

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 or 15(d) of the  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 3, 2002

USA INTERACTIVE  
(Exact name of Registrant as specified in charter)

DELAWARE (State or other jurisdiction of incorporation)	0-20570 (Commission File Number)	59-2712887 (IRS Employer Identification No.)
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152 WEST 57TH STREET, NEW YORK, NY (Address of principal executive offices)	10019 (Zip Code)
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Registrant's telephone number, including area code:  
(212) 314-7300

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On June 3, 2002, USA Interactive (the "Company") announced its intention to commence exchange offers with three of its public subsidiaries--Expedia, Inc., Hotels.com and Ticketmaster--whereby the Company would seek to increase its equity ownership to up to 100% in each of them. Please see the full text of the Company's press release, filed as exhibit 99.1 hereto, which is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

- 99.1 Press Release with attachments
- 99.2 Supplemental Information Regarding Exchange Offers

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USA INTERACTIVE

By: /s/ JULIUS GENACHOWSKI

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Name: Julius Genachowski  
Title: Executive Vice President and  
General Counsel

Date: June 3, 2002

EXHIBIT INDEX

EXHIBIT NO.  
DESCRIPTION

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99.1 Press  
Release  
with  
attachments  
99.2  
Supplemental  
Information  
Regarding  
Exchange  
Offers

[USA Interactive Logo]

USA INTERACTIVE ANNOUNCES INTENTION TO COMMENCE  
EXCHANGE OFFERS WITH THREE USA PUBLIC SUBSIDIARIES  
TRANSACTIONS WOULD INCREASE USA'S EQUITY OWNERSHIP TO UP TO 100% IN  
EXPEDIA, INC., HOTELS.COM AND TICKETMASTER

NEW YORK, NY - June 3, 2002 -- USA Interactive (Nasdaq: USAI) today announced its intention to commence exchange offers with three USA public subsidiaries - Expedia, Inc. (Nasdaq: EXPE), Hotels.com (Nasdaq: ROOM) and Ticketmaster (Nasdaq: TMCS) - whereby USA would seek to increase its equity ownership to up to 100% in each of them.

In the exchanges, stockholders of these public companies would be offered the opportunity to exchange their shares for USA shares on the basis of conversion ratios that, in each case, reflect a premium of 7.5% to market as of the close of market on Friday, May 31.

Barry Diller, USA's Chairman and Chief Executive Officer, stated:

"Launching three simultaneous exchange offers is certainly unconventional, but our path in creating this company certainly could not be considered anything otherwise since we have assembled over these few years both a group of PROFITABLE interactive businesses as well as an unusual structure of multiple public subsidiaries.

"That structure has served us well, allowing exactly the right kind of entrepreneurial activity at the critical early stages in these new interactive business ideas as well as providing tremendous value creation for everyone involved. But now it's time for us to begin acting in cohesive concert with all the parts of the enterprise - it is the next sensible stage in our development from energetic but awkward minors to hopefully ever-increasingly energetically coordinated young adults, where all of our businesses are aligned and integrated. We have so much opportunity that the only barrier to our becoming a truly great company will be in our ability to execute the ambitious agenda in front of us.

"We in no way regard our action today as `hostile.' In fact, we think that what we propose today is great news for the public shareholders of Expedia, Hotels.com and Ticketmaster. USA Interactive has the potential for dramatic growth, which would only be enhanced by the realignment we propose. And by exchanging their shares in our public subsidiaries for shares in USA, the subsidiaries' public shareholders would participate in the opportunity and upside of USA while retaining a continued ownership interest in the businesses in which they now own shares.

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\*SEE IMPORTANT DISCLOSURES AT END OF RELEASE

"There will be lots of talk about whether the premiums we have offered are fair. We, of course, think they are, given the stock prices of our subsidiaries and USA in relation to each other. But, more important, we believe a focus on the percentage premium we are offering is beside the point. This is an offer of stock, not cash. The real premium comes in the opportunity for the shareholders of our public subsidiaries to become owners of an even stronger USA...it's so clear to us we can make far more progress together than we could in the present configuration.

"Finally and most importantly, we want to underline that we greatly value our relationship with the management and the independent members of the boards of our public subsidiaries, and we look forward to discussing our proposal with them in a complete spirit of mutual cooperation. If the process results in no change from the status quo, we will be fine with that. If it results in USA owning more shares of each of the companies, we will take those shares happily. But we would be happiest if the result of this process is a single unified and aligned USA Interactive."

Specifically, under the proposed exchange offers, Expedia public shareholders, which own 46% of Expedia on a fully diluted treasury method basis, would be offered the opportunity to exchange their shares in Expedia on the basis of 2.6969 USA shares for each Expedia share tendered for exchange. Hotels.com public shareholders, which own 34% of Hotels.com on a fully diluted treasury method basis, would be offered the opportunity to exchange their shares in Hotels.com on the basis of 1.8064 USA shares for each Hotels.com share tendered for exchange. Ticketmaster public shareholders, which own 34% of Ticketmaster on

a fully diluted treasury method basis, would be offered the opportunity to exchange their shares in Ticketmaster on the basis of 0.8068 USA shares for each Ticketmaster share tendered for exchange.

Based on closing prices on Friday, May 31, the exchange offer values each outstanding share of Expedia at \$76.86, each outstanding share of Hotels.com at \$51.48, and each outstanding share of Ticketmaster at \$22.99.

If, as a result of any of the exchange offers, USA owns at least 90% of the outstanding shares of each class of any company's common stock, USA would effect a merger of the company with or into USA or an affiliate of USA on the same terms as the exchange offer. However, none of the exchange offers would be conditioned on USA receiving 90% of outstanding shares in any exchange. In addition, none of the exchange offers would be conditioned on the completion of any other exchange offer.

USA described its intention in letters to the boards of each of the public subsidiaries. The letters (which are attached) state that USA intends to commence the exchange offers in the near future and invited the independent directors and management of the public subsidiaries to discuss process, structure or whatever else they deem appropriate, including alternative transaction structures such as a merger, whether before or during the exchange offer.

#### ABOUT USA INTERACTIVE

USA Interactive (Nasdaq: USAI), via the Internet, the television, and the telephone, engages in the worldwide business of interactivity across electronic retailing, travel services, ticketing services, personals services, local information services, and teleservices. USA is comprised of HSN; Expedia, Inc. (Nasdaq: EXPE); Hotels.com (Nasdaq: ROOM); TV Travel Group; Ticketmaster (Nasdaq: TMCS), which operates Match.com and Citysearch; Precision Response Corporation; Electronic Commerce Solutions; and Styleclick (OTC: IBUYA).

#### IMPORTANT DISCLOSURES

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ USA INTERACTIVE'S EXCHANGE OFFER STATEMENTS FOR TICKETMASTER, EXPEDIA, INC. AND HOTELS.COM, AS APPLICABLE, TO BE INCLUDED IN REGISTRATION STATEMENTS TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. INVESTORS AND SECURITY HOLDERS WILL BE ABLE TO OBTAIN SUCH DOCUMENTS AND OTHER FILED DOCUMENTS FREE OF CHARGE AT THE SEC'S WEBSITE AT WWW.SEC.GOV. IN ADDITION, THOSE REGISTRATION STATEMENTS MAY ALSO BE OBTAINED FREE OF CHARGE BY CONTACTING USA INTERACTIVE, 152 WEST 57TH STREET, NEW YORK, NEW YORK, 10019, ATTENTION: INVESTOR RELATIONS.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include the information relating to possible or assumed future results of operations of USA and its subsidiaries, including those preceded by, followed by or that include the words "believes," "could," "projects," "budgets," "estimates," "intends," "expects," "anticipates" or similar expressions. These statements reflect the current views of USA with respect to future events, and are based on information currently available to USA. These forward-looking statements are subject to risks, uncertainties and assumptions that may affect the operations, performance, development and results of USA's and its subsidiaries' business. The following important factors, in addition to those described in USA's and its subsidiaries' filings with the Securities and Exchange Commission, could affect the future results of USA and the other subsidiaries of USA described in this press release, and could cause those results to differ materially from those expressed in the forward-looking statements: material adverse changes generally or in economic conditions in the markets served by our businesses; future regulatory actions and conditions in our businesses' operating areas; competition from others; successful integration of our divisions, including recently acquired businesses; 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 expand into and successfully operate in foreign markets; and obtaining and retaining key executives and employees. You are cautioned not to place undue reliance on these forward-looking statements, which are made as of the date of this press release. USA undertakes no obligation to update or revise the forward-looking statements contained in this press release, whether as a result of new information, future events or any other reason.

# # #

#### CONTACTS:

Ron Sato, USA Corporate Communications, 212/314-7254  
Roger Clark/Lauren Rosenfield, USA Investor Relations, 212/314-7400

[USA Interactive Logo]

BARRY DILLER  
Chairman and  
Chief Executive Officer

June 2, 2002

Board of Directors  
Expedia, Inc.  
13810 SE Eastgate Way, Suite 400  
Bellevue, Washington 98005

To the Board of Directors:

Today we are beginning a process that while complex we believe is in the best interest of all Expedia shareholders. I am writing you now in the formal manner necessary in these matters, rather than in the conversational or colloquial way I would far prefer, to let you know that USA Interactive ("USA") intends to commence a transaction whereby USA would increase its equity ownership, up to 100%, in Expedia, Inc. (the "Company") through an exchange offer to be made to the Company's public stockholders.

USA values its relationship with the Company's independent Board members and management. We want to be clear that we in no way regard this proposal as "hostile." We will be pleased to discuss this at any time - both with company management, as well as a special committee of the Company's disinterested directors (the "Special Committee"), which we expect will be formed to consider this matter. We are prepared to discuss process, structure or whatever else that management or the Special Committee and its advisors deem appropriate, including alternative transaction structures such as a merger, whether before or during the exchange offer.

What we do feel about this proposed transaction is that it is very much in the interests of the Company's public stockholders and the Company's business. USA is a leading interactive commerce company, with multiple, profitable interactive businesses and, we believe, the potential for dramatic growth. By exchanging their shares in the Company for shares in USA, the Company's public stockholders would participate in the opportunity and upside of USA while retaining a continued ownership interest in the Company's businesses through an ownership interest in USA.

USA's current structure, with multiple public subsidiaries, is an unusual one. Although we could continue to operate with the current structure, we think a reconfiguration of the USA family along the lines we propose is in everyone's interest. The transaction we propose, if concluded alone or together with the other transactions mentioned below, would enhance our collective ability to pursue a coordinated strategy for all of USA's businesses, with the interests of all of those businesses aligned.

152 West 57th Street, 42nd Floor, New York, New York 10019  
212.314.7333 Fax 212.314.7339

TO THE PROPOSAL:

In the exchange offer, stockholders will be offered the opportunity to exchange their shares in the Company on the basis of 2.6969 USA shares for each Company share tendered for exchange. Based on May 31, 2002, closing prices, our proposal values each outstanding share of the Company's common stock at \$76.86 per share, which reflects a 7.5% premium to the Company's closing price on that day.

In the event that USA owns at least 90% of the outstanding shares of each class of the Company's common stock as a result of the exchange offer, USA would thereafter effect a merger of the Company with or into USA or an affiliate of USA on the same terms as the exchange offer. However, the exchange offer would not be conditioned on USA receiving 90% of the shares of any class of stock.

We intend to commence the exchange offer in the near future. You should know that we intend to pursue similar transactions with Hotels.com and Ticketmaster, and issue appropriate public announcements. None of these transactions would be conditioned on any other.

We know this will all be time consuming for you to sort through in your role as Directors amid all the other responsibilities in your lives. We haven't taken this step lightly, and so we don't presume upon your time without believing this is the best future course for all of us. We also recognize that for all sorts of reasons this may never result in more than conversation...it's not meant to be a hard process and our attitude about this is that eventually in the great scheme of time these companies will come together. While we very much believe the timing is now, we're also ultimately neutral in any precise demarking of same. We do, though, look forward to working through all of this together with you.

Sincerely,

/s/ Barry Diller

[USA Interactive Logo]

BARRY DILLER  
Chairman and  
Chief Executive Officer

June 2, 2002

Board of Directors  
Hotels.com  
8140 Walnut Hill Lane  
Suite 203  
Dallas, TX 75231

To the Board of Directors:

Today we are beginning a process that while complex we believe is in the best interest of all Hotels.com shareholders. I am writing you now in the formal manner necessary in these matters, rather than in the conversational or colloquial way I would far prefer, to let you know that USA Interactive ("USA") intends to commence a transaction whereby USA would increase its equity ownership, up to 100%, in Hotels.com (the "Company") through an exchange offer to be made to the Company's public stockholders.

USA values its relationship with the Company's independent Board members and management. We want to be clear that we in no way regard this proposal as "hostile." We will be pleased to discuss this at any time - both with company management, as well as a special committee of the Company's disinterested directors (the "Special Committee"), which we expect will be formed to consider this matter. We are prepared to discuss process, structure or whatever else that management or the Special Committee and its advisors deem appropriate, including alternative transaction structures such as a merger, whether before or during the exchange offer.

What we do feel about this proposed transaction is that it is very much in the interests of the Company's public stockholders and the Company's business. USA is a leading interactive commerce company, with multiple, profitable interactive businesses and, we believe, the potential for dramatic growth. By exchanging their shares in the Company for shares in USA, the Company's public stockholders would participate in the opportunity and upside of USA while retaining a continued ownership interest in the Company's businesses through an ownership interest in USA.

USA's current structure, with multiple public subsidiaries, is an unusual one. Although we could continue to operate with the current structure, we think a reconfiguration of the USA family along the lines we propose is in everyone's interest. The transaction we propose, if concluded alone or together with the other transactions mentioned below, would enhance our collective ability to pursue a coordinated strategy for all of USA's businesses, with the interests of all of those businesses aligned.

TO THE PROPOSAL:

In the exchange offer, stockholders will be offered the opportunity to exchange their shares in the Company on the basis of 1.8064 USA shares for each Company share tendered for exchange. Based on May 31, 2002, closing prices, our proposal values each outstanding share of the Company's common stock at \$51.48 per share, which reflects a 7.5% premium to the Company's closing price on that day.

In the event that USA owns at least 90% of the outstanding shares of each class of the Company's common stock as a result of the exchange offer, USA would thereafter effect a merger of the Company with or into USA or an affiliate of USA on the same terms as the exchange offer. However, the exchange offer would not be conditioned on USA receiving 90% of the shares of any class of stock.

We intend to commence the exchange offer in the near future. You should know that we intend to pursue similar transactions with Expedia, Inc. and Ticketmaster, and issue appropriate public announcements. None of these transactions would be conditioned on any other.

We know this will all be time consuming for you to sort through in your role as Directors amid all the other responsibilities in your lives. We haven't taken this step lightly, and so we don't presume upon your time without believing this is the best future course for all of us. We also recognize that for all sorts of reasons this may never result in more than conversation...it's not meant to be a hard process and our attitude about this is that eventually in the great scheme of time these companies will come together. While we very much believe the timing is now, we're also ultimately neutral in any precise demarking of same. We do, though, look forward to working through all of this together with you.

Sincerely,

/s/ Barry Diller

[USA Interactive Logo]

BARRY DILLER  
Chairman and  
Chief Executive Officer

June 2, 2002

Board of Directors  
Ticketmaster  
3701 Wilshire Blvd.  
Los Angeles, CA 90010

To the Board of Directors:

Today we are beginning a process that while complex we believe is in the best interest of all Ticketmaster shareholders. I am writing you now in the formal manner necessary in these matters, rather than in the conversational or colloquial way I would far prefer, to let you know that USA Interactive ("USA") intends to commence a transaction whereby USA would increase its equity ownership, up to 100%, in Ticketmaster (the "Company") through an exchange offer to be made to the Company's public stockholders.

USA values its relationship with the Company's independent Board members and management. We want to be clear that we in no way regard this proposal as "hostile." We will be pleased to discuss this at any time - both with company management, as well as a special committee of the Company's disinterested directors (the "Special Committee"), which we expect will be formed to consider this matter. We are prepared to discuss process, structure or whatever else that management or the Special Committee and its advisors deem appropriate, including alternative transaction structures such as a

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152 West 57th Street, 42nd Floor, New York, New York 10019  
212.314.7333 Fax 212.314.7339

TO THE PROPOSAL:

In the exchange offer, stockholders will be offered the opportunity to exchange their shares in the Company on the basis of 0.8068 USA shares for each Company share tendered for exchange. Based on May 31, 2002, closing prices, our proposal values each outstanding share of the Company's common stock at \$22.99 per share, which reflects a 7.5% premium to the Company's closing price on that day.

In the event that USA owns at least 90% of the outstanding shares of each class of the Company's common stock as a result of the exchange offer, USA would thereafter effect a merger of the Company with or into USA or an affiliate of USA on the same terms as the exchange offer. However, the exchange offer would not be conditioned on USA receiving 90% of the shares of any class of stock.

We intend to commence the exchange offer in the near future. You should know that we intend to pursue similar transactions with Expedia, Inc. and Hotels.com, and issue appropriate public announcements. None of these transactions would be conditioned on any other.

We know this will all be time consuming for you to sort through in your role as Directors amid all the other responsibilities in your lives. We haven't taken this step lightly, and so we don't presume upon your time without believing this is the best future course for all of us. We also recognize that for all sorts of reasons this may never result in more than conversation...it's not meant to be a hard process and our attitude about this is that eventually in the great scheme of time these companies will come together. While we very much believe the timing is now, we're also ultimately neutral in any precise demarking of same. We do, though, look forward to working through all of this together with you.

Sincerely,

/s/ Barry Diller



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INVESTORS AND SECURITY HOLDERS ARE URGED TO READ USA INTERACTIVE'S EXCHANGE OFFER STATEMENTS FOR TICKETMASTER, EXPEDIA, INC. AND HOTELS.COM, AS APPLICABLE, TO BE INCLUDED IN REGISTRATION STATEMENTS TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain such documents and other filed documents free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, those registration statements may also be obtained free of charge by contacting USA Interactive, 152 West 57th Street, New York, New York, 10019, Attention: Investor Relations.

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Note: Not pro forma for pending acquisition of Interval International announced on May 31, 2002.

USA Interactive-Supplemental Information Regarding Exchange Offers  
READ IMPORTANT FOOTNOTES AND DISCLAIMERS  
As filed with the Securities and Exchange Commission on June 3, 2002.

PRO FORMA SHARE CALCULATION & MARKET CAPITALIZATION  
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

EXCHANGE  
OFFERS(1) - -----  
-----  
-----  
-----

TICKETMASTER  
EXPEDIA  
HOTELS.COM  
Exchange Price  
per Share \$

22.99 \$ 76.86 \$  
 51.48 Fully  
 Diluted Minority  
 Shares 49 30 20  
 Minority  
 Ownership % 34%  
 46% 34% Exchange  
 Ratio 0.8068  
 2.6969 1.8064  
 USA PRO FORMA  
 FULLY DILUTED  
 SHARES  
 OUTSTANDING(1)  
 Current USA  
 Fully Diluted  
 Shares  
 Outstanding(2)  
 475 USA SHARES  
 ISSUED FOR FULLY  
 DILUTED MINORITY  
 INTEREST OF:(3)  
 Ticketmaster 40  
 Expedia 81  
 Hotels.com 36 --  
 ----- Total  
 USA Shares  
 Issued 156 -----  
 ----- Pro Forma  
 USA Fully  
 Diluted Shares  
 Outstanding 632  
 ===== USA  
 CAPITALIZATION(1)  
 - -----  
 -----  
 -----  
 -----  
 -----  
 - PRE-DEAL PRO  
 FORMA -----  
 ----- USA  
 Share Price  
 (5/31/02) \$  
 28.50 \$ 28.50(4)  
 Fully Diluted  
 Shares  
 Outstanding(2)  
 475 632 -----  
 - -----  
 Market  
 Capitalization \$  
 13,546 \$ 18,006  
 =====  
 =====  
 INCREASE IN  
 CAPITALIZATION  
 BASE \$ 4,460 - -  
 -----  
 - (1) Fully  
 diluted  
 ownership of  
 public  
 subsidiaries and  
 fully diluted  
 USA shares are  
 computed under  
 the treasury  
 method assuming  
 that all  
 proceeds,  
 including the  
 strike price on  
 option (vested  
 and unvested)  
 and warrant  
 exercises and  
 tax benefits  
 potentially  
 obtainable from  
 the exercise of  
 non-qualified

stock options and warrants (where applicable), are used to repurchase common stock.

(2) Not pro forma for pending acquisition of Interval International announced on May 31, 2002. (3) All pro forma calculations assume exchange of 100% of the outstanding shares including fully diluted treasury method options and warrants of Ticketmaster, Expedia and Hotels.com. (4) Assumes share price is unchanged post transactions.

USA Interactive-Supplemental Information Regarding Exchange Offers  
READ IMPORTANT FOOTNOTES AND DISCLAIMERS  
As filed with the Securities and Exchange Commission on June 3, 2002.

[USA Interactive Logo]

PRO FORMA METRICS & MULTIPLES  
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA AND MULTIPLES)

PRE-DEAL PRO  
FORMA -----

-----  
----- USA  
Share Price  
(5/31/02) \$  
28.50 \$ 28.50  
Fully Diluted  
Shares  
Outstanding  
475 632 -----  
-----

-----  
Market  
Capitalization  
\$ 13,546 \$  
18,006 Less:  
Net Cash and  
VUE  
Securities(1)  
(4,034)  
(4,337) -----  
-----

Enterprise  
Value \$ 9,512  
\$ 13,669  
=====

=====

ADJUSTED  
ATTRIBUTABLE  
OPERATING  
EBITDA(2)(3)  
- -----  
-----

-----  
- 2002E(4) \$  
506 \$ 671(6)  
2003E(5) \$  
659 \$ 871(6)  
ENTERPRISE  
VALUE /  
ADJUSTED  
ATTRIBUTABLE  
OPERATING  
EBITDA 2002E  
18.8x 20.4x  
2003E 14.4x  
15.7x  
ADJUSTED CASH  
EPS(7)(8) - -  
-----  
--- 2002E(4)  
\$ 0.39 \$  
0.42(6)  
2003E(5) \$  
0.70 \$  
0.71(6) PRICE  
/ ADJUSTED  
CASH EPS  
2002E 73.1x  
67.5x 2003E  
40.6x 40.1x  
-----

- (1) Pre-deal amounts represent attributable cash totals. Pro Forma cash represents fully consolidated cash balance assuming exchange of 100% of shares. See page 5 for detail.
- (2) Adjusted attributable operating EBITDA defined as operating income plus (1) depreciation and amortization, (2) amortization of non-cash distribution, marketing, and compensation expense and (3) disengagement related payments to cable operators and marketing expenses related to the transfer of HSN's distribution to cable (which has been accomplished). Excludes emerging assets.
- (3) Estimated amortization of HSN cable distribution fees of \$51 million in 2002 and \$65 million in 2003 has been subtracted from Adjusted EBITDA.
- (4) Based on USA budget released on January 29, 2002, as revised for outlook released on April 24, 2002. Figures are accurate as of January 29, 2002, and April 24, 2002, and USA is in no way updating or reconfirming these figures, or indicating that they reflect a current outlook, forecast or projection. Not pro forma for pending acquisition of Interval International announced on May 31, 2002.
- (5) Based on USA budget released on January 29, 2002. For illustrative purposes only, 2003E numbers reflect a 10% upward adjustment to EBITDA as included in USA budget released on January 29, 2002 in view of outlook released on April 24, 2002. USA is in no way updating or reconfirming any previously released figures. The 2003E figures here are for purposes of illustration only and do not reflect a USA outlook, forecast or projection. Not pro forma for pending acquisition of Interval International announced on May 31, 2002.
- (6) Assumes no synergies or cost savings from the exchange offers.
- (7) Adjusted cash net income per share defined as net income available to common shareholders plus (1) amortization of non-cash distribution, marketing, and compensation expense and (2) amortization of intangibles, based on fully diluted, treasury method basis, including the impact of dilutive securities and conversion of Holdco.
- (8) Cash net income has been further adjusted to exclude disengagement marketing expenses of \$33 million in 2002 and \$18 million in 2003 related to the transfer of HSN's distribution to cable (which has been accomplished).

USA Interactive-Supplemental Information Regarding Exchange Offers  
READ IMPORTANT FOOTNOTES AND DISCLAIMERS  
As filed with the Securities and Exchange Commission on June 3, 2002.

FORMA(1)  
AMAZON(2)  
EBAY(3)  
YAHOO(4) ----  
-----  
-----  
-----

--- Share  
Price  
(5/31/02) \$  
28.50 \$ 18.23  
\$ 55.21 \$  
16.02 Shares  
Outstanding  
632 373 285  
610 -----  
-----  
-----

-----  
Market  
Capitalization  
\$ 18,006 \$  
6,805 \$  
15,735 \$  
9,772 Less:  
Net Cash  
(4,337) 1,421  
(705) (1,334)  
-----  
-----  
-----

-----  
-----  
-----  
Enterprise  
Value \$  
13,669 \$  
8,226 \$  
15,030 \$  
8,438  
=====

=====

ADJUSTED  
ATTRIBUTABLE  
OPERATING  
EBITDA 2002E  
\$ 671 \$ 198 \$  
396 \$ 127  
2003E \$ 871 \$  
291 \$ 602 \$  
242

ENTERPRISE  
VALUE /  
ADJUSTED  
ATTRIBUTABLE  
OPERATING  
EBITDA 2002E  
20.4x 41.5x  
38.0x 66.4x  
2003E 15.7x  
28.3x 25.0x  
34.9x

ADJUSTED CASH  
EPS 2002E \$  
0.42 \$ (0.01)  
\$ 0.78 \$ 0.13  
2003E \$ 0.71  
\$ 0.23 \$ 1.18  
\$ 0.22 PRICE

/ ADJUSTED  
CASH EPS  
2002E 67.5x  
NM 70.8x  
123.2x 2003E  
40.1x 79.3x  
46.8x 72.8x  
JUPITER MEDIA  
METRIX(5) ---  
-----  
-----  
-----

-----  
 -----  
 -----  
 PROPERTY  
 UNIQUE  
 VISITORS  
 (000S) -----  
 -----  
 -----  
 ----- 1  
 AOL Time  
 Warner  
 Network  
 92,950 2 MSN-  
 Microsoft  
 Sites 83,792  
 3 Yahoo!  
 Sites 80,165  
 4 Terra Lycos  
 40,320 5  
 About/Primedia  
 36,574 6  
 Google Sites  
 34,236 7  
 Amazon Sites  
 29,474 8 eBay  
 29,456 -----  
 -----  
 -----  
 -----  
 ----- 9 USA  
 INTERACTIVE  
 27,176 -----  
 -----  
 -----  
 -----  
 ----- 10 CNET  
 Networks  
 23,986

- 
- (1) PLEASE SEE IMPORTANT FOOTNOTES ON PREVIOUS PAGE WHICH EXPLAIN AND QUALIFY THE USA PRO FORMA FIGURES IN THIS COLUMN.
  - (2) Source: Morgan Stanley equity research report dated 4/24/02.
  - (3) Source: Thomas Weisel Partners equity research report dated 4/11/02.
  - (4) Source: CIBC World Markets equity research report dated 4/19/02.
  - (5) Source for USA Interactive: Jupiter Media Metrix April 2002 custom entity report. Source for other companies: Jupiter Media Metrix April 2002 Top 100 Properties report. Data for USA Interactive represents total unduplicated unique visitors for all USA wholly-owned and public subsidiaries.

USA Interactive-Supplemental Information Regarding Exchange Offers  
 READ IMPORTANT FOOTNOTES AND DISCLAIMERS  
 As filed with the Securities and Exchange Commission on June 3, 2002.

[USA Interactive Logo]

CALCULATION OF NET CASH AND VUE SECURITIES  
 PRO FORMA AS OF MARCH 31, 2002  
 (AMOUNTS IN MILLIONS)

ATTRIBUTABLE(1)  
 CONSOLIDATED --  
 -----  
 -----  
 CASH - -----  
 USA(2)(3) \$  
 2,665 \$ 2,665  
 Ticketmaster(4)  
 69 104 Expedia

199 365  
Hotels.com 201  
302 -----  
-----  
----- Total \$  
3,134 \$ 3,437  
INVESTMENTS(5)  
-----

\$750 million  
face value  
Class A  
Preferred  
interest in VUE  
\$ 514 \$ 514  
\$1.75 billion  
face value  
Class B  
Preferred  
interest in VUE  
1,429 1,429  
5.4% Common  
interest in VUE  
1,000 1,000 ---  
-----

-----  
Total Value of  
VUE Securities  
\$ 2,943 \$ 2,943  
Taxes on VUE  
Securities(6)  
843 843 -----  
-----

----- Value  
of VUE  
Securities less  
Estimated Tax  
Liability \$  
2,100 \$ 2,100 -  
-----

-----  
TOTAL CASH &  
VUE SECURITIES  
\$ 5,234 \$ 5,537  
=====

=====

LONG-TERM  
DEBT(3) \$ 544 \$  
544 1.99%  
CONVERTIBLE  
PREFERRED  
STOCK(7) \$ 656  
\$ 656 -----  
-----

----- TOTAL  
DEBT &  
PREFERRED STOCK  
\$ 1,200 \$ 1,200  
=====

=====

NET CASH AND  
VUE SECURITIES  
\$ 4,034 \$ 4,337  
=====

- 
- (1) Calculated based on USA's treasury method, fully diluted ownership in USA's publicly-traded subsidiaries.
  - (2) Pro forma for Vivendi transaction. Not pro forma for pending Interval acquisition announced on May 31, 2002.
  - (3) Pro forma for redemption of Savoy bonds which closed on May 31, 2002.
  - (4) Excludes cash due to clients.
  - (5) Based on balance sheet carrying values.
  - (6) Represents estimated present value of taxes to be paid upon maturity of VUE securities.
  - (7) Issued in Expedia transaction. Initially convertible at \$33.75, subject to a downward adjustment. Please see Expedia proxy filed November 13, 2001 for further detail.

[USA Interactive Logo]

USA INTERACTIVE  
Note on Forward-Looking Statements

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This supplemental information contains forward-looking statements relating to possible or assumed future results of USA. It refers to the USA budget as filed with the Securities and Exchange Commission on January 29, 2002, as well as the outlook as presented in the April 24, 2002 filing with the Securities and Exchange Commission. The data contained herein is as of the January 29, 2002 budget or the outlook contained in the April 24, 2002 filing, as the case may be, other than as specifically mentioned herein. The budgeted and outlook data is not being reconfirmed or updated herein. These forward-looking statements are subject to risks and uncertainties that could cause future results to materially differ. These risks and uncertainties are described in USA's Securities and Exchange Commission filings. Any statements non-factual in nature constitute forward-looking statements which are made as of the date hereof or, in the case of the budgeted or outlook information, as of the date this information was initially filed with the Securities and Exchange Commission, and in all cases, this information is subject to change without notice. USA undertakes no obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events or for any other reason. These statements do not include the potential impact of any mergers, acquisitions or other business combinations that may be completed in the future, other than as specifically mentioned herein.

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