

Expected volatility	47%	41%	29%
Risk-free interest rate	0.5%	0.8%	1.3%
Expected term	3.7 years	4.2 years	4.2 years
Dividend yield	—%	—%	—%

Approximately 0.2 million, less than 0.1 million and 0.4 million stock options were granted by the Company during the years ended December 31, 2012, 2013 and 2014, respectively. The weighted average fair value of stock options granted during the years ended December 31, 2012, 2013 and 2014 with exercise prices equal to the fair value of Match Group, Inc. common stock on the date of grant are \$79.73, \$79.57 and \$83.24, respectively. There are no stock options issued during the years ended December 31, 2012, 2013 and 2014 with exercise prices greater than the fair value of Match Group, Inc. common stock on the date of grant.

There was no cash received from stock option exercises as the stock options were net settled in IAC's common stock.

Equity instruments denominated in the shares of certain subsidiaries

IAC has granted stock options in certain subsidiaries within Match Group, Inc. to certain employees. These equity awards vest over a period of years, which is typically four years. The value of the stock options is

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tied to the value of the common stock of the entity, with the equity awards management receives as a whole generally representing a small minority of the total common stock outstanding. Accordingly, these interests only have value to the extent the fair value of the relevant business appreciates in value above the initial fair value utilized to determine the exercise price. These stock options can have significant value in the event of significant appreciation. The interests are ultimately settled in IAC common stock at various dates through 2021. The expense associated with these equity awards is initially measured at fair value at the grant date and is expensed as stock-based compensation over the vesting term. The fair value of each stock option award is estimated on the grant date using the Black-Scholes option-pricing model. The aggregate number of IAC common shares that would be required to settle these interests at current estimated fair values, including vested and unvested interests, at December 31, 2014 is 3.8 million shares; of this amount 1.5 million shares relate to vested awards and 2.2 million shares relate to unvested awards. The comparable amount at December 31, 2013 is 0.8 million shares; of this amount less than 0.1 million shares relate to vested awards and 0.7 million shares relate to unvested awards.

IAC denominated stock options

Approximately 0.6 million and 0.1 million IAC stock options were granted by IAC to employees of Match Group, Inc. during the years ended December 31, 2012 and 2013, respectively. There were no IAC stock options granted by IAC to employees of Match Group, Inc. for the year ended December 31, 2014. The fair value of each stock option award is estimated on the grant date using the Black-Scholes option-pricing model. IAC stock options are granted with exercise prices at least equal to the fair value on the date of grant, vest ratably in annual installments over a four year period and expire ten years from the date of grant.

In December 2013, IAC's former Chief Executive Officer (the "Executive") became Chairman of Match Group LLC; in connection with the Executive's compensation arrangement, the Executive exercised 0.5 million IAC stock options, which were settled by IAC for \$9.2 million in cash. In January 2014, a portion of the Executive's outstanding IAC stock options were canceled and replaced with equity denominated in Match Group, Inc. and equity denominated in certain subsidiaries within Match Group, Inc. and Match Group LLC. The incremental expense associated with this modification is \$7.4 million.

IAC denominated restricted stock units ("RSUs")

Approximately less than 0.1 million and 0.1 million IAC RSUs were granted by IAC to employees of Match Group, Inc. during the years ended December 31, 2012 and 2013, respectively. There were no IAC RSUs granted by IAC to employees of Match Group, Inc. for the year ended December 31, 2014. RSUs are awards in the form of phantom shares, denominated in a hypothetical equivalent number of shares of IAC common stock and with the value of each RSU equal to the fair value of IAC common stock at the date of grant. RSUs may be settled in cash, stock or both, as determined by the Committee at the time of grant. Each RSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests.

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Note 9—Segment information

The Company has two operating segments, Dating and Non-dating, which are also the Company's two reportable segments. Each segment manager reports to the Company's Chairman. The Company's Chairman, who is the chief operating decision maker, allocates resources and assesses performance at the segment level. Our Dating segment provides dating products and the Company's Non-dating segment provides a variety of education services including test preparation, academic tutoring and college counseling services.

	Years ended December 31,		
	2012	2013	2014
	(In thousands)		
Revenue:			
Dating	\$ 713,449	\$ 788,197	\$ 836,458
Non-dating	—	14,892	51,810
Total	\$ 713,449	\$ 803,089	\$ 888,268