no evidence to assert that it was not an accurate reflection of the market price for IAC common stock on such date.

General Matters

The preparation of a fairness opinion is not susceptible to partial analysis or summary description. Allen & Company believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the processes underlying the analysis set forth in its opinion. Allen & Company has not indicated that any of the analyses which it performed had a greater significance than any other.

In determining the appropriate analyses to conduct and when performing those analyses, Allen & Company made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions and other matters, many of which are beyond the control of LendingTree. The estimates contained in the analyses which Allen & Company performed are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by the analyses. The analyses were prepared solely as part of Allen & Company's analysis of the fairness from a financial point of view of the exchange ratio to the holders of LendingTree common stock and LendingTree preferred stock. The analyses are not appraisals and do not reflect the prices at which any securities may trade at the present time or at any time in the future.

Allen & Company is a nationally recognized investment banking firm that is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, recapitalizations, negotiated underwriting, competitive bids, secondary distributions of listed and

unlisted securities, private placements and valuations for estate, corporate and other purposes. The board of directors of LendingTree retained Allen & Company based on such qualifications. In connection with its engagement, Allen & Company was not retained to identify, analyze or otherwise pursue any possible transactions other than the merger, and Allen & Company has not identified, analyzed or pursued any transactions other than the merger.

The board of directors of LendingTree entered into an engagement letter agreement with Allen & Company as of April 28, 2003, in which Allen & Company agreed to act as financial advisor to LendingTree in connection with the merger and to render an opinion as to the fairness from a financial point of view of the exchange ratio to the holders of LendingTree common stock and LendingTree preferred stock. Under the engagement letter, LendingTree will pay a customary fee to Allen & Company upon consummation of the merger, and it will reimburse Allen & Company for its travel and out-of-pocket expenses reasonably and actually incurred in connection with the performance of Allen & Company's services under the engagement letter, including the reasonable fees and disbursements of its legal counsel. LendingTree has also agreed to indemnify Allen & Company against certain liabilities and expenses in connection with its engagement.

IAC's Reasons for the Merger

The merger will represent IAC's entry into the large and attractive financial services and real estate verticals, both of which are at an early stage of online migration. IAC believes the addition of LendingTree will support its goal to be the world's largest and most profitable interactive commerce company by pursuing a multi-brand strategy. Upon completion of the acquisition of LendingTree, IAC will have a presence in seven key areas of interactive commerce that represent an estimated 75% of total interactive commerce (U.S.): travel, ticketing, goods, personals, local/classified advertising, financial services and real estate. IAC expects the acquisition of LendingTree to add another powerful brand and profitable interactive business to the IAC family and to further IAC's goal of being the largest, most profitable interactive commerce company in the world. LendingTree will have access to IAC's existing base of nearly 40 million unique monthly Internet users who increasingly are provided opportunities to become customers of more than one IAC property through cross-promotion, integration and the use of special offers or

discounts.

Material United States Federal Income Tax Consequences

The following description summarizes the material U.S. federal income tax consequences of the merger to holders of LendingTree common stock and LendingTree preferred stock, or together referred to as LendingTree stock or LendingTree capital stock. The discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, regulations under the Code, administrative rulings and judicial decisions, all as in effect as of the date of this proxy statement/prospectus and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. Any change in the foregoing could affect the continuing validity of the tax consequences described in this proxy statement/prospectus. Neither IAC nor LendingTree has requested or will request an advance ruling from the U.S. Internal Revenue Service, or the IRS, as to the tax consequences of the merger. This description is not binding on the IRS, and there can be no assurance that the IRS will not disagree with or challenge any of the conclusions described below.

This description applies only to holders of LendingTree stock who are U.S. persons. For purposes of this description, the term "U.S. person" means:

an individual who is a U.S. citizen or U.S. resident alien;

a corporation created or organized under the laws of the United States or any state thereof;

a trust where (1) a U.S. court is able to exercise primary supervision over the administration of the trust and (2) one or more U.S. persons have the authority to control all substantial decisions of the trust; or

49

an estate that is subject to U.S. tax on its worldwide income from all sources.

This description is not a comprehensive description of all the tax consequences that may be relevant to holders of LendingTree capital stock. It applies only to holders of LendingTree capital stock that hold their LendingTree capital stock as a capital asset within the meaning of Section 1221 of the Code (each referred to as a "holder"). No attempt has been made to address all aspects of United States federal taxation that may be relevant to a particular stockholder in light of his, her or its personal circumstances or to stockholders subject to special treatment under the United States federal income tax laws, including:

banks, insurance companies, trusts and financial institutions;

tax-exempt organizations;

mutual funds;

foreign holders;

persons that have a functional currency other than the U.S. dollar;

persons that own both LendingTree common stock and LendingTree preferred stock;

pass-through entities and investors in pass-through entities;

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traders in securities who elect to apply a mark-to-market method of accounting;

dealers in securities or foreign currency;

stockholders who received their LendingTree stock through the exercise of employee stock options, through a tax-qualified retirement plan or otherwise as compensation;

holders of options or warrants granted by LendingTree; and

stockholders who hold LendingTree stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment.

In addition, this discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger. It does not address the tax consequences of any transaction other than the merger.

EACH HOLDER OF LENDINGTREE STOCK SHOULD CONSULT HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF THE MERGER TO SUCH HOLDER.

The merger has been structured to qualify as a reorganization for U.S. federal income tax purposes. Assuming the merger so qualifies, a holder will not recognize any gain or loss upon receipt of IAC common stock in exchange for his, her or its LendingTree stock, except in respect of cash received instead of a fractional share of IAC common stock (as discussed below). The aggregate adjusted tax basis of the shares of IAC common stock (including fractional shares deemed received and redeemed as described below) received in the merger will be equal to the aggregate adjusted tax basis of the shares of LendingTree stock surrendered for the IAC common stock, and the holding period of the IAC common stock (including fractional shares deemed received and redeemed as described below) will include the period during which the shares of LendingTree stock were held. IAC and LendingTree will not be required to complete the merger unless IAC receives an opinion from Wachtell, Lipton, Rosen & Katz and LendingTree receives an opinion from Weil, Gotshal & Manges LLP, in each case dated the closing date and to the effect that the merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code.

A holder who receives cash instead of a fractional share of IAC common stock will generally be treated as having received such fractional share and then as having received such cash in redemption of such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the holder's aggregate

50

adjusted tax basis of the shares of LendingTree stock surrendered which is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of LendingTree stock is more than one year at the effective time of the merger.

A holder of LendingTree preferred stock who receives cash for all of his, her or its shares of LendingTree preferred stock as a result of the exercise of appraisal rights in connection with the merger generally will recognize gain or loss equal to the difference between the tax basis of the shares of LendingTree preferred stock surrendered and the amount of cash received, except that any cash received that is or is deemed to be interest for U.S. federal income tax purposes will be taxed as ordinary income. Gain or loss that is not treated as ordinary income will be capital gain or loss and any such capital gain or loss will be long term if, as of such time, the holder of LendingTree preferred stock has held such shares for more than one year. A holder of LendingTree preferred stock receiving cash as a result of the exercise of appraisal rights may be required to recognize gain or loss in the year the merger closes, irrespective of whether such stockholder actually receives payment for his, her or its shares of LendingTree preferred stock in that year. The United States federal income tax discussion set forth in this paragraph may not apply to holders of LendingTree preferred stock who receive cash as a result of the exercise of appraisal rights and who also own LendingTree common stock. Such holders are urged to consult their own tax advisors regarding the specific tax consequences of the merger.

Payments of cash in lieu of fractional shares, and payments of cash as a result of the exercise of appraisal rights, in each case made in connection with the merger may be subject to "backup withholding" at a rate of 28%. Backup withholding generally applies if a holder (1) fails to furnish his, her or its Taxpayer Identification Number, or TIN, (2) furnishes an incorrect TIN, (3) fails properly to include a reportable interest or dividend payment on its United States federal income tax return or (4) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN provided is its correct number and that the holder is not subject to backup withholding. Backup

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withholding does not constitute an additional tax, but merely an advance payment of tax, which may be refunded to the extent it results in an overpayment of tax, provided that the required information is supplied to the IRS.

Certain persons are generally exempt from backup withholding, including corporations, financial institutions and certain foreign stockholders if such foreign stockholders submit a statement, signed under penalty of perjury, attesting to their exempt status. Certain penalties apply for failure to furnish correct information and for failure to include reportable payments in income. Each holder of LendingTree capital stock should consult with his, her or its own tax advisor as to its qualification for exemption from backup withholding and the procedure for obtaining such exemption. All stockholders who are U.S. persons exchanging shares of LendingTree stock in the merger should complete and sign the main signature form and the Substitute Form W-9 included as part of the letter of transmittal, when provided following the merger, to provide the information and certification necessary to avoid backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to IAC and the exchange agent). Non-corporate foreign stockholders should complete and sign IRS Form W8-BEN, in order to avoid backup withholding.

Tax matters are very complicated, and the tax consequences of the merger to each holder of LendingTree capital stock will depend on the facts of that stockholder's particular situation. The United States federal income tax discussion set forth above does not address all United States federal income tax consequences that may be relevant to a particular holder and may not be applicable to holders in special situations. We urge holders of LendingTree capital stock to consult their own tax advisors regarding the specific tax consequences of the merger.

51

Appraisal Rights

Common Stockholders

Holders of LendingTree common stock do not have appraisal rights under Delaware law in connection with the merger.

Preferred Stockholders

Holders of shares of LendingTree preferred stock who do not vote in favor of the approval of the merger agreement and who properly demand appraisal of their shares of LendingTree preferred stock will be entitled to appraisal rights in connection with the merger under Section 262 of the Delaware General Corporation Law, or the DGCL.

The following discussion is not a complete statement of the law pertaining to appraisal rights under Section 262 and is qualified in its entirety by the full text of Section 262, attached to this proxy statement/prospectus as Appendix F. All references in this summary to a "preferred stockholder" or "holder of preferred shares" or "persons who hold preferred shares" are to the record holder of the shares of LendingTree preferred stock as to which appraisal rights are asserted. A person having a beneficial interest in shares of LendingTree preferred stock held of record in the name of another person, such as a broker, fiduciary, depository or nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights.

Under Section 262, persons who hold shares of LendingTree preferred stock who follow the procedures set forth in Section 262 will be entitled to have their shares of LendingTree preferred stock appraised by the Delaware Court of Chancery and to receive payment of the "fair value" of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, as determined by the Court.

Notification

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, as in the case of the approval of the merger agreement by the LendingTree stockholders, LendingTree, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262. This proxy statement/prospectus constitutes that notice, and the applicable statutory provisions are attached to this proxy statement/prospectus as Appendix F. Any holder of LendingTree preferred stock who wishes to exercise appraisal rights, or who wishes to preserve such holder's right to do so, should review the following discussion and Appendix F carefully because failure to timely and properly comply with the procedures specified will result in the loss of appraisal rights.

Electing Appraisal Rights

A holder of shares of LendingTree preferred stock wishing to exercise appraisal rights must deliver to LendingTree, before the vote on the proposal to approve and adopt the merger agreement at the LendingTree special meeting of stockholders, a separate written demand for the

appraisal of the holder's preferred shares and must not vote such preferred shares in favor of the approval and adoption of the merger agreement or consent to the merger agreement in writing (including by returning a signed proxy without indicating any voting instructions as to the proposed transactions). A holder of LendingTree preferred stock who abstains from voting on the proposed transactions at the LendingTree special meeting of stockholders will not waive his, her or its appraisal rights under Section 262. A holder of shares of LendingTree preferred stock wishing to exercise appraisal rights must hold of record the preferred shares on the date the written demand for appraisal is made and

must continue to hold the preferred shares of record through the effective time of the merger. A proxy or vote against the approval of the merger agreement will not in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. The demand must reasonably inform LendingTree of the identity of the holder as well as the intention of the holder to demand an appraisal of the "fair value" of the shares held by the holder.

All written demands for appraisal pursuant to Section 262 should be sent or delivered to LendingTree at LendingTree, Inc., 11115 Rushmore Drive, Charlotte, North Carolina 28277, Attention: Secretary.

Only Record Holders May Demand Appraisal Rights

Only a holder of record of shares of LendingTree preferred stock is entitled to assert appraisal rights for the shares of LendingTree preferred stock registered in that holder's name. A demand for appraisal in respect of shares of LendingTree preferred stock should be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificate(s), and must state that the person intends thereby to demand appraisal of the holder's shares of LendingTree preferred stock in connection with the merger. If the shares of LendingTree preferred stock are owned of record other than by the beneficial owner, such as by a broker, fiduciary (such as a trustee, guardian or custodian), depository or other nominee, such demand must be executed by or for the record owner, and if the shares of LendingTree preferred stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, the agent is agent for the record owner or owners. A record holder such as a broker, fiduciary, depository or other nominee, who holds shares of LendingTree preferred stock as nominee for several beneficial owners may exercise appraisal rights with respect to the shares of LendingTree preferred stock held for one or more beneficial owners while not exercising the rights with respect to the shares of LendingTree preferred stock held for other beneficial owners; in that case, however, the written demand must set forth the number of shares of LendingTree preferred stock as to which appraisal is sought and where no number of shares of LendingTree preferred stock is expressly mentioned the demand will be presumed to cover all shares of LendingTree preferred stock held in the name of the record owner. We urge preferred stockholders who hold their shares of LendingTree preferred stock in brokerage accounts or other nominee forms and who wish to exercise appraisal rights to consult with their broker or other nominee to determine the appropriate procedures for the nominee to make a demand for appraisal.

If the charter amendment and the merger agreement are approved, within ten days after the effective time of the merger, the surviving corporation must notify each holder of LendingTree preferred stock who has complied with Section 262 and who has not voted in favor of the approval and adoption of the merger agreement that the merger has become effective. Within 120 days after the effective time of the merger, but not later, the surviving corporation or any holder of LendingTree preferred stock who has so complied with the required conditions of Section 262 and is entitled to appraisal rights under Section 262 may file a petition in the Delaware Court of Chancery, with a copy served on the surviving corporation in the case of a petition filed by a stockholder, demanding a determination of the fair value of the holder's shares of LendingTree preferred stock. The surviving corporation is under no obligation to and has no present intention to file a petition, and preferred stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file such a petition or that the surviving corporation will initiate any negotiations with respect to the fair value of such shares. Accordingly, it is the obligation of the holders of LendingTree preferred stock to initiate all necessary action to perfect their appraisal rights in respect of shares of LendingTree preferred stock within the time period prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of LendingTree preferred stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of preferred shares not voted in favor of the approval of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such preferred shares. The surviving corporation must mail the statement within ten days after it has received a written request for such a statement or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later.

Appraisal Proceeding by Delaware Court

If a holder of shares of LendingTree preferred stock timely files a petition for an appraisal and serves a copy of the petition upon the surviving corporation, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all preferred stockholders who have demanded an appraisal of their LendingTree preferred shares and with whom the surviving corporation has not reached agreements as to the value of such stockholders' preferred shares. After notice to the preferred stockholders as required by the Court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those preferred stockholders who have complied with Section 262 and who have become entitled to appraisal rights under Section 262. The Delaware Court of Chancery may require the holders of shares of LendingTree preferred stock who demanded payment for their preferred shares to submit their preferred stock certificates to the Register in Chancery for notation on the certificate of the pendency of the appraisal proceeding; and if any preferred stockholder fails to comply with the direction, the Court of Chancery may dismiss the proceedings as to the preferred stockholder.

After determining the holders of LendingTree preferred stock entitled to appraisal, the Delaware Court of Chancery will appraise the "fair value" of their shares of LendingTree preferred stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. Although LendingTree believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Court. Holders of LendingTree preferred stock considering seeking appraisal should be aware that the fair value of their shares of LendingTree preferred stock as so determined could be more than, the same as or less than the consideration they would receive in the merger if they did not seek appraisal of their shares of LendingTree preferred stock and that opinions from financial advisors as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262. Moreover, LendingTree does not anticipate offering more than the applicable merger consideration to any preferred stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the "fair value" of a share of LendingTree preferred stock is less than the applicable merger consideration. In determining "fair value," the Court is required to take into account all relevant factors. The Delaware Supreme Court has stated that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered in the appraisal proceedings, and that "[f]air price obviously requires consideration of all relevant factors involving the value of a company." The Court will also determine the amount of interest, if any, to be paid upon the amounts to be received by persons whose shares of LendingTree preferred stock have been appraised, and may consider all relevant factors, including the rate of interest that the surviving corporation would have had to pay to borrow money during the pendency of the proceeding. The costs of the action may be determined by the Court and taxed upon the parties as the Court deems equitable. However, costs do not include attorneys' fees and expert witness fees. Each dissenting stockholder is responsible for his, her or its attorneys' and expert witness expenses, although upon application of a dissenting stockholder, the Court may order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including, without

limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all the shares entitled to be appraised.

Effect of Appraisal Demand on Voting and Rights to Dividends; Tax Consequences

Any holder of shares of LendingTree preferred stock who has duly demanded an appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote the shares of LendingTree preferred stock subject to the demand for any purpose or be entitled to the payment of dividends or other distributions on those shares of LendingTree preferred stock (except dividends or other distributions payable to holders of record of LendingTree preferred stock as of a record date prior to the effective time of the merger in respect of a dividend payment date occurring before the effective time of the merger). The tax consequences to a LendingTree preferred stockholder who receives cash for his or her shares of LendingTree preferred stock as a result of the exercise of appraisal rights are described under "Material United States Federal Income Tax Consequences."

Loss; Waiver or Withdrawal of Appraisal Rights

A holder of LendingTree preferred stock will fail to perfect, or effectively lose or withdraw, the right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers to the surviving corporation a written withdrawal of the preferred stockholder's demand for appraisal and an acceptance of the merger, except that any attempt to withdraw made more than 60 days after the effective time of the merger will require the written approval of the surviving corporation and, once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any preferred holder absent court approval. Such approval may be conditioned upon such terms as the Court deems just. A stockholder who withdraws his, her or its demand for appraisal of such stockholder's LendingTree preferred shares, or otherwise fails to perfect or loses the right to seek appraisal, will receive the merger consideration that the stockholder would have been entitled

to receive under the merger agreement, had the stockholder not elected to seek appraisal rights. **Failure to follow the steps required by Section 262 for perfecting appraisal rights may result in the loss of such rights (in which event the holder of LendingTree preferred stock will be entitled to receive solely the consideration specified in the merger agreement).**

Regulatory Approvals Required for the Merger

IAC and LendingTree have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. While IAC and LendingTree believe that they will be able to obtain the necessary regulatory approvals to complete the merger and the other transactions contemplated by the merger agreement, IAC and LendingTree cannot predict whether the required regulatory approvals will be obtained within the time frame contemplated by the merger agreement or on conditions that would not be detrimental to IAC or LendingTree, or whether these approvals will be obtained at all. Under the merger agreement, in connection with obtaining these approvals IAC is not required to agree to, or to permit LendingTree to agree to, any limitation, divestiture or condition to the approval. IAC and LendingTree are not aware of any other material governmental approvals or actions that are required prior to completion of the merger other than those described below.

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (also known as the HSR Act), IAC and LendingTree may not complete the merger prior to furnishing certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and until the applicable waiting period under the HSR Act has expired or been terminated. The relevant filings by both IAC and LendingTree were made by May 20, 2003. The applicable waiting period under the HSR Act was terminated early effective on May 27, 2003.

55

In connection with proposed merger, applications or notifications are also required to be filed with governmental entities under various laws, including those regulating real estate brokers or agents, loan brokers and mortgage brokers and bankers. These governmental entities may disapprove the change in control of LendingTree as a result of the merger based upon the criteria set forth in the applicable laws and regulations. It is a condition to completing the merger that we obtain any required regulatory approvals to continue to operate LendingTree's businesses in California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Virginia, and in such other states which, when taken together with the ten specified states, represent at least 95% of LendingTree's consolidated revenue for 2002. IAC and LendingTree have filed all applications and notifications that they believe are necessary to consummate the proposed merger. To date, five of the ten specified states have either approved the merger or have indicated that their prior approval is not required. LendingTree and IAC currently anticipate receiving the necessary approvals in the third quarter of 2003. However, there is no guarantee that we will have received all necessary licenses to operate one or more of LendingTree's lines of business following a change in control as of the closing date of the merger. Any delay in acquiring licenses, permits or other approvals that LendingTree needs to continue to operate its businesses in all 50 states by the time we complete the merger might require LendingTree to refrain from conducting some or all of its operations in particular states for an unspecified period of time and could adversely affect LendingTree's performance and profitability following the merger.

Certain Effects of the Merger

Effects on the Market for LendingTree Common Stock

Following the merger, we intend to cause the delisting of shares of LendingTree common stock from the Nasdaq National Market, following which shares of LendingTree common stock will not be publicly traded.

Exchange Act Registration

Shares of LendingTree common stock are currently registered under the Exchange Act. Following the merger, we will file a Form 15 with the SEC requesting the suspension and termination of registration of shares of LendingTree common stock under the Exchange Act.

Accounting Treatment for the Merger

IAC will account for the merger under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the cost to acquire shares of LendingTree common stock and LendingTree preferred stock and outstanding stock options and warrants in excess of the carrying value of LendingTree's assets and liabilities will be allocated to LendingTree's assets and liabilities based on their fair values, with any excess being allocated to goodwill and any identified intangible assets. The determination of asset lives and required purchase accounting adjustments reflected in this document, including the allocation of the purchase price to the assets and liabilities of LendingTree based on their respective fair values, is preliminary. See the notes accompanying the Unaudited Pro Forma Combined

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Condensed Financial Statements of IAC contained in this proxy statement/prospectus.

Resale of IAC Common Stock

Shares of IAC common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of IAC common stock issued to any LendingTree stockholder that is, or is expected to be, an "affiliate" of IAC or LendingTree for purposes of Rule 145 under the Securities Act. Persons that may be deemed to be "affiliates" of IAC or LendingTree for such purposes generally include individuals or entities that control, are controlled

56

by, or are under common control with, IAC or LendingTree, and will include the directors and certain executive officers of LendingTree. The merger agreement requires LendingTree to use its reasonable best efforts to cause each of its affiliates to execute a written agreement with IAC to the effect that such affiliate will not transfer any shares of IAC common stock received as a result of the merger, except pursuant to an effective registration statement under the Securities Act or in a transaction not required to be registered under the Securities Act.

This proxy statement/prospectus does not cover resales of shares of IAC common stock received by any person in connection with the merger, and IAC has not authorized any person to make any use of this proxy statement/prospectus in connection with any resale of shares of IAC common stock.

CERTAIN LENDINGTREE FINANCIAL PROJECTIONS

LendingTree provided projections of its future financial performance to Merrill Lynch and Allen & Company in connection with their financial analyses of the merger and the preparation of their respective fairness opinions. These projections were not prepared with a view to public disclosure and are included in this proxy statement/prospectus only because such information was considered by Merrill Lynch and Allen & Company in connection with their financial analyses of the merger and the preparation of their respective fairness opinions, and by LendingTree's Board of Directors in entering into the merger agreement. These projections, which LendingTree does not ordinarily make available to the public, included the following:

	2003	2004	2005	2006	2007
	(In millions, except per share data)				
Net income pre-tax	\$ 23.6	\$ 30.6	\$ 59.4	\$ 83.1	\$ 128.5
Net income available to common shareholders ⁽¹⁾	\$ 21.1	\$ 18.8	\$ 37.7	\$ 52.8	\$ 81.6
EBITDA ⁽²⁾	\$ 29.0	\$ 34.8	\$ 63.6	\$ 87.1	\$ 132.1
Earnings per share after tax ⁽³⁾	\$ 0.42	\$ 0.56	\$ 1.10	\$ 1.51	\$ 2.32

- (1) Net income is presented on an after-tax basis in 2004 and thereafter by applying a hypothetical 39% tax rate in 2004 and 36% thereafter to LendingTree's projected net income pre-tax. Due to its ability to carry forward historical net operating losses, LendingTree does not expect to pay taxes until late 2004. The net income projection for 2003 would be approximately \$14.4 million if a hypothetical tax rate of 39% was applied to such period.
- (2) EBITDA, as determined by LendingTree, is net income determined in accordance with generally accepted accounting principles, excluding taxes, net interest income/expense, depreciation and amortization expense, and non-cash stock-based compensation charges. EBITDA is not a substitute for operating performance measures under generally accepted accounting principles and may be different from the presentation of financial information by other companies.
- (3) Earnings per share after tax is presented on an after-tax basis for all years by applying a hypothetical 39% tax rate in 2003 and 2004 and 36% thereafter to LendingTree's projected pre-tax earnings per share.

LendingTree's management prepared the prospective financial information included in this proxy statement/prospectus. Projected income for 2007 that LendingTree provided to its financial advisors is slightly higher than LendingTree has previously disclosed to the public. Neither Merrill Lynch nor Allen & Company assumes any responsibility for the accuracy of any of the prospective financial information. PricewaterhouseCoopers LLP, LendingTree's independent accountants, has neither examined nor compiled the prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference into this proxy statement/prospectus

relates to LendingTree's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

LendingTree did not prepare the projections with a view to public disclosure or compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or United States generally accepted accounting principles. LendingTree does not intend the above projections to be a forecast of financial results, and they are not guarantees of performance. The projections involve risks and are based upon a variety of assumptions relating to LendingTree's business (including LendingTree's ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions and other matters and are subject to significant uncertainties and contingencies, many of which are beyond LendingTree's and IAC's control. See "Cautionary Statement Concerning Forward-Looking Statements." Projections of this nature are inherently imprecise, and there can be no assurances that they will be realized or that actual results will not differ significantly from those described above. These projections are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. We cannot assure you that the assumptions made in preparing the projections will prove accurate. For these reasons, you should not regard the inclusion of the projections in this document as an indication that IAC, LendingTree, any recipient of the forecasts or their respective affiliates or representatives, considered or consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. We expect that there will be differences between actual and projected results, and actual results may be materially greater or less than those contained in the projections. None of IAC, LendingTree or any of their respective affiliates or representatives has made or makes any representation to any person regarding the ultimate performance of LendingTree compared to the information contained in the projections, and none of them has updated or otherwise revised or intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

In considering the recommendation of LendingTree's board of directors with respect to the merger agreement and the charter amendment, LendingTree's stockholders should be aware that some of LendingTree's executive officers and directors have interests in the merger and have arrangements that are different from, or in addition to, those of LendingTree's stockholders generally. These interests and arrangements may create potential conflicts of interest. LendingTree's board of directors was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that LendingTree's common and preferred stockholders vote in favor of approving the merger agreement and the charter amendment.

LendingTree Stock Held by Directors and Executive Officers

At the close of business on July 3, 2003, the directors and named executive officers of LendingTree held LendingTree stock as follows:

Directors and Executive Officers	Common Stock Beneficially Owned	Percentage of Class	Preferred Stock Beneficially Owned	Percentage of Class
Douglas R. Lebda	1,911,864	7.8%	200,000	3.4%
Richard Field	1,070,085	4.4	200,000	3.4
W. James Tozer, Jr.	1,063,620	4.4	300,000	5.1

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Directors and Executive Officers	Common Stock Beneficially Owned	Percentage of Class	Preferred Stock Beneficially Owned	Percentage of Class
Daniel Lieber				
Robert Spass	30,918	0.1		
Thomas Reddin	232,807	1.0		
Keith Hall	326,632	1.4		
Stephen Campbell	122,040	0.5		
Eric Cunliffe	54,015	0.2		

At the close of business on July 3, 2003, Specialty Finance Partners beneficially owned 4,464,190 shares of LendingTree common stock and 2,156,726 shares of LendingTree preferred stock. Mr. Spass is a Director and Chairman of the Board of Capital Z Management, LLC, which is the manager of Capital Z Financial Services Fund II, LP, which is a general partner of Specialty Finance Partners. Mr. Spass is also a Director and Chairman of the Board of Capital Z Partners, Ltd., which is the ultimate general partner of Capital Z Financial Services Fund II, LP. Mr. Spass is also a limited partner of Capital Z Partners, LP, which is an affiliate of Specialty Finance Partners. Mr. Lieber is a Principal of Capital Z Management, LLC which is the manager of Capital Z Financial Services Fund II, LP, which is a general partner of Specialty Finance Partners. Mr. Lieber is also a member of Equifin Capital Partners, Ltd., which is a general partner of Specialty Finance Partners. Messrs. Lieber and Spass each disclaim beneficial ownership of all shares of LendingTree stock beneficially owned by Specialty Finance Partners.

At the close of business on July 3, 2003, directors and executive officers of LendingTree beneficially owned in the aggregate approximately 4,965,729 shares of LendingTree's common stock, representing approximately 18.9% of the outstanding common stock, and approximately 700,000 shares of LendingTree's preferred stock, representing approximately 12% of the outstanding preferred stock. Collectively, the LendingTree common shares and LendingTree preferred shares held by the directors and executive officers of LendingTree represented approximately 17.6% of the total voting power of the LendingTree common shares and LendingTree preferred shares as of July 3, 2003, voting together as a single class with the LendingTree preferred shares voting on an as-converted basis.

Upon completion of the merger, the shares of LendingTree common and preferred stock held by each of the directors and executive officers of LendingTree will be converted into shares of IAC common stock on the same basis as all other shares of LendingTree common and preferred stock.

Stock Options and Warrants

Pursuant to the merger agreement and the terms of LendingTree's various stock plans (excluding LendingTree's Employee Stock Purchase Plan), upon completion of the merger each LendingTree option, including any held by directors and executive officers of LendingTree, will be converted into an option to purchase shares of IAC common stock, with such option covering 0.6199 of a share of IAC common stock for each share of LendingTree common stock subject to the option (rounded to the nearest whole share of IAC common stock) at an exercise price per share equal to the per share exercise price of the LendingTree option immediately prior to the effective time of the merger divided by 0.6199 (rounded to the nearest cent) and otherwise on the same terms and conditions as were

applicable to the LendingTree stock option. Each converted option that was an incentive stock option immediately prior to the effective time will be converted in a manner consistent with applicable federal income tax rules such that the option will not cease to be treated as an incentive stock option by virtue of the conversion. In addition, upon completion of the merger each LendingTree warrant, including any held by directors and executive officers of LendingTree, will be converted into an equivalent IAC warrant on substantially the same terms and conditions as were applicable to the LendingTree warrant with 0.6199 of a share of IAC common stock being subject to such warrant for every LendingTree share that was previously subject to the warrant. Based on LendingTree option and warrant holdings on July 3, 2003, upon completion of the merger, Messrs. Lebda, Field, Tozer, Lieber and Spass would hold options to acquire 691,192, 260,600, 17,282, 0 and 0 shares of IAC common stock and warrants to acquire 0, 10,235, 0, 0 and 14,517 shares of IAC common stock, respectively, Messrs. Reddin, Hall, Campbell and Cunliffe would hold options to acquire 214,893, 184,384, 134,611 and 72,064 shares of IAC common stock and LendingTree's other executive officers as a group would hold options to purchase an aggregate of 150,457 shares of IAC common stock.

Acceleration of Stock Options

As of July 3, 2003, directors and executive officers of LendingTree held options to purchase an aggregate of 2,783,485 shares of LendingTree common stock at exercise prices ranging from \$1.43 to \$15.10 per share, of which options to purchase an aggregate of 1,094,661 shares were not yet vested or exercisable within the next 60 days. Under the terms of the equity plans under which these options were granted, 50% of all unvested options will become vested and exercisable upon completion of the merger. Additionally, pursuant to employment

continuity agreements entered into by LendingTree with Messrs. Lebda, Reddin, Hall, Campbell and Cunliffe and eight additional senior executives of LendingTree, completion of the merger will cause each stock option and other stock incentive award that had been granted to each executive under a LendingTree stock incentive plan or similar arrangement to become fully vested and exercisable, to the extent that such awards had not already become vested and exercisable pursuant to the terms of the incentive plan or similar arrangement on account of the merger, and the stock options that vest and become exercisable under the employment continuity agreements will remain exercisable until their specified expiration date. The employment continuity agreements that LendingTree has entered into with Messrs. Lebda and Reddin will be waived and superseded at the effective time of the merger by new employment agreements that Messrs. Lebda and Reddin have entered into with Forest Merger Corp., the corporation with which LendingTree will merge. Each such new employment agreement contains a provision relating to acceleration and post-termination exercisability of options that is substantially similar to that contained in such employee's current employment continuity agreement with LendingTree. As a result of the change of control provisions in LendingTree's various equity compensation plans, and the employment continuity agreements and the new employment agreements that Messrs. Lebda and Reddin have entered into with Forest Merger Corp., based on the number of options outstanding as of July 3, 2003 and assuming that the merger is completed on September 1, 2003, options to purchase an aggregate of 1,075,357 shares of common stock will become vested and exercisable upon completion of the merger with Messrs. Lebda, Reddin, Hall, Campbell and Cunliffe having options to purchase 483,874, 157,500, 128,276, 107,500 and 67,500 of common stock becoming vested and exercisable and the other executive officers as a group having options to purchase an aggregate of 130,707 shares of common stock becoming vested and exercisable.

Stock Retention Policy

LendingTree adopted a stock retention policy for all members of its executive management team, including Messrs. Lebda, Reddin, Hall, Campbell and Cunliffe, pursuant to which a covered executive may not transfer more than 30% of the total shares that the executive has been awarded under a LendingTree stock incentive plan (which amount includes shares subject to stock options) during the

60

executive's employment with LendingTree and during the six-month period following such executive's termination of employment. If LendingTree terminates the executive's employment without "cause" however, the executive will remain subject to the restrictions on transfer for 45 days and not six months following such termination. Upon a change of control of LendingTree, the policy automatically terminates with respect to all covered employees. The policy will automatically terminate upon completion of the merger, which constitutes a change of control.

Management Incentive Plan

The following describes certain rights of participating officers and other key employees under LendingTree's Management Incentive Plan. Under the terms of the LendingTree Management Incentive Plan, upon a change of control, (1) any performance period in progress will be deemed to have been completed, (2) the maximum level of performance for the performance period will be deemed to have been attained and (3) a pro rata portion of the awards granted for the performance period will be payable in cash within 10 business days following such change of control. As completion of the merger will constitute a change of control under the Management Incentive Plan, all such provisions will become operative and bonuses will be paid at the levels specified above unless alternative arrangements are agreed upon beforehand.

Employment Agreements

Under the merger agreement, IAC has agreed to cause LendingTree, from and after the merger, to fulfill all written employment, severance, termination, consulting and retirement agreements to which LendingTree or any of its subsidiaries is a party, pursuant to the terms of those agreements and applicable law.

Employment Continuity Agreements with Certain Executives

LendingTree is party to employment continuity agreements dated as of March 3, 2003 with Messrs. Lebda, Reddin, Hall, Campbell and Cunliffe, and certain of its other executive officers and key employees. As described below, the employment continuity agreements with Messrs. Lebda and Reddin will be superseded at the effective time of the merger by the new employment agreements with Forest Merger Corp., as described below.

These agreements provide employment protection for these employees following a change of control of LendingTree (as defined under the agreements). As completion of the merger will constitute a change of control under the employment continuity agreements, the agreements will become operative upon completion of the merger.

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The agreement for Mr. Hall provides employment protection for two years following completion of the merger, and the agreements for Messrs. Campbell and Cunliffe and the other executive officers and key employees provide for employment protection for one year following completion of the merger. During each executive's employment protection period, the executive will be entitled to receive an annual base salary based on the highest monthly base salary he was receiving during the 12 months immediately preceding completion of the merger; a bonus award opportunity with a target and maximum bonus level not less than the largest target and maximum annual incentive award payable under LendingTree's annual incentive program as in effect during the 12-month period immediately preceding completion of the merger; and participation in retirement, incentive, welfare and other employee benefit plans which, in the aggregate, are no less favorable than the greater of (1) those provided by LendingTree during the 90-day period immediately preceding completion of the merger or (2) those provided after completion of the merger to other peer executives. During the executive's employment protection period, the annual base salary will be reviewed no more than 12 months after the last salary increase awarded to the executive prior to the effective date of the merger, and will be

61

increased from time to time as is substantially consistent with increases in base salary awarded to other peer executives of LendingTree.

In addition, as described above, completion of the merger will cause each executive to become fully vested in all stock option and other stock incentive awards that had been granted to the executive under a LendingTree stock incentive plan or similar arrangement, to the extent that such awards had not already become vested pursuant to the terms of the incentive plan or similar arrangement on account of the merger, and the stock options that vest under the employment continuity agreements will remain exercisable until their specified expiration date. In the case of Messrs. Campbell and Cunliffe and the other executive officers and key employees under the terms of the employment continuity agreements, the LendingTree board may in its discretion replace any stock options that become vested under their employment continuity agreement with common stock of LendingTree or of a successor that is equal in value to such stock options, or with equivalent value. However, the LendingTree board will not be making such a substitution in connection with the merger.

If LendingTree or a successor terminates an executive's employment during his employment protection period on account of his disability or for reasons other than cause, or if an executive resigns because of a constructive termination during his employment protection period, he will be entitled to a lump sum payment equal to the sum of (1) any unpaid annual base salary and accrued time off through the termination date, (2) his target annual bonus for the performance period in which the termination occurs, prorated for the number of days he actually worked during the performance period, and (3) any amounts previously deferred by such executive under any non-qualified deferred compensation plan (together with earnings accrued thereon). In addition, Messrs. Campbell and Cunliffe and the other executive officers and key employees will each be entitled to receive a payment equal to the sum of their then-current annual base salary and the annual bonus they were paid or are entitled to be paid for the 12-month period ending immediately before completion of the merger. Mr. Hall will be entitled to receive a payment equal to two times that amount. In addition, the amounts described above will be paid to the executive's legal representatives if the executive's employment terminates as a result of his death during the employment protection period. Unless the executive's employment terminates on account of disability or death, the executive will also be entitled to receive continued coverage (including health plan coverage) for him and his family under the most favorable welfare benefit plans that were in place (1) during the 90-day period immediately preceding the executive's termination date or (2) with respect to other peer executives during the employment continuation period. This coverage will continue for two years following the termination of Mr. Hall, and will continue for one year following the termination of Messrs. Campbell and Cunliffe and the other executive officers and key employees. LendingTree or its successor may, in lieu of providing such continued welfare benefits, pay the executive in a lump sum the estimated after-tax value to him and his family of continued welfare benefit plan coverage following termination of the executive's employment. The employment continuity agreement may only be modified or terminated with the executive's consent, except that the agreement automatically terminates if the executive's employment with LendingTree terminates prior to the occurrence of a change of control. However, if the executive reasonably demonstrates that the termination was initiated by a party who has taken steps to effect a change of control of LendingTree or that his termination otherwise arose in anticipation of a change of control, a change of control will be deemed to have taken place on the date immediately before the date of the executive's termination of employment for purposes of that executive's employment continuity agreement, and the executive will be entitled to the rights described above.

Each of the executives who is party to an employment continuity agreement is subject to a covenant not to use or reveal LendingTree's trade secrets while the employment continuity agreement is in effect and for one year following termination of his employment, and a covenant not to hire employees of LendingTree for one year following termination of his employment.

62

New Employment Agreements between LendingTree and each of Messrs. Lebda and Reddin

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LendingTree is party to employment agreements with each of Messrs. Lebda and Reddin governing the material terms of each such executive's employment. At the effective time of the merger, each such agreement will be superseded by the employment agreements with the surviving corporation that are described below. LendingTree has consented to Messrs. Lebda and Reddin entering into these employment agreements with Forest Merger Corp.

Lebda Employment Agreement

Mr. Lebda entered into an employment agreement, dated May 5, 2003, with Forest Merger Corp. setting forth the material terms of his employment following the completion of the merger. The agreement becomes effective upon completion of the merger (except for the restrictive covenants described below, which became effective as of May 5, 2003) and will remain in effect until the fifth anniversary of the merger. The agreement requires the surviving corporation and Mr. Lebda to enter into good faith negotiations to extend the term of the agreement if Mr. Lebda provides notice to the surviving corporation of his desire to do so between eight and six months prior to the fifth anniversary of the merger. Upon completion of the merger, this employment agreement will supersede all other employment agreements to which Mr. Lebda is a party, including Mr. Lebda's employment continuity agreement and employment agreement with LendingTree. This employment agreement will become null and void if the merger agreement is terminated, and Mr. Lebda's employment continuity agreement and employment agreement with LendingTree will become immediately effective and binding.

Position

During the term, Mr. Lebda will serve as chief executive officer of the surviving corporation, and he will report directly to the chief executive officer of IAC or such other person designated by IAC who has certain reporting authority and responsibilities (as set forth in the employment agreement).

Place of Employment

The agreement provides that Mr. Lebda's principal place of employment will be the surviving corporation's offices in Charlotte, North Carolina.

Compensation

During the term, Mr. Lebda will receive an annual base salary of \$400,000, and will be eligible to receive a discretionary annual bonus in a manner consistent with similarly situated executives of IAC's subsidiaries after taking into consideration his total incentive compensation opportunities. On the effective date of the merger, pursuant to the agreement, Mr. Lebda will become fully vested in all stock option awards that had been granted to him under a LendingTree stock incentive plan or similar arrangement, to the extent that such awards had not already become vested pursuant to the terms of the incentive plan or similar arrangement on account of the merger, and the stock options that vest under the employment agreement will remain exercisable until the last date on which the original option was scheduled to expire (without regard to whether the termination of Mr. Lebda's employment would have resulted in a shorter exercise period). Additionally, on the later of the effective date of the merger or the date on which the grant is approved by the compensation committee of IAC's board of directors, Mr. Lebda will receive 50,000 restricted stock units with respect to IAC common stock, which stock units will have the same terms and conditions as provided for in grants of restricted stock units to other business unit heads and senior executive officers of IAC in February 2003. On or before the day immediately following the effective date of the merger, Mr. Lebda will receive 4.25% of the common stock of the surviving corporation in the form of restricted shares, subject to the terms of a Restricted Share Grant and Shareholders' Agreement (see "Restricted Share Grant and Shareholders' Agreement" below).

63

Following the effective date of the merger, Mr. Lebda will be evaluated annually for future equity incentives in a manner consistent with the evaluation provided for similarly situated executives of IAC and its subsidiaries after taking into consideration Mr. Lebda's total incentive compensation opportunities.

During the term, Mr. Lebda will be eligible to participate in welfare, health and life insurance and pension benefit and incentive programs adopted by the surviving corporation on the same basis as that provided to similarly situated employees of the surviving corporation generally, including but not limited to business expense reimbursement and paid vacation.

Severance

If Mr. Lebda's employment is terminated during the term by the surviving corporation without "cause" (and other than by reason of his death or disability) or is terminated by Mr. Lebda for "good reason" (as those terms are defined in the agreement), subject to Mr. Lebda's

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execution and non-revocation of a release and compliance with the restrictive covenants described below, the surviving corporation will continue to pay Mr. Lebda his salary for the remainder of the term. The surviving corporation will also pay Mr. Lebda any portion of his accrued but unpaid base salary through the date of termination and any compensation previously earned but deferred by Mr. Lebda (together with any interest or earnings) that has not yet been paid.

Restrictive Covenants

Pursuant to the agreement, Mr. Lebda is bound by a covenant not to compete with LendingTree's businesses (or its subsidiaries or affiliates) and a covenant not to solicit LendingTree's employees or business partners (or IAC's subsidiaries or affiliates), each of which covenants apply during the term of his employment and for two years after termination of employment for any reason. In addition, Mr. Lebda agreed not to use or disclose any confidential information of LendingTree or its affiliates.

Reddin Employment Agreement

Mr. Reddin entered into an employment agreement, dated May 5, 2003, which was amended and restated on July 7, 2003, with Forest Merger Corp. setting forth the material terms of his employment following the completion of the merger. The agreement becomes effective upon completion of the merger (except for the restrictive covenants described below, which became effective as of May 5, 2003) and will remain in effect until the fifth anniversary of the merger. The agreement requires the surviving corporation and Mr. Reddin to enter into good faith negotiations to extend the term of the agreement if Mr. Reddin provides notice to the surviving corporation of his desire to do so between eight and six months prior to the fifth anniversary of the merger. Upon completion of the merger, this employment agreement will supersede all other employment agreements to which Mr. Reddin is a party, including Mr. Reddin's employment continuity agreement and employment agreement with LendingTree. This employment agreement will become null and void if the merger agreement is terminated, and Mr. Reddin's employment continuity agreement and employment agreement with LendingTree will become immediately effective and binding.

Position

During the term, Mr. Reddin will serve as President and Chief Operating Officer of the surviving corporation, and will report to the chief executive officer of the surviving corporation.

Place of Employment

The agreement provides that Mr. Reddin's principal place of employment will be the surviving corporation's offices in Charlotte, North Carolina.

64

Compensation

During the term, Mr. Reddin will receive an annual base salary of \$325,000, and will be eligible to receive a discretionary annual bonus in a manner consistent with similarly situated executives of IAC's subsidiaries after taking into consideration his total incentive compensation opportunities. On the effective date of the merger, pursuant to the agreement, Mr. Reddin will become fully vested in all stock option awards that had been granted to him under a LendingTree stock incentive plan or similar arrangement, to the extent that such awards had not already become vested pursuant to the terms of the incentive plan or similar arrangement on account of the merger, and the stock options that vest under the employment agreement will remain exercisable until the last date on which the original option was scheduled to expire (without regard to whether the termination of Mr. Reddin's employment would have resulted in a shorter exercise period). On the later of the effective date of the merger or the date on which the grant is approved by the compensation committee of IAC's board of directors, Mr. Reddin will receive 25,000 restricted stock units with respect to IAC common stock, which stock units will have the same terms and conditions as provided for in grants of restricted stock units to other business unit heads and senior executive officers of IAC in February 2003. On or before the day immediately following the effective date of the merger, Mr. Reddin will receive 1.65% (and prior to the amendment and restatement of his employment agreement, Mr. Reddin would have received 1.5%) of the common stock of the surviving corporation in the form of restricted shares, subject to the terms of a Restricted Share Grant and Shareholders' Agreement (see " Restricted Share Grant and Shareholders' Agreement" below). Following the effective date of the merger, Mr. Reddin will be evaluated annually for future equity incentives in a manner consistent with the evaluation provided for similarly situated executives of IAC and its subsidiaries after taking into consideration Mr. Reddin's total incentive compensation opportunities.

During the term, Mr. Reddin will be eligible to participate in welfare, health and life insurance and pension benefit and incentive programs adopted by the surviving corporation on the same basis as that provided to similarly situated employees of the surviving corporation generally, including but not limited to business expense reimbursement and paid vacation.

Severance

If Mr. Reddin's employment is terminated during the term by the surviving corporation without "cause" (and other than by reason of his death or disability) or by Mr. Reddin for "good reason" (as those terms are defined in the agreement), subject to Mr. Reddin's execution and non-revocation of a release and compliance with the restrictive covenants described below, the surviving corporation will continue to pay Mr. Reddin his salary for the remainder of the term. The surviving corporation will also pay Mr. Reddin any portion of his accrued but unpaid base salary through the date of termination and any compensation previously earned but deferred by Mr. Reddin (together with any interest or earnings) that has not yet been paid.

Restrictive Covenants

Pursuant to the agreement, Mr. Reddin is bound by a covenant not to compete with LendingTree's businesses (or its subsidiaries or affiliates) and a covenant not to solicit LendingTree's employees or business partners (or IAC's subsidiaries or affiliates) during the term of his employment and for two years after termination of employment for any reason. In addition, Mr. Reddin agreed not to divulge or use any confidential information of LendingTree or its affiliates.

Restricted Share Grant and Shareholders' Agreement

On May 5, 2003, Forest Merger Corp., IAC and Messrs. Lebda and Reddin entered into a Restricted Share Grant and Shareholders' Agreement, which agreement was amended and restated as

65

of July 7, 2003, and which provides for the grant of shares of the surviving corporation's common stock to the grantees no later than the day after the effective date of the merger, subject to certain restrictions. The grant of the restricted shares is subject to completion of the merger. Pursuant to the terms of the merger agreement, IAC may cause the surviving corporation to issue awards of restricted shares upon completion of the merger up to an aggregate of 10% of the outstanding common stock of the surviving corporation to certain executive officers of LendingTree, including Messrs. Hall, Campbell and Cunliffe, with Mr. Lebda to receive 4.25% and Mr. Reddin to receive 1.65% of the outstanding shares of common stock of the surviving corporation, in each case subject to the conditions of the grant contained in the Restricted Share Grant and Shareholders' Agreement and such executive officer's continued employment on the date immediately following the effective time of the merger.

Vesting

The shares of restricted stock granted to the grantees will vest and no longer be subject to forfeiture according to the following schedule:

40% on the second anniversary of the date of grant;

20% on the third anniversary of the date of grant;

20% on the fourth anniversary of the date of grant; and

20% on the four and 1/2 anniversary of the date of grant.

In the event that any of the grantee's employment is terminated without "cause" (other than by reason of his or her death or disability) or by the grantee for "good reason" (as these terms are defined in the agreement), then if less than one-third of his or her restricted shares are vested, then one-third of his or her restricted shares shall become vested. Additionally, if Mr. Lebda's employment is terminated without "cause" (other than by reason of his death or disability) or he terminates his employment for "good reason" (as defined in the agreement), then all of his unvested restricted shares will become vested. All unvested restricted shares held by the grantees will become immediately vested upon a "change of control" of the surviving corporation (as defined in the agreement).

Put and Call Rights

IAC Call Right

Within 60 days of the availability of the final financial results of the surviving corporation for the fiscal year of the corporation ending immediately following the seventh anniversary of the closing of the merger and within 60 days of the availability of final financial results for each subsequent anniversary of the closing date, IAC has a right to purchase all of the restricted shares held by any grantee at a specified "appraisal value" (as defined in the agreement). For purposes of the agreement, appraisal value means the fair market value of the common stock of the surviving corporation, based on industry practice and valuation methodologies for a business of the type maintained by the surviving corporation, taken as a whole divided by the aggregate number of all shares of common stock then outstanding, taking into account the capital structure of the surviving corporation, including deducting from the value of the surviving corporation the then-accrued value of the outstanding shares of series A preferred stock of the surviving corporation plus accrued dividends on such series A preferred stock.

Grantee Put Right

Within 60 days of the availability of the final financial results of the surviving corporation for the fiscal year of the corporation ending immediately following the fifth anniversary of the closing of the merger and within 60 days of the availability of final financial results for each subsequent anniversary of the closing date, the chief executive officer (or the next most senior officer holding restricted shares,

66

if the chief executive officer does not hold any) has the right to require IAC to purchase all of the restricted shares of each grantee at appraisal value.

Upon a termination of a grantee's employment, the appraisal value of all vested shares held by the grantee will be determined as of the end of the fiscal year in which the termination of employment occurs (or six months and one day after termination of employment, if the termination occurs on or after June 30 of a given year), and the grantee's vested shares will only represent the right to receive the appraisal value as of such fiscal year. IAC will cause the appraisal value to be paid to the grantee at the time the grantee puts described above are paid to other grantees or pursuant to an IAC call, as described above.

Come Along and Take Along Rights

Except with respect to certain specified events, IAC may not transfer more than 50% of the outstanding common shares of the surviving corporation to a person other than the surviving corporation, the grantees or any affiliate of IAC without first notifying the grantees and allowing the most senior officer among the grantees to elect to sell all of the vested shares held by the grantees on the same terms. Upon the occurrence of a transfer of the common stock of the surviving corporation to a person other than the surviving corporation, the grantees or any affiliate of IAC, IAC may cause the grantees to sell his or her restricted shares on the same terms as IAC is selling its shares.

IAC Purchase Option

IAC may purchase any restricted shares that are forfeited to the surviving corporation. The fair market value of any restricted shares so purchased is applied to reduce deemed unpaid dividends on the series A preferred stock, or, if the fair market value exceeds the accrued dividends, then also to redeem IAC's shares of series A preferred stock.

IPO

In the event of an initial public offering of the surviving corporation, none of the provisions relating to puts and calls and come alongs and take alongs will be applicable to the grantee's shares. For purposes of the agreement, an "initial public offering" generally means the closing of a sale of common stock or other equity securities of the surviving corporation in a firm commitment, underwritten public offering under the Securities Act of 1933 in which the securities (including the restricted shares) are listed on a stock exchange or authorized for trading through Nasdaq. In addition, each of the grantees has agreed to enter into a "lockup agreement" in connection with any initial public offering of the surviving corporation, if requested to do so by the underwriter for such offering.

Termination

The agreement is terminated if the merger agreement is terminated.

Indemnification of Directors and Officers; Directors' and Officers' Insurance

The merger agreement provides that LendingTree will continue to indemnify each of the present and former directors and officers of LendingTree after the completion of the merger and will maintain for their benefit directors' and officers' insurance for six years following the completion of the merger (see "The Merger Agreement Covenants Indemnification; Insurance").

67

THE MERGER AGREEMENT

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

General Terms of the Merger Agreement

On May 5, 2003, IAC, LendingTree and Forest Merger Corp. entered into an Agreement and Plan of Merger, or the merger agreement. The merger provided for by the merger agreement will become effective upon the filing of a properly executed certificate of merger with the Secretary of State of the State of Delaware in accordance with the Delaware General Corporation Law. We refer to the effective time of the merger in this document as the effective time or the closing of the merger.

At the effective time, Forest Merger Corp. will be merged with and into LendingTree, with LendingTree surviving as a wholly owned subsidiary of IAC, and the separate existence of Forest Merger Corp. will cease. We sometimes refer to LendingTree following the completion of the merger as the surviving corporation. At the effective time, the certificate of incorporation of the surviving corporation will be amended and restated in its entirety in a form agreed upon by IAC and LendingTree (contained in Appendix E to this proxy statement/prospectus), and the bylaws of Forest Merger Corp. will become the bylaws of the surviving corporation. At the effective time, the directors of Forest Merger Corp. will become the initial directors of the surviving corporation, and the officers of LendingTree at that time will continue as the officers of the surviving corporation.

Treatment of Securities in the Merger

LendingTree Common Stock and Preferred Stock

The merger agreement provides that each share of LendingTree common stock outstanding immediately prior to the effective time will at the effective time be converted into the right to receive 0.6199 of a fully paid and nonassessable share of IAC common stock (which, together with the cash in lieu of any fractional share of IAC common stock described below, we refer to as the common merger consideration). However, any shares of LendingTree common stock held in the treasury of LendingTree or owned by IAC will be cancelled without any payment for those shares.

In addition, each share of LendingTree preferred stock outstanding immediately prior to the effective time (other than shares as to which appraisal rights have been properly exercised) will, at the effective time be converted into the right to receive the shares of IAC common stock that the holder would have received had the shares of LendingTree preferred stock been converted into LendingTree common stock immediately before the merger (which, together with the cash in lieu of fractional shares described below, we refer to as the preferred merger consideration, and together with the common merger consideration, we refer to as the merger consideration). However, any shares of LendingTree preferred stock held in the treasury of LendingTree or owned by IAC will be cancelled without any payment for those shares. The exact number of shares of IAC common stock that a holder will receive in exchange for each share of LendingTree preferred stock depends on the date we complete the merger, because under LendingTree's certificate of incorporation the formula for calculating the number of shares of LendingTree common stock into which each share of LendingTree preferred stock is convertible takes into account the amount of accrued dividends on the LendingTree preferred stock from the last dividend payment date through the conversion date. The minimum number of shares of IAC common stock that a holder will receive in exchange for each share of LendingTree preferred stock is approximately 0.6726 of a share of IAC common stock (if we complete the merger on a quarterly dividend payment date) and the maximum is approximately 0.6859 of a share of IAC common stock (if we complete the merger on the last day before a quarterly dividend payment date), since each

68

share of LendingTree preferred stock is convertible into between approximately 1.0850 and approximately 1.1065 shares of LendingTree common stock, depending on the conversion date. If we complete the merger, holders of shares of LendingTree preferred stock will not receive any regularly scheduled quarterly dividends on such shares with a payment date on or after the effective date of the merger.

IAC will not issue any fractional shares of IAC common stock in the merger; instead, a cash payment will be made to the holders of shares of LendingTree common stock and/or LendingTree preferred stock who would otherwise be entitled to receive a fractional share of IAC common stock. See " Cash Instead of Fractional Shares."

As a result of the merger, all shares of LendingTree common stock and LendingTree preferred stock will no longer be outstanding and will be cancelled.

If, between the date of the merger agreement and the effective time, the outstanding shares of IAC common stock or LendingTree common stock or LendingTree preferred stock are changed into a different number of shares or a different class by reason of any reclassification, recapitalization, reorganization, split-up, stock dividend (including any dividend or distribution of securities convertible into, or exercisable or exchangeable for, IAC common stock or LendingTree common stock or preferred stock), stock combination, exchange of shares, readjustment or otherwise, then the exchange ratio will be adjusted to preserve the economic effect of the merger to LendingTree stockholders.

Forest Merger Corp. Common Stock

At the effective time, all outstanding shares of common stock of Forest Merger Corp. will be automatically converted into (1) a number of shares of Series A preferred stock, par value \$0.01 per share, of the surviving corporation having a liquidation preference of \$734,500,000, and (2) a number of shares of common stock, par value \$0.01 per share, of the surviving corporation equal to the excess of 1,000 over the aggregate number of shares of the surviving corporation's common stock that are sold to specified members of LendingTree's senior management. In the aggregate, we expect the surviving corporation will sell 100 shares of its common stock to those individuals, subject to the terms and restrictions of the Restricted Share Grant and Shareholders' Agreement (see "Interests of Certain Persons in the Merger Restricted Share Grant and Shareholders' Agreement"), or 10% of the common equity of the surviving corporation. The remainder of the common equity of the surviving corporation will be held by IAC.

LendingTree Stock Options and Other Equity-Based Awards

Each outstanding option to purchase shares of LendingTree common stock granted under LendingTree's employee and director stock plans, but excluding the Employee Stock Purchase Plan, at the effective time, will be converted into an option to purchase shares of IAC common stock on the same terms and conditions as were applicable under the original LendingTree stock option. The number of shares of IAC common stock subject to each newly converted IAC stock option will be the number of shares of LendingTree common stock subject to the LendingTree stock option immediately before the effective time multiplied by 0.6199, rounded, if necessary, to the nearest whole share of IAC common stock, and such IAC stock option will have an exercise price per share (rounded to the nearest cent) equal to the per share exercise price specified in the original LendingTree stock option divided by 0.6199. In the case of any LendingTree stock option to which Section 421 of the Internal Revenue Code applies immediately before the effective time by reason of its qualification under Section 422 of the Internal Revenue Code, the exercise price, the number of shares of IAC common stock subject to the converted stock option and the terms and conditions of exercise of the stock option will be determined in a manner consistent with the requirements of Section 424(a) of the Internal Revenue Code.

LendingTree agreed in the merger agreement to take such actions as are necessary to provide that (1) participation in the LendingTree Employee Stock Purchase Plan will be limited to those employees who were participants on May 5, 2003, (2) participants may not increase their payroll deduction election or purchase elections from those in effect on May 5, 2003, (3) if the effective time is prior to June 30, 2003, the Employee Stock Purchase Plan will terminate upon the effective time and all balances in Employee Stock Purchase Plan participant accounts will be delivered to participants as soon as practicable after the effective time in accordance with the terms of the Employee Stock Purchase Plan and (4) if the effective time is on or after June 30, 2003, (A) purchases will be made under the Employee Stock Purchase Plan with respect to the plan purchase periods ending on June 30, 2003 (however if the date on which the effective time occurs is scheduled to be June 30, 2003, such purchase period(s) will end on June 27, 2003), (B) any Employee Stock Purchase Plan purchase periods scheduled to commence on July 1, 2003 will be suspended pending consummation of the merger, during which time no payroll deductions will be made under the plan and (C) the Employee Stock Purchase Plan will terminate on the date we complete the merger.

LendingTree Warrants

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Each warrant to purchase LendingTree common stock that is outstanding immediately before the effective time will, at the effective time, be assumed by IAC and be converted into a warrant to purchase shares of IAC common stock, on the same terms and conditions as were applicable under the applicable warrant agreement in effect at the effective time, except that: (1) each newly converted IAC common stock warrant will be exercisable for a number of shares of IAC common stock equal to the number of shares of LendingTree common stock subject to the LendingTree warrant immediately before the effective time multiplied by 0.6199, rounded, if necessary, to the nearest whole share of IAC common stock and (2) the exercise price per share of IAC common stock subject to each such newly converted IAC warrant will be equal to the per share exercise price specified in the LendingTree warrant divided by 0.6199 (rounded to the nearest cent). However, as to any LendingTree warrant (1) that in connection with a merger permits LendingTree at its election to make payment of a cash sum in exchange for such warrant in lieu of exchanging the warrant for consideration based on the consideration to be received by holders of LendingTree common stock in such merger and (2) as to which IAC has given LendingTree written notice not less than five business days before the effective time of IAC's desire for LendingTree to effect such exchange for cash, LendingTree will exchange, or will cause to be exchanged, such LendingTree warrant for the cash amount specified in the warrant and LendingTree will otherwise comply with all of the provisions of the LendingTree warrant relating to such exchange. At IAC's request, LendingTree has given notice of its election to cash out the outstanding warrant, currently exercisable for 12,518 shares of LendingTree common stock, that permits this treatment.

Exchange of Certificates

Exchange Agent

IAC will appoint an exchange agent to handle the exchange of LendingTree stock certificates for shares of IAC common stock in the merger and the payment of cash for fractional shares that LendingTree stockholders otherwise would have received in the merger.

Exchange Procedures

Prior to the effective time, IAC will deposit with the exchange agent, for the benefit of the holders of shares of LendingTree common stock and LendingTree preferred stock, certificates representing the shares of IAC common stock issuable in the merger.

As soon as practicable after the effective time, the exchange agent will mail to each holder of record of a LendingTree certificate a letter of transmittal and instructions for exchanging the holder's

LendingTree certificates for the merger consideration. After receipt of the transmittal forms, each holder of a LendingTree certificate will be able to surrender his, her or its LendingTree certificate to the exchange agent, and the holder of a LendingTree certificate will receive in exchange a book-entry statement reflecting (or, if requested, certificates representing) that number of whole shares of IAC common stock to which the holder of the LendingTree certificate is entitled, together with any cash which may be payable instead of fractional shares of IAC common stock and any dividends or other distributions with respect to IAC common stock having a record date and paid after the effective time. In the event of a transfer of ownership of shares of LendingTree common stock or LendingTree preferred stock which is not registered on the transfer records of LendingTree, a book-entry statement reflecting (or a certificate representing) the proper number of shares of IAC common stock, any cash instead of fractional shares of IAC common stock and applicable dividends and distributions may be issued and paid to a transferee if the LendingTree certificate representing the applicable LendingTree shares is presented to the exchange agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. The consideration to be issued in the merger will be delivered by the exchange agent as promptly as practicable following surrender of a LendingTree certificate and any other required documents. No interest will be payable on the merger consideration, regardless of any delay in making payments.

Dividends and Other Distributions

Holders of shares of LendingTree common stock or LendingTree preferred stock will not be entitled to receive any dividends or distributions payable by IAC in respect of IAC common stock until they exchange their LendingTree certificates for shares of IAC common stock. After they deliver their LendingTree certificates to the exchange agent, those stockholders will receive, subject to applicable law, the amount of dividends or other distributions on IAC common stock having a record date after the effective time previously paid and, at the appropriate payment date, the amount of dividends or other distributions on IAC common stock with a record date after the effective time and a payment date after the surrender of such LendingTree certificates, without interest.

Cash Instead of Fractional Shares

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No fractional shares of IAC common stock will be issued upon the surrender of LendingTree certificates. No dividend or distribution will relate to any fractional share of IAC common stock that would otherwise be issuable in the merger, and those fractional shares of IAC common stock will not entitle the owner to any voting rights of an IAC stockholder.

Holders of shares of LendingTree common stock or LendingTree preferred stock otherwise entitled to fractional shares of IAC common stock, if any, will receive a cash payment instead of the fractional share of IAC common stock they would otherwise be entitled to receive upon surrender of their LendingTree certificates. Following completion of the merger, the exchange agent will determine the excess of the number of whole shares of IAC common stock delivered to the exchange agent by IAC for distribution to LendingTree stockholders over the aggregate number of whole shares of IAC common stock to be distributed to LendingTree stockholders. The exchange agent will then, on behalf of the former LendingTree stockholders, sell the excess shares of IAC common stock at the then-prevailing prices on the open market, in the manner provided for in the merger agreement, and make the proceeds available for distribution to the former holders of shares of LendingTree common stock and/or LendingTree preferred stock otherwise entitled to fractional shares of IAC common stock upon surrender of their LendingTree certificates. IAC will pay all commissions, transfer taxes and other associated out-of-pocket transaction costs relating to the sale by the exchange agent of shares of IAC common stock.

71

Return of Exchange Fund

Any shares or cash held by the exchange agent on behalf of the former holders of shares of LendingTree common stock or LendingTree preferred stock that remains undistributed to the former LendingTree stockholders for one year after the effective time will be delivered to IAC, upon demand, and IAC will then act as exchange agent. After the second anniversary of the effective time, former LendingTree stockholders that have not validly exchanged LendingTree certificates for the merger consideration will be required to look as a general creditor only to IAC for payment of the merger consideration, subject to applicable law.

Each of the exchange agent, the surviving corporation and IAC will be entitled to deduct and withhold from the consideration otherwise payable under the merger agreement to any holder of LendingTree certificates any amounts that it is required to deduct and withhold with respect to the making of such payments under the Internal Revenue Code and the rules and regulations promulgated under the Internal Revenue Code, or any provisions of state, local or foreign law. To the extent that amounts are so withheld by the exchange agent, the surviving corporation or IAC, the withheld amounts will be treated for all purposes of the merger agreement as having been paid to the holder of the shares of LendingTree common stock or LendingTree preferred stock, as the case may be, in respect of which the deduction and withholding was made.

Lost Certificates

In the event any certificate is lost, stolen or destroyed, the exchange agent will issue in exchange for such lost, stolen or destroyed certificate the applicable merger consideration for which the certificate would have been exchanged under the merger agreement, provided that the person claiming that such certificate was lost, stolen or destroyed makes an affidavit of that fact and, if reasonably required by IAC, posts a bond in such amount as IAC may determine is reasonably necessary as indemnity against any claim that may be made against IAC with respect to such certificate.

Representations and Warranties

In the merger agreement, LendingTree and IAC (along with Forest Merger Corp.) made representations and warranties to each other about their respective companies related to, among other things:

corporate organization and qualifications to do business;

capital structure;

corporate authority to enter into, and carry out the obligations under, the merger agreement and, in the case of LendingTree, the charter amendment;

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approval of the merger agreement and related transactions by LendingTree's and IAC's respective boards of directors;

absence of any breach of organizational documents, laws or certain material agreements as a result of the charter amendment, merger agreement and the merger, as applicable to IAC and LendingTree;

required governmental consents and approvals;

compliance with laws;

documents filed with the SEC and the financial statements included in those documents;

tax matters;

accuracy of information supplied in this proxy statement/prospectus;

72

absence of undisclosed litigation;

absence of material adverse effects; and

conduct by either party other than as would occur in the ordinary course of business.

LendingTree also made additional representations and warranties to IAC and Forest Merger Corp. related to, among other things:

possession of permits and licenses needed to operate LendingTree's businesses;

adoption by LendingTree's board of directors of a resolution setting forth the charter amendment and declaring it advisable;

amendment and effect of LendingTree's stockholder rights agreement to provide that the rights issued under the stockholder rights agreement will have no effect on the consummation of the merger and will no longer be exercisable at or after the effective time of the merger;

intellectual property and proprietary rights;

payment of fees to brokers or investment bankers in connection with the merger;

material contracts;

absence of undisclosed liabilities;

insurance;

environmental liabilities;

state anti-takeover laws;

transactions with affiliates;

opinions of financial advisors;

employee benefit plans; and

compliance with the Sarbanes-Oxley Act of 2002.

IAC and Forest Merger Corp. have also made additional representations and warranties to LendingTree covering various matters relating to Forest Merger Corp.

The representations and warranties given by LendingTree, IAC and Forest Merger Corp. will not survive completion of the merger.

Covenants

The merger agreement contains customary covenants as well as specific covenants relating to the conduct of the respective parties' businesses pending completion of the merger.

Conduct of Business Prior to the Merger

LendingTree agreed that, except as expressly contemplated or permitted by the merger agreement, LendingTree and any subsidiary will conduct their businesses in the ordinary course consistent with past practices, and will use reasonable best efforts to maintain and preserve intact their business organization and advantageous business relationships and to retain the services of their key officers and key employees. In addition, subject to certain exceptions, LendingTree has agreed (as to itself and its

subsidiary) that, without IAC's prior consent, it will not take any of the following actions prior to the completion of the merger:

incur any indebtedness for borrowed money, assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loan or advance;

declare or pay any dividends or make other distributions on any of its capital stock (other than quarterly dividends on the LendingTree preferred stock, which LendingTree will pay in cash) or redeem or purchase any shares of capital stock;

adjust, split, combine or reclassify its capital stock;

grant any right to acquire any shares of its capital stock;

issue any additional shares of capital stock except (1) upon the exercise of stock options under LendingTree's stock incentive plans, (2) upon the conversion of shares of LendingTree preferred stock into LendingTree common stock or the exercise of

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LendingTree warrants, in each case issued and outstanding as of May 5, 2003 and in accordance with the terms of the applicable instruments or (3) under the Employee Stock Purchase Plan in accordance with the terms of the plan and the merger agreement;

amend the terms of any LendingTree warrant;

amend or terminate LendingTree's stockholder rights agreement;

sell, transfer, mortgage, encumber or otherwise dispose of any of its lines of business, material properties or assets to any person, other than to a wholly owned subsidiary, or cancel, release or assign any indebtedness to any such person or any claims held by any such person, except pursuant to contracts or agreements in force as of May 5, 2003;

except pursuant to contracts or agreements in force on May 5, 2003, make any material investment or acquisition, whether by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other person other than a wholly owned subsidiary of LendingTree;

except for transactions in the ordinary course of business consistent with past practice which would not reasonably be expected to have a material adverse effect on LendingTree, terminate, amend or waive any material provision of any LendingTree material contract, or make any material change in any instrument or agreement governing the terms of any lease or contract other than normal renewals of contracts and leases without material adverse changes of terms;

except in the ordinary course of business (other than for directors or officers of LendingTree) and at times and in amounts consistent with past practice, or to the extent required by law or an existing agreement, increase in any manner the compensation or benefits of any of its employees, directors, consultants, independent contractors or service providers and other similar restrictions;

settle any material claim, action or proceeding;

amend its certificate of incorporation or its bylaws or enter into any agreement with its stockholders in their capacity as such;

other than in the ordinary course of business consistent with past practice, sell or enter into contracts relating to intellectual property or marketing or distribution rights with respect to material products of LendingTree or its subsidiaries;

74

enter into any "non-compete" or similar agreement that would materially restrict the businesses of the surviving corporation or its subsidiaries following the effective time or that would in any way restrict the businesses of IAC and its subsidiaries (excluding the surviving corporation and its subsidiaries);

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

implement or adopt any change in its accounting principles, practices or methods, other than as consistent with or as may be required by law, generally accepted accounting principles or regulatory guidelines;

settle or compromise any material liability for taxes, file any material tax return, make any material tax election or change any method of accounting for tax purposes;

enter into any new, or amend or otherwise alter any current, transaction with affiliates of LendingTree; or

agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by any of the above covenants.

The term "material adverse effect," as used in the merger agreement, refers, with respect to LendingTree or IAC, as the case may be, to any change or effect that is or would reasonably be expected to be materially adverse to (1) the businesses, operations, results of operations or financial condition of such party and its subsidiaries taken as a whole or (2) the ability of such party to consummate the transactions contemplated by the merger agreement in a timely manner; except that a material adverse effect will not be deemed to include the impact of any change or effect relating to or arising from the execution, announcement or consummation of the merger agreement and the transactions contemplated by the merger agreement, including any impact on relationships, contractual or otherwise, with customers, suppliers or employees.

IAC has agreed that, prior to the completion of the merger:

IAC will not adopt any amendments to its certificate of incorporation that would materially adversely affect the terms and provisions of the IAC common stock or the rights of the holders of shares of IAC common stock without LendingTree's prior consent;

neither IAC nor any of its affiliates, without LendingTree's consent, will, directly or indirectly, except under the merger agreement or the voting agreements, purchase or otherwise acquire any LendingTree securities or otherwise intentionally vote or acquire the right to vote LendingTree securities;

IAC will cause Forest Merger Corp. to perform its obligations under the merger agreement; and

IAC will not take any affirmative action to cause the delisting of the IAC common stock from Nasdaq, unless, contemporaneously, IAC common stock has been approved for listing on the New York Stock Exchange.

Acquisition Transactions

LendingTree agreed in the merger agreement not to initiate, solicit, negotiate, knowingly encourage or provide confidential information to facilitate any proposal or offer to acquire more than twenty-five percent (25%) of the business, properties or assets of LendingTree and its subsidiaries, or capital stock of LendingTree or any of its subsidiaries representing more than fifteen percent (15%) of the total voting power of all of such entity's voting securities, in each case whether by merger, purchase of assets, tender offer or otherwise (we refer to a transaction that meets these criteria as an acquisition

transaction). However, before obtaining the required approvals by LendingTree's stockholders of the merger agreement and the charter amendment:

LendingTree or its board of directors may furnish confidential or non-public information to, and negotiate with, the potential acquirer (provided that LendingTree has received from the potential acquirer a confidentiality agreement containing terms at least as stringent in all material respects as the confidentiality agreement entered into with IAC) in response to an unsolicited bona fide written offer or proposal for a potential or proposed acquisition transaction (which we refer to in this document as an acquisition proposal) which the board of directors of LendingTree determines, in good faith (1) after consultation with its independent financial advisor, would reasonably be expected to result (if consummated pursuant to its terms and which consummation is reasonably possible) in an acquisition transaction more favorable to LendingTree's stockholders than the IAC merger (we refer to such an acquisition proposal as a qualifying proposal) and (2) after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, the failure to take such action would constitute a breach of the fiduciary duties of the LendingTree board of directors under applicable law, and

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LendingTree or its board of directors may resolve to accept, or recommend, and, upon termination of the merger agreement in accordance with the applicable termination provision and after payment to IAC of the required fee, enter into agreements relating to, a qualifying proposal as to which the board of directors of LendingTree has determined in good faith (1) after consultation with its independent financial advisor would result in an acquisition transaction more favorable to LendingTree's stockholders than the IAC merger and is reasonably capable of being financed and

consummated and (2) after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, the failure to take such action would constitute a breach of the fiduciary duties of the LendingTree board of directors under applicable law (in this document we refer to such a qualifying proposal as a superior proposal).

In addition, LendingTree's board of directors is permitted to take and disclose to LendingTree's stockholders a position contemplated by Rule 14e-2 under the Exchange Act or otherwise make disclosure required by the federal securities laws or the board's fiduciary duties, as determined in good faith by the LendingTree board of directors.

LendingTree agreed in the merger agreement promptly to notify IAC after receipt of any acquisition proposal, substantive indication of interest or request for non-public information relating to LendingTree in connection with an acquisition proposal or for access to the properties, books or records of LendingTree or any subsidiary by any person that after the date merger agreement informs the board of directors of LendingTree or such subsidiary that it is considering making, or has made, an acquisition proposal. LendingTree agreed promptly to keep IAC informed orally and in writing of any material changes or developments with respect to any activities or discussions relating to an acquisition proposal.

LendingTree also agreed in the merger agreement immediately to cease and terminate any activities, discussions or negotiations conducted prior to the date of the merger agreement with any parties other than IAC with respect to any of the above activities, and agreed not to waive any standstill or confidentiality provisions. LendingTree is required promptly to provide to IAC any information regarding LendingTree or its subsidiaries provided after the date of the merger agreement to any person making an acquisition proposal, unless such information has been previously provided to IAC.

76

LendingTree Stockholder Approval

LendingTree has agreed to use its reasonable best efforts to cause a special meeting of its stockholders to be held as soon as reasonably practicable for the purpose of obtaining the required stockholder approvals of the merger agreement and the charter amendment. LendingTree's board of directors is required to use its reasonable best efforts to obtain from its stockholders the votes required by Delaware law or LendingTree's charter in favor of the approval of the merger agreement and the charter amendment and any other related matters required to be approved in connection with the merger, and to recommend to LendingTree's stockholders that they so vote at the stockholder meeting or any adjournment or postponement of the meeting. However, LendingTree's board of directors will not be required to use its reasonable best efforts to obtain those approvals or to make or continue to make such recommendations if LendingTree's board of directors, after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, determines that such action would cause the members of LendingTree's board of directors to breach their fiduciary duties under applicable law. Unless the merger agreement is earlier terminated, LendingTree is required to submit the merger agreement and charter amendment proposal to its stockholders for approval at a duly held stockholder meeting, whether with or without the recommendation of its board of directors.

Nasdaq Quotation

IAC has agreed to use its reasonable best efforts to cause the shares of IAC common stock issuable in the merger (including the shares of IAC common stock reserved for issuance upon exercise of converted LendingTree stock options and LendingTree warrants) to be eligible for quotation on Nasdaq (or other national market or exchange on which IAC common stock is then traded or quoted) before the effective time.

Indemnification; Insurance

For six years after the effective time, IAC will cause to be maintained in effect the directors' and officers' liability insurance policies currently maintained by LendingTree (however IAC may substitute similar policies containing terms that are not less advantageous in any material respect issued by a reputable insurance company) covering matters or events occurring before the effective time to the extent available. However, IAC and its affiliates are not required to expend more than an amount per year equal to 300% of current annual premiums paid by LendingTree to maintain this insurance coverage, and, if the annual premiums of such insurance coverage exceed the maximum amount, IAC will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount.

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From and after the effective time, the surviving corporation will indemnify and hold harmless each present and former director and officer of LendingTree or any of its subsidiaries, determined as of the effective time, against any costs (including reasonable attorneys' fees), judgments incurred in connection with any threatened, pending or completed claim, action or suit existing or occurring at or before the effective time. The surviving corporation will assume all rights of the indemnified parties to indemnification and exculpation from liabilities for acts or omissions occurring at or before the effective time as provided in the respective charter or bylaws (or comparable organizational documents) of LendingTree or any of its subsidiaries as in effect on the date of the merger agreement. Any indemnification agreements or arrangements of LendingTree or any of its subsidiaries provided to IAC prior to the date of the merger agreement will survive the merger and will continue in full force and effect in accordance with their terms. The rights of the indemnified parties under these agreements will not be amended in any manner that would adversely affect those rights, unless the modification is required by law.

For six years after the effective time, (1) the charter and bylaws of the surviving corporation will contain provisions no less favorable to the indemnified parties described above with respect to indemnification and to limitation of certain liabilities of directors and officers than are contained as of

77

the date of the merger agreement in LendingTree's charter and bylaws, and (2) the charter and bylaws (or comparable organizational documents) of each subsidiary of the surviving corporation will contain the current provisions regarding indemnification of directors and officers. These provisions will not be amended, repealed or otherwise modified in a manner that would adversely affect the rights of the indemnified parties under those instruments.

In the event that IAC or the surviving corporation or their respective successors or assigns (1) consolidate with or merge into another person and are not the continuing or surviving corporation or entity of such consolidation or merger or (2) transfer or convey all or substantially all of their properties and assets to any person, then IAC and the surviving corporation will ensure that proper provision be made so that the successors and assigns of IAC or the surviving corporation assume the obligations of IAC and the surviving corporation in the merger agreement relating to indemnification of directors and officers of LendingTree and its subsidiaries.

Employee Matters

From and after the effective time, IAC has agreed to cause the surviving corporation to fulfill all employment, bonus, consulting, termination, severance, change in control and indemnification agreements that had been disclosed to IAC as of the date of the merger agreement to which LendingTree or any subsidiary was a party. The surviving corporation may amend, suspend or terminate any of these agreements to the extent permitted under the terms of the agreement. For at least one year from the effective time, IAC agreed in the merger agreement that LendingTree employees who remain in the employ of the surviving corporation will be offered benefit plan participation and coverage (other than incentive plan participation and coverage) at levels that are reasonably comparable (or better), on an aggregate basis, to those currently in effect under LendingTree's benefit plans.

IAC and the surviving corporation will cause their respective employee benefit and compensation plans that cover any of LendingTree's employees who remain employed by the surviving corporation as of the effective time to count service that has been recognized by LendingTree and its affiliates, without duplication of benefits, for purposes of determining eligibility to participate and vesting, but not benefit accrual, to the same extent such service was recognized under any similar LendingTree benefit plan. However, the obligations of IAC and the surviving corporation described in the previous sentence will not apply to newly established plans for which prior service is not taken into account.

With respect to benefit plans that would otherwise be applicable to newly hired employees, IAC and the surviving corporation will cause all waiting periods and pre-existing conditions and proof of insurability provisions for all conditions that any LendingTree employee who remains employed by the surviving corporation as of the effective time has as of the effective time to be waived for such employee to the same extent such provisions are waived or satisfied under LendingTree's benefit plans for the year in which the merger occurs. IAC and the surviving corporation will give any LendingTree employee who remains employed by the surviving corporation as of the effective time credit, for purposes of IAC's and the surviving corporation's vacation and/or other paid leave benefit programs, for such employee's accrued and unpaid vacation and/or paid leave balance as of the effective time.

Share Issuance

On the date immediately following the effective time, IAC will cause the surviving corporation to sell shares of its common stock to specified members of LendingTree's senior management, subject in each case to such individual continuing to be employed by LendingTree immediately prior to the effective time and provided that such individual has not taken any action that would constitute grounds for termination for "cause" pursuant to such individual's employment agreement. In the aggregate, the shares of the surviving corporation sold to these individuals will comprise 100 shares of common stock, subject to the terms and restrictions of the Restricted Share Grant and Shareholders'

Agreement (see

78

page 65), or 10% of the common equity of the surviving corporation. The remainder of the common equity of the surviving corporation will be held by IAC.

Additional Covenants

LendingTree and IAC have agreed to other customary covenants in the merger agreement, relating to, among other matters:

access to information, and confidential treatment of that information;

tax matters;

actions that would result in a material breach of any of the representations and warranties or covenants set forth in the merger agreement;

the preparation of this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus is a part;

the taking of specified actions to facilitate completion of the merger and the other transactions contemplated by the merger agreement, and the taking of additional actions after the effective time that are necessary or desirable to carry out the purposes of the merger agreement;

the obtaining of any consents or approvals necessary in order to complete the merger and the other transactions contemplated by the merger agreement;

LendingTree's efforts to cause its affiliates to deliver to IAC the written agreements described above under "The Merger Resale of IAC Common Stock";

notification to the other parties to the merger agreement of specified matters prior to completion of the merger;

the agreement not to take actions that would jeopardize qualification of the merger as a reorganization under U.S. tax laws, and to employ reasonable efforts to obtain tax opinions of counsel;

public announcements related to the merger and the other transactions contemplated by the merger agreement; and

actions to exempt the acquisition and disposition of securities in connection with the merger under Rule 16b-3 of the Exchange Act.

Conditions to the Merger

The respective obligations of IAC and LendingTree to effect the merger, and the charter amendment in the case of LendingTree, are subject to the satisfaction or waiver of a number of customary conditions before completion of the merger, including all of the following:

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LendingTree's stockholders must approve the merger agreement by the required vote.

LendingTree's stockholders must have approved the charter amendment by the required votes, and a certificate of amendment must have been duly filed with the Secretary of State of the State of Delaware to effect the charter amendment.

The shares of IAC common stock issuable to LendingTree stockholders in the merger (including the shares of IAC common stock reserved for issuance upon exercise of converted LendingTree stock options and LendingTree warrants) must have been authorized for quotation on the Nasdaq Stock Market (or other national exchange on which IAC common stock is then quoted or listed).

The waiting period (and any extension) applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, must have expired or been terminated.

79

All notifications, consents, authorizations or other approvals required to be made with or obtained from any governmental entity before completion of the merger (1) under applicable U.S. state insurance and consumer lending laws and other federal, state and local laws regulating real estate brokers or agents, real estate brokerage referral services or exchanges, mortgage brokers or agents, mortgage bankers, lending, servicing loans or selling of credit or other insurance for or relating to the operation of LendingTree's businesses in California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Virginia, and in such other states which, when taken together with the listed ten states, represent at least 95% of LendingTree's consolidated revenues for 2002 or (2) where the failure to obtain the required authorization or other consent would have a material adverse effect on either LendingTree or IAC. However, this condition applies to LendingTree's obligation to complete the merger and effect the charter amendment only to the extent that the failure to make or obtain the notification, consent, authorization or approval would make consummation of the merger an illegal act by LendingTree.

The registration statement of which this proxy statement/prospectus forms a part shall have become effective under the Securities Act and no stop order suspending that effectiveness will have been issued and no proceedings for that purpose will have been initiated or threatened by the SEC.

No injunction, statute, rule, regulation, order, injunction or decree will have been enacted, entered, promulgated or enforced by any governmental entity which prohibits, materially restricts or makes illegal consummation of the merger, and no governmental entity will have instituted any proceeding or be threatening to institute any proceeding seeking such an order, injunction or decree.

LendingTree and IAC will have received written opinions of Weil, Gotshal & Manges LLP and Wachtell, Lipton, Rosen & Katz, respectively, dated as of the closing date of the merger, to the effect that the merger will constitute a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

The obligations of LendingTree to effect the merger and the charter amendment are subject to the satisfaction or waiver of a number of additional conditions, including all of the following:

The representations and warranties of IAC and Forest Merger Corp. made in the merger agreement will be, as of the closing date of the merger, true in all material respects (in the case of representations not qualified by materiality) and in all respects (in the case of representations qualified by materiality) as to the following subjects: corporate organization, capitalization, authority to enter into the merger agreement, financial statements, governmental consents and approvals, the conduct of Forest Merger Corp., certain tax matters, the veracity of matters disclosed in this proxy statement/prospectus and the absence

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of any material adverse effect with respect to IAC since December 31, 2002.

The representations by IAC and Forest Merger Corp. other than those described in the preceding bullet will (without giving effect to any materiality qualifier) be true and correct as of the closing date of the merger except for such failures to be true and correct that would not, individually or in the aggregate, have a material adverse effect on IAC.

IAC and Forest Merger Corp. will have performed in all material respects all obligations required to be performed by each of them under the merger agreement at or prior to the effective time, and LendingTree will have received certificates signed on behalf of IAC by an appropriate executive officer of IAC to that effect.

80

The obligations of IAC to effect the merger are subject to the satisfaction or waiver of a number of additional conditions, including all of the following:

The representations and warranties of LendingTree made in the merger agreement will be, as of the closing date of the merger, true and correct in all material respects (in the case of representations not qualified by materiality) and in all respects (in the case of representations qualified by materiality) as to the following subjects: corporate organization, capitalization, authority to enter into the merger agreement and to adopt the charter amendment, LendingTree's stockholder rights agreement, financial statements, the absence of any material adverse effect with respect to LendingTree since December 31, 2002, undisclosed legal proceedings, certain tax matters, certain employee benefits matters, compliance with applicable laws, possession of necessary permits and licenses, ownership of intellectual property, material contracts, undisclosed liabilities, compliance with certain provisions of the Delaware General Corporation Law governing takeovers, transactions with affiliates and obtaining opinions from LendingTree's financial advisors.

The representations by LendingTree other than those described in the preceding bullet will (without giving effect to any materiality qualifier) be true and correct as of the closing date of the merger except for such failures that would not, individually or in the aggregate, have a material adverse effect on LendingTree.

LendingTree will have performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the effective time, and IAC will have received certificates signed on behalf of LendingTree by its Chief Executive Officer and its Chief Financial Officer to that effect.

LendingTree's Chief Executive Officer and Chief Operating Officer, as of May 5, 2003, will continue to be employed by LendingTree in those positions, there will exist no reasonable basis to believe that each such executive will not continue to be employed by the surviving corporation following the merger and neither of such individuals will have taken any action that would constitute "cause" for termination under his employment agreement (unless as a result of death or disability of one (but not both) of such executives).

Termination of the Merger Agreement; Effects of Termination

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

By the mutual written consent of IAC and LendingTree.

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

By LendingTree (provided that LendingTree is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement) if there has been a breach by IAC or Forest Merger Corp. of its covenants or agreements or its representations or warranties set forth in the merger agreement that would permit LendingTree not to close, which is not cured as promptly as practicable and in any case within 30 days following written notice by LendingTree to IAC or which by its nature or timing cannot be cured prior to the closing date of the merger.

81

By IAC (provided that neither IAC nor Forest Merger Corp. is then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement) if (1) there has been a breach by LendingTree of its covenants or agreements or its representations or warranties set forth in the merger agreement that would permit IAC not to close, or (2) there has been a material breach (including any prohibited transfer or other disposition of any LendingTree securities) by any party (other than IAC) to a voting agreement entered into in connection with the merger agreement, and which, in either case, is not cured as promptly as practicable and in any case within 30 days following written notice by IAC to LendingTree or which by its nature or timing cannot be cured prior to the closing date of the merger.

By LendingTree if prior to receipt of the required stockholder approvals of the merger agreement and the proposed charter amendment (1) LendingTree receives a "superior proposal," (2) LendingTree has promptly notified IAC of its intention to terminate the merger agreement (such notice to be accompanied by full details of the terms and conditions of the superior proposal) and has otherwise complied with its obligations described under "Acquisition Transactions," (3) if requested by IAC within two business days after its receipt of the full details of the terms and conditions of the superior proposal, LendingTree has negotiated during the following five business days with IAC to make such adjustments in the terms and conditions of the merger agreement as would enable LendingTree to proceed with the merger on such adjusted terms, and notwithstanding such negotiations and adjustments, the board of directors of LendingTree concludes, in its good faith judgment, that the transactions contemplated by the merger agreement on such terms as adjusted, are not at least as favorable to the stockholders of LendingTree as the superior proposal and (4) the board of directors of LendingTree thereafter resolves to accept the superior proposal after having received and considered the advice of, and after consultation with, its independent, outside legal counsel, that the failure to take such action would constitute a breach of the fiduciary duties of LendingTree's board of directors under applicable law. If IAC's proposal under clause (3) above is at least as favorable to the stockholders of LendingTree as the superior proposal, the merger agreement will promptly be amended to reflect such terms and LendingTree will no longer have the right to terminate the merger agreement under this provision with respect to the original superior proposal.

Termination of the merger agreement by LendingTree under this provision will not be effective until LendingTree has made payment to IAC of a fee of \$25 million.

By IAC, if the board of directors of LendingTree has failed to recommend, or has withdrawn, or modified in any respect materially adverse to IAC, its approval or recommendation of the merger agreement or has resolved to take any such action, or has recommended another "acquisition proposal" or if the board of directors of LendingTree has resolved to accept a superior proposal or has failed publicly to affirm its approval or recommendation of the merger agreement within ten days of IAC's request made after any acquisition proposal has been disclosed to LendingTree's stockholders generally.

If IAC terminates the merger agreement under this provision, LendingTree must pay IAC a fee of \$10 million within two business days of such termination, and an additional \$15 million on the earliest to occur of the one-year anniversary of the termination date, the date that LendingTree, directly or indirectly, enters into a definitive agreement for an "acquisition transaction" or the date that an acquisition transaction is consummated.

By IAC or LendingTree if the stockholders of LendingTree fail to approve the merger agreement upon a vote held at a duly held meeting of stockholders called for that purpose (including any adjournment or postponement).

82

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If LendingTree or IAC terminates the merger agreement under this provision, LendingTree must pay IAC a fee of \$25 million if (1) at the time of the LendingTree stockholder meeting an acquisition proposal involving more than thirty-three percent (33%) of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries has been disclosed publicly or to LendingTree and (2) within 12 months of termination of the merger agreement, LendingTree, directly or indirectly, enters into a definitive agreement for an acquisition transaction involving more than thirty-three percent (33%) of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries or such an acquisition transaction is consummated.

By IAC or LendingTree if the effective time has not occurred on or before December 5, 2003, unless the effective time has not occurred due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements in the merger agreement. However, if on December 5, 2003 each of the conditions to the merger, other than those relating to LendingTree stockholder approvals, required regulatory approvals and/or the existence of injunctions or other legal bars or certain governmental proceedings seeking to restrict consummation of the merger, has been fulfilled or is capable of being fulfilled, then the date on which a party may terminate the merger agreement under this provision will be automatically extended to February 5, 2004.

LendingTree must pay IAC a fee of \$25 million if LendingTree terminates the merger agreement under this provision and if the following conditions are met:

at the time of the termination, IAC would have been permitted to terminate the merger agreement because of a willful or bad faith breach by LendingTree of any material covenant or agreement contained in the merger agreement;

prior to such termination, an acquisition proposal has been disclosed publicly or to LendingTree that contemplates direct or indirect consideration for the LendingTree common stock and LendingTree preferred stock (including the value of any stub equity) in excess of the aggregate merger consideration payable under the merger agreement; and

within 12 months following the termination, LendingTree directly or indirectly enters into a definitive agreement for an acquisition transaction involving more than thirty-three percent (33%) of the business, properties or assets of LendingTree and its subsidiaries or of the capital stock of LendingTree or its subsidiaries or such an acquisition transaction is consummated.

Amendment; Extension; Waiver

Amendment

The merger agreement may be amended by IAC and LendingTree in a written instrument signed by both parties prior to the effective time; provided, however, that after adoption of the merger agreement by LendingTree's stockholders, no amendment may be made which by law requires further approval of the stockholders of LendingTree without the further approval of such stockholders.

Extension; Waiver

At any time prior to the effective time, IAC and LendingTree may, in writing, (1) extend the time for the performance of any of the obligations or other acts of the other party, (2) waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement and (3) waive compliance with any of the agreements or conditions contained in the merger agreement. However, after any approval of the transactions contemplated by the merger agreement by LendingTree's stockholders, there may not be,

without further approval of such stockholders, any extension or waiver of the merger agreement which reduces the amount or changes the form of the consideration to be delivered to the holders of LendingTree securities under the merger agreement, other than as contemplated by the merger agreement. Any agreement on the part of IAC or LendingTree to any such extension or waiver will be valid only if set forth in a written instrument signed on behalf of such party; however, such extension or waiver or the failure to insist on strict compliance with an obligation,

covenant, agreement or condition under the merger agreement will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Fees and Expenses

Except as set forth in " Termination of the Merger Agreement; Effects of Termination," all costs and expenses incurred in connection with the merger agreement and the related transactions will be paid by the party incurring the expenses. However, the costs and expenses of printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger will be divided equally between IAC and LendingTree.

84

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS OF IAC

In the tables below, we provide you with unaudited pro forma combined condensed financial information for IAC giving effect to the following transactions:

IAC's acquisition of a controlling interest in Expedia completed on February 4, 2002 (the Expedia transaction),

IAC's contribution of the USA Entertainment Group to VUE, a new joint venture controlled by Vivendi, completed on May 7, 2002 (the VUE transaction),

the exchange by Liberty of its shares of Home Shopping Network, Inc. for 31.6 million shares of IAC common stock and 1.6 million shares of IAC Class B common stock completed on June 27, 2002 (the Holdco exchange),

the merger of Ticketmaster with a wholly owned subsidiary of IAC completed on January 17, 2003 (the Ticketmaster merger),

the proposed merger of Expedia with a wholly owned subsidiary of IAC (the Expedia merger),

the merger of Hotels.com with a wholly owned subsidiary of IAC completed June 23, 2003 (the Hotels.com merger), and

the proposed merger of LendingTree with a wholly owned subsidiary of IAC (the LendingTree transaction).

We present the results of the USA Entertainment Group as discontinued operations in the historical financial statements of IAC, and therefore have excluded those results from the unaudited pro forma combined condensed financial statements of IAC.

The unaudited pro forma combined condensed financial statements of IAC reflect some assumptions regarding the transactions and are based on the historical financial statements of IAC and the historical financial statements of LendingTree. The unaudited pro forma combined condensed financial statements of IAC, including the notes accompanying them, are qualified in their entirety by reference to, and should be read in conjunction with, IAC's and LendingTree's audited and unaudited financial statements, including the notes accompanying them, which have been filed with the SEC.

The unaudited pro forma combined condensed balance sheet as of March 31, 2003 gives effect to the Expedia merger, the Hotels.com merger and the LendingTree transaction as if they occurred on March 31, 2003. All other transactions described above have been reflected in the historical balance sheet as of March 31, 2003.

The unaudited pro forma combined condensed statement of operations for the three months ended March 31, 2003 reflects IAC's and LendingTree's unaudited statements of operations for the three months ended March 31, 2003, adjusted for the pro forma effects of the Ticketmaster merger, the Expedia merger, the Hotels.com merger and the LendingTree transaction as if those transactions had occurred on January 1, 2003. The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2002 reflects IAC's and LendingTree's audited statements of operations for the year ended December 31, 2002, adjusted for the pro forma effects of the Expedia transaction, the VUE transaction, the Holdco exchange, the Ticketmaster merger, the Expedia merger, the Hotels.com merger and the LendingTree transaction as if those transactions had occurred on January 1, 2002.

IAC is in the process of evaluating the fair value of the assets and liabilities of Ticketmaster and Hotels.com acquired in the Ticketmaster and Hotels.com mergers, respectively, the assets and liabilities of Expedia to be acquired in the Expedia merger and the assets and liabilities of

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LendingTree to be acquired in the LendingTree transaction, including the allocation of merger consideration to intangibles other than goodwill. Accordingly, this purchase accounting information is preliminary and has been made solely for the purpose of developing the unaudited pro forma combined condensed financial information contained in the following pages.

The unaudited pro forma combined condensed balance sheet and statement of operations are neither necessarily indicative of the results of operations or financial position that would have been reported had these transactions occurred at the beginning of the periods presented for the statements of operations and as of March 31, 2003 for the balance sheet nor are they necessarily indicative of IAC's future financial results of operations.

85

InterActiveCorp
Unaudited Pro Forma Combined Condensed Balance Sheet
March 31, 2003
(In thousands)

	IAC Historical	LendingTree Historical⁽¹⁾	Expedia Merger⁽²⁾	Hotels.com Merger⁽³⁾	LendingTree Transaction⁽⁴⁾	Pro Forma Combined
ASSETS						
Current Assets:						