

DATE: August 25, 2008

TO: Select clients

RE: IAC Completes Spin-Offs of HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc.

FROM: FIM Group Investment Committee

One of the investments in your FIM Group portfolio, IAC corp. became five on August 21, 2008 when IAC completed the spin-offs of its' five new operating businesses: HSN, Inc. ("HSNi"), Interval Leisure Group, Inc. ("ILG"), Ticketmaster and Tree.com ("Tree.com") to IAC shareholders. Shares of these five companies will show up in your account in the next few days. For every one share of IAC common stock, holders received one-fifth of a share of common stock of each of HSNi, ILG and Ticketmaster, and one-thirtieth of a share of common stock of Tree.com. Immediately following the spin-off on August 20, 2008, IAC also effected a one-for-two reverse stock split.

"Armed with outstanding management teams, appropriate capital structures and their own currencies, HSNi, Ticketmaster, Interval and Tree.com are now ready for independent futures....while the Internet businesses that make up new IAC can operate with a collective purpose and common goals," said Barry Diller, Chairman and CEO of IAC. *"The work is done and our focus now is moving forward."*

Although I wrote about this anticipated split in our Optimistic Investor Newsletter sent out in August, here is a recap of each new holding:

1. IAC

IAC operates more than 35 leading and diversified Internet businesses across 37 countries...their mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. To view a full list of the companies of IAC, you can visit their website at <http://iac.com>. We are especially excited about this companies long-term prospects.

2. HSN, Inc.

HSNi owns and operates, through its subsidiaries, HSN, a retailer and interactive lifestyle network offering a broad assortment of products through television home shopping programming on the HSN television network and HSN.com. HSN strives to transform the shopping experience by incorporating experts, entertainment, inspiration, solutions, tips and ideas in connection with the sale of products through the HSN television network and HSN.com. HSNi also owns and operates, through its subsidiaries, the Cornerstone Brands portfolio of catalogs and related websites, including Frontgate, Ballard Designs, Garnet Hill, Smith+Noble, The Territory Ahead, TravelSmith and Improvements, as well as a limited number of retail stores.

3. Interval Leisure Group, Inc.

ILG is a leading provider of membership services to the vacation ownership industry. ILG's principal business segment, Interval, makes available vacation ownership membership services to the individual

members of its exchange networks, as well as related services to developers of the resorts participating in its exchange networks worldwide. As of December 31, 2007, more than 2,400 resorts located in more than 75 countries participated in Interval's primary exchange network, the Interval Network, and nearly two million owners of vacation interests were enrolled as members of the Interval Network. For the fiscal year ending December 31, 2007, Interval represented approximately 88% of ILG's consolidated revenues. ILG's other business segment, RQH, was acquired in May 2007 and is a provider of vacation rental and property management services to vacationers and vacation property owners across Hawaii. As of December 31, 2007, RQH provided property management services to 26 resorts and hotels, as well as other more limited management services to an additional 23 properties. Interval might stay a bargain for a while and we may add to this position in your account, as we like their prospects, properties and the travel industry in general.

4. Ticketmaster

As one of the world's leading live entertainment ticketing and marketing company, Ticketmaster connects the world to live entertainment. Ticketmaster currently operates in 20 countries worldwide, providing ticket sales, ticket resale services, marketing and distribution through www.ticketmaster.com, one of the largest e-commerce sites on the Internet, and related proprietary Internet and mobile channels, approximately 6,700 independent sales outlets and 19 call centers worldwide. Established in 1976, Ticketmaster served more than 10,000 clients worldwide in 2007 across multiple live event categories, providing exclusive ticketing services for leading arenas, stadiums, amphitheaters, music clubs, concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. Ticketmaster's distribution channels and client base provide it with significant scale; for example, in 2007, Ticketmaster brands and businesses sold approximately 141 million tickets valued at over \$8.3 billion. Although we like this "industry", the market is becoming quite competitive and Ticketmaster's share price following the spin off went up dramatically. As a result we might reduce or sell Ticketmaster shares, due to price and competitive reasons.

5. Tree.com, Inc.

Through its various subsidiaries, Tree.com currently operates a lending business (the "Lending Business") and a real estate business ("the Real Estate Business"). The Lending Business consists of online networks, principally LendingTree.com and GetSmart.com, as well as call centers, which match consumers with lenders and loan brokers. In addition, the Lending Business originates, processes, approves and funds various types of residential real estate loans under two brand names, LendingTree Loans ® and HomeLoanCenter.com ®, and offers residential mortgage loan settlement services under the name LendingTree Settlement Services. The Real Estate Business consists primarily of an internet-enabled national residential real estate brokerage that currently operates offices in 14 markets under the brand name "RealEstate.com, REALTORS." The Real Estate Business also consists of a brokerage that matches residential home buyers interested in newly constructed homes with builders and currently operates under the brand name "iNest ®." This company is quite interesting. It actually is the smallest of the IAC companies to spin off. It has over \$8 a share in cash on its balance sheet, and owns business that are leveraged to the real estate cycle.

We bought these companies at a great price and are "optimistic" about their prospects. Of course, as mentioned above we are more keen on some than others.