

awards, new grants and a reassessment of certain performance-based RSUs.

Non-dating operating loss increased \$2.5 million, or 17.3%, despite the reduced Adjusted EBITDA losses described above as a result of increases of \$4.8 million in depreciation expense and \$2.8 million in amortization expense, which are primarily due to the acquisition of The Princeton Review.

At September 30, 2015, there was \$93.2 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 2.7 years.

**Interest expense—related party**

	Nine months ended September 30,			%
	2014	2015	change	
(dollars in thousands)				
Interest expense—related party	\$ (23,214)	\$ (6,879)		(70.4)%
Percentage of revenue	(3.6)%	(0.9)%		

Interest expense—related party includes interest charged by IAC and its subsidiaries on the outstanding long-term debt—related party notes, as well as on other acquisition related loans, a portion of which were capitalized on June 30, 2014.

**Other income, net**

	Nine months ended September 30,			%
	2014	2015	change	
(dollars in thousands)				
Other income, net	\$ 8,628	\$ 8,341		(3.3)%
Percentage of revenue	1.3%	1.1%		

Other income, net in 2014 and 2015 consists primarily of foreign currency exchange gains related to our €53 million 5.00% Note payable to an IAC subsidiary. The note was issued on April 8, 2014 and matures on December 15, 2021.

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**Income tax provision**

	Nine months ended September 30,		% change
	2014	2015	
(dollars in thousands)			
Income tax provision	\$ (46,434)	\$ (42,632)	(8.2)%
Effective income tax rate	31.7%	33.5%	

The effective income tax rates for 2014 and 2015 are lower than the statutory rate of 35% due primarily to the non-taxable gain on contingent consideration fair value adjustments, partially offset by state taxes.

We are routinely under audit by federal, state, local and foreign authorities in the area of income tax as a result of previously filed separate company and consolidated tax returns with IAC. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service is currently auditing IAC's federal income tax returns for the years ended December 31, 2010 through 2012, which includes our operations. Various other jurisdictions are open to examination for various tax years beginning with 2009. Income taxes payable include reserves considered sufficient to pay assessments that may result from examination of prior year tax returns. Changes to reserves from period to period and differences between amounts paid, if any, upon the resolution of audits and amounts previously provided may be material. Differences between the reserves for income tax contingencies and the amounts owed by us are recorded in the period they become known.

At December 31, 2014 and September 30, 2015, unrecognized tax benefits, including interest, are \$12.1 million and \$10.5 million, respectively. If unrecognized tax benefits at September 30, 2015 are subsequently recognized, \$10.1 million, net of related deferred tax assets and interest, would reduce income tax provision. We believe that it is reasonably possible that our unrecognized tax benefits could decrease by approximately \$1.4 million within twelve months of September 30, 2015.

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**Results of operations for the years ended December 31, 2013 and 2014**

**Revenue**

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