Equity Financing Options

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IPO Process

Valuation and preparing the company (management team etc.)	ECM bankers
Due diligence	ECM bankers, accountants and lawyers
Preparation of prospectus	ECM bankers, accountants and lawyers
Application for listing on exchange	ECM bankers and lawyers
Management presentation preparation and pre-marketing to select institutions	ECM bankers and sales team
Roadshow / book building	ECM bankers and sales team
Final pricing and listing and support	ECM bankers, sales team and traders

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Underwriting Syndicate

The underwriting syndicate consists of banks with different roles and status

The lead banks on the top line are referred to as the bookrunners

Book runners are heavily involved in marketing the issuer through the roadshow

Co-managers provide further marketing reach to investors during the offering

The top left most underwriter is referred to as the lead left bookrunner

Banks attempt to 'woo' issuers in advance of the offering to win lead left

The issuer selects the lead left bookrunner via a process referred to as a 'bake off'

The lead left bookrunner generates the highest fees in the offering

Morgan Stanley *J.P. Morgan* *Citigroup*
Barclays *Deutsche Bank Securities* *RBC Capital Markets*
KKR *JMP Securities* *Oppenheimer & Co.* *Piper Jaffray*

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Citigroup Global Markets Inc. are acting as representatives, have severally agreed to purchase, and the selling stockholders have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	6,307,577
J.P. Morgan Securities LLC	3,038,686
Citigroup Global Markets Inc.	1,657,466
Barclays Capital Inc.	1,024,150
Deutsche Bank Securities Inc.	1,024,150
RBC Capital Markets, LLC	1,024,150
KKR Capital Markets LLC	1,194,841
JMP Securities LLC	409,660
Oppenheimer & Co. Inc.	409,660
Piper Jaffray & Co.	409,660
Total	16,500,000

Fees are typically charged as a spread. Shares are purchased from the company at a cheaper price than they are sold onto investors. They vary according to deal size but a typical range will be 4.0% to 7.0%. Fees are generally higher in the US.

Commission – 60.0%
Fee for selling shares, better distribution equals higher fees

Management fee – 20.0%
Paid for managing the transaction, received by senior underwriters

Underwriting fee – 20.0%
Fee for the risk taken for guaranteeing proceeds to the issuer

The Roadshow

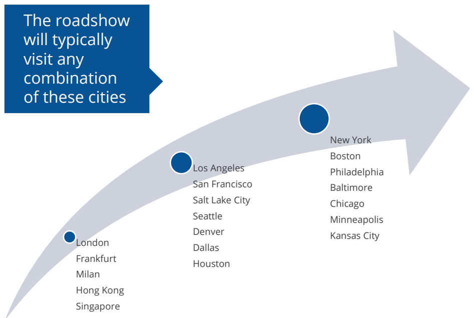
Marketing period begins once the registration statement has been publicly filed with the SEC

The registration statement and roadshow presentation are the two most important marketing documents

A price range for the offering must be established before full marketing begins.

This is an initial public offering of common stock of **Company A Inc.** The selling stockholders are selling 4,333,333 shares of common stock, and we are selling 4,000,000 shares of our common stock in this offering. We will not receive any proceeds from the sale of shares by the selling stockholders. The estimated initial public offering price is between $14.00 and $16.00 per share. Currently, no public market exists for the shares.

The roadshow will typically visit any combination of these cities



The roadshow will last 8-12 days

Each day involves up to seven meetings or conference calls

The lead bookrunner assists the issuer in creating a 20-30 slide presentation

Investors may meet several companies on a single day

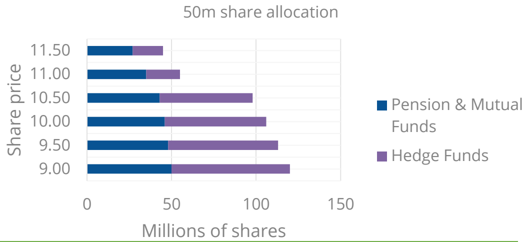
Retail investors have access to the same information

Book Building

Book building is the process by which underwriters collect non binding orders from investors based on the offering price range

Market order - An investor places an order that stands at any price within the offering price range

Scaled order - An investor places an order that reduces in volume at increasing price increments within the offering price range



Oversubscription is a key metric, giving investors confidence in the offering

Pension and mutual funds typically hold stock for the longer term

Hedge funds typically sell their allotment shortly after the IPO providing liquidity to the market

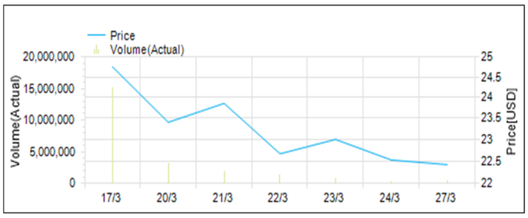
The order book suggests the natural pricing level is around 10.50, at which point demand significantly drops off

The pricing recommendation aims to achieve the highest price whilst allocating to the highest-quality shareholder base and ensuring an IPO “pop”

Investors may increase their order to “game” the allocation process. Bookrunners will “scrub” the book of demand before allocation to filter this out

Aftermarket

We estimate that the net proceeds to us from the sale of shares of our Class A common stock offered by us in this offering at the initial public offering price of $17.00 per share, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $201.8 million, or approximately $232.7 million if the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full.



Date	Price	Volume
03/27/17	22.43	620,617.00
03/24/17	22.53	409,952.00
03/23/17	23.00	852,805.00
03/22/17	22.68	1,469,377.00
03/21/17	23.85	2,034,296.00
03/20/17	23.40	3,281,446.00
03/17/17	24.75	15,204,440.00

The pricing committee may choose to set a price outside of the range presented through the roadshow

Book runners will set an IPO price to target a “pop” of 15.0% on the first few days of trading

If the stock trades below its IPO price on the first day of trading this would be considered a “busted” IPO

Stabilization

At last, the offer is priced and starts trading	The bookrunner will initially be in a short position. They will accept more orders than they have shares issued by the company: Orders taken for 69.0m shares at $5.0 Issue for 60.0m shares
But will it trade 'well' (a steady slow increase in price with reasonable volume) or badly (a dramatic price change or big fall	**If the price rises** to $6.0 then bank needs more shares to cover being 9.0m shares short. It then exercises its 15.0% green shoe and obtains another 9.0m from the company – but at the $5.0 (less underwriting fees) to cover its order book.
The book runner is expected to stabilize the price, buying or selling stock to minimise price fluctuations	**If the price falls** to $4.0 then bank won't exercise the green shoe. Instead the bank will go into the market and buy 9.0m shares which will help push up the price. The bank will make a profit between the issue price and the current market price. Ideally the share price will rise due to the bank activity so the profit will be less than ($5.0-$4.0) * 9.0m.

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Other Offerings

American Depositary Receipts (ADRs) / American Depositary Shares (ADSs)

American Depositary Shares

Citibank, N.A., as depositary, will issue the ADSs. Each ADS will represent an ownership interest in one ordinary share deposited with Citibank, N.A.-Hong Kong branch, as custodian for the depositary. Each ADS will also represent an ownership interest in any other securities, cash or other property which may be held by the depositary. The depositary's office is located at 388 Greenwich Street, New York, New York 10013.

- An ADS is created when a foreign issuer's stock is deposited with a depository bank
- An ADS pays dividends in USD but does not protect investors from FX risk
- An unsponsored (level 1) ADR program is initiated by the depository bank
- A sponsored (level 2 & 3) ADR program is initiated by the issuer

Secondary offerings

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 2,475,000 shares of Class A common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$30.25000	$499,125,000	$573,993,750
Underwriting discounts and commissions to be paid by the selling stockholders	$ 0.98312	$ 16,221,480	$ 18,654,702
Proceeds, before expenses, to selling stockholders	$29.26688	$482,903,520	$555,339,048

All shares of Class A common stock being offered pursuant to this prospectus supplement are being sold by the selling stockholders identified in this prospectus supplement. We will not receive any of the proceeds from the sale of shares of Class A common stock by the selling stockholders.

- Stockholders may be unable to sell their entire stake at a single offering
- In this case only shareholders receive proceeds from secondary offerings

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Block Trades

Block trades are short notice trades whereby a selling stockholder sells a large volume of stock in one transaction

Selling large volumes of stock on the open market would unbalance supply and demand and materially move the price

Dribbling out a large volume slowly to avoid placing negative pressure on price would be impractical

Block trades typically generate low margins but boost trading volumes, helping the bank to climb the league table

Winning a block trade at a very high bid risks generating a loss on the trade or holding the stock on its balance sheet

An investment bank may "sound out" investors before being appointed to manage a block trade. ECM bankers will often predict block trades

Lock-up agreements

IAC, who will hold all of our shares of Class B common stock following this offering, as well as our executive officers and directors, have entered into lock-up agreements under which they will agree not to sell or otherwise transfer their shares for a period of 180 days after the completion of this offering. These lock-up restrictions may be extended in specified circumstances and are subject to certain exceptions. As a result of these contractual restrictions, shares of our common stock subject to lock-up agreements will not be eligible for sale until these agreements expire or the restrictions are waived by the representatives of the underwriters.

In addition, we have agreed with the underwriters not to sell any shares of our common stock or securities convertible into or exchangeable for shares of our common stock for a period of 180 days after the date of this prospectus, except for sales in connection with the grant or exercise of stock based equity awards and for sales to IAC in order to comply with our obligations pursuant to the investor rights agreement and

Convertible Debt

Convertible bonds may be converted into a predetermined quantity of the issuer's equity, typically at the discretion of the bondholder. This upside benefit to the investor enables the issuer to reduce its borrowing costs.

Income statement item	
Net income	100.0
Weighted average shares outstanding	500.0
Basic EPS (100.0 / 500.0)	0.20
Interest on convertible debt	5.0
Tax on interest	1.0
Ordinary shares from conversion	50.0
Diluted EPS (100.0 + 5.0 - 1.0) / (500.0 + 50.0)	0.19

The indenture will specify a conversion rate, giving the number of shares of common stock that may be issued per bond

The investor will convert the bond into shares if the stock price rises above a given level, calculated as the par value divided by the conversion rate

Converting debt to equity reduces the issuer's post tax interest expense

Converting debt to equity increases the issuer's shares outstanding

Rights Issues

Existing shareholders are given the right to purchase additional shares in proportion to their current shareholding so as to avoid diluting their ownership

The shares may be purchased at the subscription price, which will typically be at a discount to the prevailing market price, giving the rights themselves some intrinsic value

The theoretical ex-rights price adjusts the cum rights share price for the effects of issuing new shares at the subscription price

RIGHTS ISSUE STATISTICS

Issue Price per New Ordinary Share	116 pence
Basis of Rights Issue	4 New Ordinary Shares for every 3 Existing Ordinary Shares
Number of Ordinary Shares in issue at the date of this document	145,663,187
Number of New Ordinary Shares to be provisionally allotted pursuant to the Rights Issue	Up to 194,217,582
Number of Ordinary Shares in issue immediately following completion of the Rights Issue	Up to 339,880,769
New Ordinary Shares as a percentage of the enlarged issued share capital of the Group following the Rights Issue	Up to 57.1 per cent.
Estimated gross proceeds of the Rights Issue	approx. £225 million
Estimated proceeds of the Rights Issue to be retained by the Group (net of commissions and transaction costs)	approx. £211 million
Estimated expenses of the Rights Issue and the Acquisition	approx. £14 million

$$\frac{\textit{market value of share pre rights issue} + \textit{cash raised in rights issue}}{\textit{number of shares post rights issue}}$$

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